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CHINA FOODS LIMITED
中國食品有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 506)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that, the unaudited consolidated net results of the Group for the six months ending 30 June 2013 is expected to decrease substantially as compared to the unaudited consolidated net results for the six months ended 30 June 2012. This is mainly attributable to a significant decrease in operating profits (before taking into account of the unallocated sales platform expenses) of the Group's wine and kitchen food business.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Foods Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**").

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that based on a preliminary review of the unaudited consolidated management accounts of the Group for the four months ended 30 April 2013 currently available to the Board, the Group recorded a net loss for the four months ended 30 April 2013 compared to a profit for the same period of 2012.

The net loss for the four months ended 30 April 2013 is attributable to a substantial decrease in the operating profits of the wine and kitchen food business (which are explained in more detail below) while the unallocated sales platform expenses remain relatively stable: -

- (i) a substantial decrease in the operating profit (before taking into account the unallocated sales platform expenses) from the wine business was recorded due to a substantial decrease in the sales of the Group's mid-range and high-end wines, coupled with a resulting deterioration in product mix and gross profit margin caused by the governmental restrictions on entertainment and hospitality; and
- (ii) a substantial decrease in the operating profit (before taking into account unallocated sales platform expenses) from the kitchen food business was recorded due to price volatility in the consumer-pack edible oil market, a decrease in sales volume and a significant increase in sales expenses on marketing and promotional activities in response to keen market competition.

As the Board anticipates that the remaining period for the six months ending 30 June 2013 will continue to be affected by the above factors, it is expected that the unaudited consolidated net results of the Group for the six months ending 30 June 2013 will decrease substantially as compared to the unaudited consolidated net results for the six months ended 30 June 2012.

As the period covered by the first half of 2013 has not yet ended, the interim results of the Group for the six months ending 30 June 2013 are not yet available. The information contained in this announcement is only based on the assessment by the Board in accordance with the unaudited consolidated management accounts of the Group for the four months ended 30 April 2013 which are recently available, and is not based on any information or figures which have been audited or reviewed by the Company's auditors and may be subject to possible adjustments.

Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ending 30 June 2013 which will be published in due course after the end of the period.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Beijing, 3 June 2013

As at the date of this announcement, the Board comprises: Mr. Yu Xubo as the chairman of the Board and a non-executive director; Ms. Luan Xiuju, Mr. Ning Gaoning and Mr. Mak Chi Wing, William as executive directors; Mr. Chi Jingtao, Ms. Liu Ding, Mr. Ma Jianping and Ms. Wu Wenting as non-executive directors; and Messrs. Stephen Edward Clark, Paul Kenneth Etchells, Li Hung Kwan, Alfred and Yuen Tin Fan, Francis as independent non-executive directors.