Chinese Olympic Committee Official Partner
中国奥委会合作伙伴

CHINA FOODS LIMITED
中國食品有限公司

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

KEY FINANCIAL INFORMATION

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 2013 (the "year") as compared with 2012.

- Our Revenue has decreased by 15.1% to HK$26,218 million.
- Our EBITDA^ has decreased by HK$1,011.4 million to HK$270.3 million.
- Our Operating Loss* was HK$467 million for the year, while our Operating Profit* amounted to HK$707 million for the previous year 2012.
- Our Net Loss attributable to Owners of the Parent was HK$890 million for the year, while our Net Profit attributable to Owners of the Parent amounted to HK$382 million for the previous year 2012.

Reference is made to the profit warning announcement dated 3 August 2013 issued by the Company in which, among other things, it was stated that the reduction in the Group's profitability raised the question as to whether there was a need to record an impairment in certain deferred tax assets as at 31 December 2012 and certain potential deferred tax assets arising in the first half of 2013. Having reviewed the situation, the board of directors of the Company (the "Board") concluded that the Group should recognize an impairment of certain deferred tax assets as at 31 December 2012 of approximately HK$94 million, and not recognize certain potential deferred tax assets resulting from tax losses arising during 2013, on the grounds that it appeared unlikely that it will be possible to utilize the tax losses, that were the basis of the deferred tax assets, before their expiration.

The Board did not recommend any final dividend for the year.

^ EBITDA represents earnings before finance cost, income tax expense, depreciation, amortization of other intangible assets, recognition of prepaid land premiums, impairment related to goodwill, available-for-sale investments, items of property, plant and equipment and receivables, provision against inventories and share of profits of associates.

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

CONSOLIDATED RESULTS

The Board of the Company announces the consolidated results of the Group for the year ended 31 December 2013 together with the comparative figures for the year ended 31 December 2012. The consolidated results as at and for the year ended 31 December 2013 (the "financial information") have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Notes	**2013** ***HK$'000***	2012 *HK$'000*
REVENUE	*4*	**26,218,351**	30,878,390
Cost of sales		**(20,934,425)**	(24,388,576)
Gross profit		**5,283,926**	6,489,814
Other income and gains	*4*	**329,970**	338,387
Selling and distribution expenses		**(5,078,837)**	(5,148,884)
Administrative expenses		**(884,645)**	(874,443)
Other expenses and losses		**(55,926)**	(17,930)
Finance costs	*6*	**(103,103)**	(70,241)
Share of profits of associates		**113,916**	67,319
PROFIT/(LOSS) BEFORE TAX	*5*	**(394,699)**	784,022
Income tax expense	*7*	**(311,798)**	(191,864)
PROFIT/(LOSS) FOR THE YEAR		**(706,497)**	592,158
Attributable to:			
Owners of the parent		**(889,634)**	381,931
Non-controlling interests		**183,137**	210,227
		(706,497)	592,158
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic		**(HK31.80 cents)**	HK13.67 cents
Diluted		**(HK31.80 cents)**	HK13.61 cents

Details of the dividend are disclosed in note 8 to the financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**(706,497)**	592,158
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**278,033**	9,569
Share of other comprehensive loss of associates	**(477)**	–
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**277,556**	9,569
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**277,556**	9,569
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(428,941)**	601,727
Attributable to:		
Owners of the parent	**(666,640)**	391,615
Non-controlling interests	**237,699**	210,112
	(428,941)	601,727

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,881,318**	4,574,405
Investment properties		**90,597**	86,637
Prepaid land premiums		**396,276**	348,629
Deposits for purchase of items of property, plant and equipment		**23,887**	34,881
Goodwill		**1,746,432**	1,727,752
Other intangible assets		**40,138**	50,382
Investments in associates		**704,834**	637,013
Available-for-sale investments		**214,129**	203,103
Deferred tax assets		**134,770**	229,853
Biological assets		**190,798**	184,427
Total non-current assets		**8,423,179**	8,077,082
CURRENT ASSETS			
Inventories		**5,866,205**	5,075,015
Accounts and bills receivables	*10*	**1,694,757**	2,516,325
Prepayments, deposits and other receivables		**1,547,299**	1,700,894
Due from fellow subsidiaries		**704,968**	588,635
Due from the ultimate holding company		**38,363**	78,961
Due from the immediate holding company		**169**	165
Due from non-controlling shareholders of subsidiaries		**26,820**	19,687
Due from associates		**21,753**	4,411
Prepaid tax		**44,301**	71,846
Equity investments at fair value through profit or loss		**13,872**	18,746
Restricted bank balances		**165**	22,199
Pledged deposits		**133,655**	136,921
Cash and cash equivalents		**2,458,011**	1,901,294
Total current assets		**12,550,338**	12,135,099
CURRENT LIABILITIES			
Accounts and bills payables	*11*	**1,191,702**	1,791,806
Other payables and accruals		**3,626,343**	3,149,028
Due to fellow subsidiaries		**2,343,573**	2,093,245
Due to the ultimate holding company		**67,027**	58,211
Due to related companies		**799,229**	769,944
Due to non-controlling shareholders of subsidiaries		**56,292**	37,728
Due to associates		**248,369**	256,618
Interest-bearing bank and other borrowings		**2,537,555**	2,000,720
Tax payable		**79,496**	61,736
Total current liabilities		**10,949,586**	10,219,036
NET CURRENT ASSETS		**1,600,752**	1,916,063
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,023,931**	9,993,145

	2013	2012
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**10,023,931**	9,993,145
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**1,600,000**	1,100,000
Due to non-controlling shareholders of subsidiaries	**28,541**	27,675
Deferred income	**138,134**	71,378
Deferred tax liabilities	**59,031**	96,106
Total non-current liabilities	**1,825,706**	1,295,159
Net assets	**8,198,225**	8,697,986
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**279,722**	279,719
Reserves	**5,866,253**	6,525,416
	6,145,975	6,805,135
Non-controlling interests	**2,052,250**	1,892,851
Total equity	**8,198,225**	8,697,986

1. CORPORATE INFORMATION

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.

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 seasoning products;
- production and distribution of chocolate and other related products; and
- distribution of other consumer food and beverage products that are not categorised under the aforementioned activities.

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

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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the 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. This 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 POLICIES 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 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK (IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 12, HKFRS 13, HKAS 1 and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the above new and revised HKFRSs has had no significant financial effect on this financial information.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

(b) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(c) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in this financial information.

(d) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. 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 have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

(e) the "others" segment is engaged in the distribution of other consumer food and beverage products that are not categorised under the aforementioned segments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) 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, restricted bank balances, 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 2013

	Beverage	Wine	Kitchen food	Confectionery	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:						
Sales to external customers	**11,388,623**	**1,847,490**	**12,276,426**	**434,933**	**270,879**	**26,218,351**
Other revenue	**148,405**	**29,064**	**35,776**	**8,001**	**46,785**	**268,031**
	11,537,028	**1,876,554**	**12,312,202**	**442,934**	**317,664**	**26,486,382**
Segment results	**496,133**	**(454,728)**	**(152,118)**	**(222,674)**	**30,520**	**(302,867)**
Reconciliation:						
Interest income						**25,806**
Dividend income						**35,823**
Finance costs						**(103,103)**
Share of profits of associates						**113,916**
Corporate and other unallocated expenses						**(164,274)**
Loss before tax						**(394,699)**
Segment assets	**6,490,675**	**5,522,341**	**4,435,623**	**439,698**	**308,131**	**17,196,468**
Reconciliation:						
Investments in associates						**704,834**
Corporate and other unallocated assets						**3,072,215**
Total assets						**20,973,517**

Year ended 31 December 2013

	Beverage	Wine	Kitchen food	Confectionery	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment liabilities	**2,979,624**	**602,601**	**4,825,242**	**66,454**	**2,204**	**8,476,125**
Reconciliation:						
Corporate and other unallocated liabilities						**4,299,167**
Total liabilities						**12,775,292**
Other segment information:						
Net impairment losses recognised in the statement of profit or loss	**20,092**	**9,145**	**4,039**	**13,052**	**–**	**46,328**
Loss on disposal/write-off of items of property, plant and equipment	**4,543**	**66**	**80**	**35**	**–**	**4,724**
Provision against inventories	**11,749**	**10,150**	**94,367**	**6,389**	**–**	**122,655**
Loss on disposal of biological assets	**–**	**6,248**	**–**	**–**	**–**	**6,248**
Fair value losses on biological assets	**–**	**5,899**	**–**	**–**	**–**	**5,899**
Depreciation and amortisation	**321,058**	**135,218**	**12,454**	**23,242**	**–**	**491,972**
Unallocated amounts						**14,859**
						506,831
Fair value losses on equity investments at fair value through profit or loss						
Unallocated amounts						**4,874**
Capital expenditure	**411,720**	**311,184**	**17,901**	**17,219**	**–**	**758,024**
Unallocated amounts						**16**
						758,040*

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

Year ended 31 December 2012

	Beverage *HK$'000*	Wine *HK$'000*	Kitchen food *HK$'000*	Confectionery *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:						
Sales to external customers	11,109,622	3,886,116	14,974,813	725,660	182,179	30,878,390
Other revenue	112,492	77,638	15,773	9,614	38,235	253,752
	11,222,114	3,963,754	14,990,586	735,274	220,414	31,132,142
Segment results	579,364	535,678	(229,724)	(56,612)	3,783	832,489
Reconciliation:						
Interest income						30,861
Dividend income						49,041
Finance costs						(70,241)
Share of profits of associates						67,319
Corporate and other unallocated expenses						(125,447)
Profit before tax						784,022
Segment assets	6,236,463	5,027,310	5,078,243	501,327	78,967	16,922,310
Reconciliation:						
Investments in associates						637,013
Corporate and other unallocated assets						2,652,858
Total assets						20,212,181

Year ended 31 December 2012

	Beverage *HK$'000*	Wine *HK$'000*	Kitchen food *HK$'000*	Confectionery *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	2,621,639	866,786	4,516,513	141,335	–	8,146,273
Reconciliation:						
Corporate and other unallocated liabilities						3,367,922
Total liabilities						11,514,195
Other segment information:						
Net impairment losses recognised in the statement of profit or loss	1,024	2,643	1,351	2,011	–	7,029
Loss on disposal/write-off of items of property, plant and equipment	9,782	420	62	637	–	10,901
Provision/(write-back of provision) against inventories	9,543	(5,378)	4,355	2,519	–	11,039
Loss on disposal of biological assets	–	265	–	–	–	265
Fair value gains on biological assets	–	5,741	–	–	–	5,741
Depreciation and amortisation	311,388	117,296	7,189	23,666	–	459,539
Unallocated amounts						17,162
						476,701
Capital expenditure	698,631	440,326	49,253	30,148	–	1,218,358
Unallocated amounts						9
						1,218,367*

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

Geographical information

Over 90% of the Group's revenue is derived from customers operating 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 customer which individually accounted for 10% or more of the Group's revenue (2012: 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 other income and gains is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Other income		
Gross rental income	**9,621**	9,475
Bank interest income	**25,806**	22,587
Interest income from held-to-maturity investments	**–**	2,269
Interest income from financial products	**–**	6,005
Dividend income from available-for-sale investments	**35,823**	48,807
Dividend income from equity investments at fair value through profit or loss	**228**	234
Government grants *	**123,440**	106,318
Compensation income	**12,437**	23,733
Sale of by-products and scrap items	**22,186**	20,697
Commission income	**98,079**	82,304
Others	**1,123**	3,459
	328,743	325,888
Gains		
Foreign exchange differences, net	**–**	4,477
Fair value gains on equity investments at fair value through profit or loss	**–**	3,730
Fair value gains on investment properties	**1,227**	4,292
	1,227	12,499
	329,970	338,387

* 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. PROFIT/(LOSS) BEFORE TAX

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

	2013	2012
	HK$'000	*HK$'000*
Cost of inventories sold	**20,799,623**	24,383,013
Provision against inventories	**122,655**	11,039
Loss on disposal of biological assets	**6,248**	265
Fair value losses/(gains) on biological assets	**5,899**	(5,741)
Cost of sales	**20,934,425**	24,388,576
Auditors' remuneration	**3,319**	2,652
Depreciation	**486,088**	457,031
Amortisation of other intangible assets	**10,604**	11,777
Recognition of prepaid land premiums	**10,139**	7,893
Minimum lease payments under operating leases in respect of land and buildings	**216,350**	251,369
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**1,441,230**	1,453,483
Equity-settled share option expense	**7,331**	12,211
Pension schemes contributions *	**158,431**	152,985
	1,606,992	1,618,679
Foreign exchange differences, net	**26,083**	(4,477)
Other expenses and losses include the followings:		
Loss on disposal/write-off of items of property, plant and equipment	**4,724**	10,901
Impairment of available-for-sale investments	**1,866**	–
Impairment of items of property, plant and equipment	**18,709**	–
Fair value losses on equity investments at fair value through profit or loss	**4,874**	–
Impairment of accounts receivable	**11,800**	8,210
Impairment/(reversal of impairment) of other receivables	**2,343**	(1,181)
Impairment of goodwill	**11,610**	–

* At 31 December 2013, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2012: Nil).

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**79,921**	42,180
Loans from a fellow subsidiary and a non-controlling shareholder of subsidiaries	**22,964**	23,514
Others	**218**	4,547
	103,103	70,241

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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.

Pursuant to the approvals issued by the State Administration of Taxation of the PRC during the reporting period, the Company and certain of its subsidiaries are regarded as Chinese Resident Enterprises (collectively the "CREs") and relevant enterprise income tax policies of the PRC are applicable to the CREs commencing from 1 January 2013.

	2013	2012
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**–**	1,106
Current – Mainland China		
Charge for the year	**234,748**	321,113
Underprovision in prior years	**13,342**	4,669
Current – Elsewhere		
Charge for the year	**2,282**	2,330
Deferred	**61,426**	(137,354)
Total tax charge for the year	**311,798**	191,864

The share of tax attributable to associates amounting to HK$42,428,000 (2012: HK$19,609,000) is included in "Share of profits of associates" in the consolidated statement of profit or loss.

8. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2012: interim dividend of HK6.11 cents per ordinary share).

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share (2012: earnings per share) amount is based on the loss for the year attributable to ordinary equity holders of the parent of HK$889,634,000 (2012: profit of HK$381,931,000), and the weighted average number of ordinary shares of 2,797,222,722 (2012: 2,794,663,465) in issue during the year.

The calculation of the diluted earnings/loss per share amount is based on the profit/loss 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/loss 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/loss per share are based on:

	2013	2012
	HK$'000	*HK$'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	**(889,634)**	381,931

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings/loss per share calculation	**2,797,222,722**	2,794,663,465
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	10,572,983
	2,797,222,722	2,805,236,448

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 one to three months. 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. 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. The Group does not hold any collateral or other credit enhancements over its accounts and bills receivable balances. Accounts and bills receivables are non-interest-bearing.

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within 3 months	**1,476,198**	2,097,276
3 to 12 months	**204,526**	352,725
1 to 2 years	**6,857**	65,999
Over 2 years	**7,176**	325
	1,694,757	2,516,325

11. ACCOUNTS AND BILLS PAYABLES

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

	Group	
	2013	2012
	HK$'000	*HK$'000*
Within 3 months	**1,073,196**	1,685,228
3 to 12 months	**92,656**	93,914
1 to 2 years	**18,356**	10,067
Over 2 years	**7,494**	2,597
	1,191,702	1,791,806

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

Certain of the Group's bills payable are secured by the pledge of the Group's bank deposits amounting to HK$17,383,000 (2012: HK$20,648,000).

MANAGEMENT DISCUSSION AND ANALYSIS

2013 was a difficult year for the Company and its subsidiaries (collectively referred to as the "Group"). The slowing domestic macroeconomic environment, and intense industry completion, led to a deteriorating business environment for certain key businesses of the Group. With the impact of government controls over its spending and restriction on alcoholic consumption at official functions, official spending and banquet expenditures declined. Slowing domestic growth had a significant impact on middle-to high-end catering in general, and the overall wine industry was under pressure. These factors together with the impact of short-term disruption arising from internal restructuring of the Group, resulted in disappointed financial and operational performance.

The Group's results for the year ended 31 December 2013 (the "Year") compared with 2012 were:

- Our Revenue has decreased by 15.1% to HK$26,218 million.

- Our EBITDA^ has decreased by HK$1,011.4 million to HK$270.3 million.

- Our Operating Loss* was HK$467 million for the year, while our Operating Profit* amounted to HK$707 million for the previous year 2012.

- Our Net Loss attributable to Owners of the Parent was HK$890 million for the year, while our Net Profit attributable to Owners of the Parent amounted to HK$382 million for the previous year 2012.

Reference is made to the profit warning announcement dated 3 August 2013 issued by the Company in which, among other things, it was stated that the reduction in the Group's profitability raised the question as to whether there was a need to record an impairment in certain deferred tax assets as at 31 December 2012 and certain potential deferred tax assets arising in the first half of 2013. Having reviewed the situation, the board of directors of the Company (the "Board") concluded that the Group should recognize an impairment of certain deferred tax assets as at 31 December 2012 of approximately HK$94 million, and not recognize certain potential deferred tax assets resulting from tax losses arising during 2013, on the grounds that it appeared unlikely that it will be possible to utilize the tax losses, that were the basis of the deferred tax assets, before their expiration.

The Board did not recommend any final dividend for the year.

^ EBITDA represents earnings before finance cost, income tax expense, depreciation, amortization of other intangible assets, recognition of prepaid land premiums, impairment related to goodwill, available-for-sale investments, items of property, plant and equipment and receivables, provision against inventories and share of profits of associates.

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

Facing severe challenges, China Food's management took a number of measures in the second half of 2013 to improve operational and financial performance. These included adjusting the organizational structure and strengthening internal management, with emphasis on raising revenues, reducing expenditure and enhancing efficiencies.

In 2014, the Group will follow the management philosophy of "delegation of authority, comprehensive supervision and collaboration to operate an efficient management system". In terms of management, an appropriate degree of delegation of authority will be permitted to enhance responsiveness to market conditions; monitoring will be strengthened to manage risk effectively; the Group's organization structure will be optimized in order to create synergy between product category management and the distribution regions; performance assessment will be strengthened to enhance execution capability; in terms of operation, product innovation and product competitiveness will be enhanced; channel planning will be optimized to further improve channel penetration; strategic partnerships will be established to help improve sales; logistics efficiency will be improved; and centralized marketing management will be set up to enhance the reputation of our brands.

By implementing the above initiatives, the Group is confident that the 2014 revenue and result will show improvement over the 2013 performance but it is expected that the Group will continue to record a loss in 2014.

Beverage Business

Business Overview

- The beverage business of the Company is primarily carried out by COFCO Coca-Cola Beverages Limited ("CCBL"), a joint venture established by the Company and The Coca-Cola Company, in which the Company holds a 65% interest.

- CCBL has the exclusive right to manufacture, market and distribute Coca-Cola products in 15 provinces, municipalities and regions including Tianjin, Hebei, Beijing, Shandong, Hunan, Jiangxi, Guizhou, Hainan, Gansu, Ningxia, Qinghai, Tibet, Inner Mongolia, Xinjiang and Guangdong (Zhanmao). CCBL has minority equity stakes in Coca-Cola bottling companies located in Guangdong, Zhejiang and Jiangsu.

Development Strategy

The strategic goal of CCBL is to build a world-class bottling system and become a recognized first-class employer, business partner, and corporate citizen in every region in which it has operations. To this end, we will adopt the following business strategies:

- Insist on our commitment to food safety and quality;

- Continue to improve our product portfolio, grow the sparkling beverages category, introduce new products with higher margin, and to increase the enthusiasm of the distributors, speed up the inventory turnover at point-of-sale, and offer better margin to distributors for the reinforcement of strategic relationships;

- Strengthen our relationship with participants in our outlet delivery partners program and provide support for the growth of customers through product category management;

- Constantly and effectively control costs and improve efficiency; and

- Encourage creative concepts and innovative ideas in business processes, marketing and management systems.

Industry Overview

The beverage market as a whole grew by 11% in 2013 while the growth rate of bottled water, sports drinks and functional beverages grew at a rate in excess of 13%. Consumers are increasingly concerned about nutrition, health and safety. As a result, newly-introduced juice drinks and ready-to-drink milk tea have begun to capture market share from products such as sparkling beverages, traditional juices and tea products.

Annual Results for 2013

In 2013, sales volume of the beverage business was 1% higher compared with 2012 with stable selling prices. Due to improved packaging mix, sales revenue increased by 2.5%, a faster rate than sales volume. Our major products, sparkling beverages and orange juice drinks, continued to maintain leading positions in the industry. The overall gross profit margin improved by 2.1 percentage points, mainly attributable to reduced raw material costs and improved packaging mix.

Due to increased labor costs and higher sales expenditure caused by intense market competition, the selling expenses to revenue ratio increased by 3.1 percentage points over 2012 and as a result, the segment result to revenue ratio declined by 0.8 percentage point and segment profit decreased from HK$579 million to HK$496 million.

Outlook

A number of initiatives are underway to address the challenge of maintaining steady growth – particularly for higher-margin products – at a time when the growth rate of the industry is slower. In the sparkling beverages category, we will continue to introduce creative ways of marketing in order to attract regular consumers. For non-sparkling beverages, we will continue to introduce new flavours and develop new products in order to compete for market share and maintain industry leadership. In order to maintain revenue growth, we will also continue to improve on-premise channel penetration and coverage ratio and increase channel marketing expenditures. By coordinating production planning across CCBL franchises we expect efficiency improvements across the supply chain which will reduce unit costs.

Wine Business

Business Overview

- The wine business of the Group is based on its famous Greatwall brand, which has a fine tradition and has long been a leader in the market. Various types of wines are produced from a number of high quality grapes, which include Cabernet sauvignon, Merlot, Pinot noir, Cabernet, Cabenet franc, Shiraz for red wines; and Chardonnay, Riesling, Sauvignon blanc for white wines. We also produce brandies and sparkling wines.

- The Group offers single varietal wines as well as blended wines with different grape varieties. The grapes that we use come from vineyards that are either managed by us or from sources with whom we have cooperative agreements. Production, storage and aging, are carried out at our top five wineries in China, namely, Huaxia Wine Manor in Huaxia, Chateau Sungod in Shacheng, Chateau Junding in Yantai, Chateau YunMo in Ningxia and Xinjiang Tianlu winery in Xinjian. There are also two overseas wineries: Sas du Chateau de Viaud in France and Viña Santa Andrea Ltda in Chile.

- The Group is the dealer of almost a hundred imported wine brands. The Group offers our customers a wide variety of wines at different price levels ranging from daily wines to quality fine wines for special events. The wines of the Group are sold through distributors with point-of-sale located in such outlets as specialty shops, supermarkets, on-premise channels and tobacco shops.

Development Strategy

The Company will systematically improve the competitiveness of its products, brand image and sales channels with strategic adjustments as follows:

- Regions – to enhance marketing by formulating regional marketing plans;

- Channels – to formulate channel planning based on the market demand by consumers, develop tailored channel marketing programs, and actively explore new channel opportunities such as e-commerce;

- Distributors – to rationalize regions and channels, and formulate reasonable sales targets with improved co-operation terms;

- Promotion – to integrate online and offline marketing resources, formulate promotion programs, and define regions with distributors; and

- Brand – to advocate healthy lifestyles and focus on the communication of Greatwall brand.

- Strategy for competing against imported wines – to compete with imported wines, we will uplift the quality of domestic wines through improved production techniques so as to enhance value-for-money. Meanwhile, we stage more marketing activities such as wine tasting events, winery tours and showroom visits, and place emphasis on direct communication with consumers. We will also leverage on COFCO's overseas production bases to develop strategic products, with emphasis on modern channels and e-commerce channels.

Industry Overview

In 2013, the slowing economy of China had a direct impact on wine consumption. Data from National Bureau of Statistics shows that the total consumption of wine in China as of June 2013 decreased by 8.9% as compared with 2012. With the impact of government controls over its spending and restriction on alcoholic consumption at official functions, official spending and banquet expenditures declined. Slowing domestic growth had a significant impact on middle- to high-end catering in general, and the overall wine industry was under pressure. As wine producing countries increased exports to China, leveraging on price and perceived quality advantages, imported wine products gained market share. We expect that the competition will become more intense and will continue to exert significant pressure on domestic wine companies.

Annual Results for 2013

2013 sales volume and revenue were down 48.0% and 52.5% year-on-year respectively. Due to trading down in product mix, sales volume for high-price, high-margin products declined and gross profit margin declined 10.9 percentage points year-on-year. Operating results turned from a profit of HK$535.7 million to a loss of HK$454.7 million mainly due to a combination of the substantial decline in revenue coupled with the fixed costs of sales operations and management.

Outlook

At the end of 2013, inventory levels of distributors were lower, and their confidence in the wine business had been restored. We will give more attention to the mass consumption market. We will also improve value-for-money through a systematic enhancement of product quality. Currently, the successful Greatwall Classic Series is positioned as a wine for daily consumption and family gatherings, and is priced in the same range as the other mainstream wines. The company plans to launch a new smaller-sized package, specifically for family gatherings which will be sold via the mass market channels. Through marketing activities such as showroom visits, wine tasting events and winery tours, the Company will strengthen the direct communication with consumers, so as to achieve the target of promoting and bringing wines to the dining tables of a wider range of consumers, and at the same time enhance our competitiveness in the mass market. As far as distribution channels are concerned, we will improve the control and monitoring over the promotional activities at point-of-sale, and improve the cooperation terms with distributors so as to achieve the revenue growth. Despite the fact that market conditions will continue to be difficult, the actions we plan to take will produce an expected recovery of our wine business in 2014.

Kitchen Food Business

Business Overview

The Kitchen Food business covers the sale, distribution and marketing of edible oil, sugar, soy sauce, vinegar, MSG, seasoning sauce and cereals. Fortune brand is a leading consumer-pack edible oil brand in China and is ranked number two nationwide in terms of market share.

Development Strategy

The Company's strategic objective in the Kitchen Food business is to maintain the position as a strong player in the market. To this end, we will purse the following strategies:

- Focus on top-tier, high-margin oil types, promote the Fortune brand name, monitor in-outlet availability and merchandising, enhance channel penetration, improve market share, and increase overall gross profit margin by benchmarking with key competitors so as to improve business performance;

- Increase efficiency of the supply chain and reduce operating costs, control marketing and promotion costs, and enhance promotional efficiency, improve the efficiency of the workforce, and reduce administrative expenses.

Industry Overview

In 2013, the growth of small packaged oil slowed down. According to the data of ACNielsen in December 2013, the overall sales volume growth rate dropped from 11.4% in 2012 to 2.5%. The commodity price of bulk oil, our key raw material, continued to fall in general, as did prices of consumer-pack edible oil. Sales volume of blended oil and peanut oil fell, soybean oil remained unchanged while the sales volume growth of sunflower seed oil and corn oil was relatively fast. The sales trend reflects a growing consumer preference for more nutritional oil products such as corn oil.

Annual Results for 2013

Distributors were cautious in replenishing stocks in an environment of declining prices because of the risk of being left with over-priced inventory. As a result of intense competition arising from increased marketing by our competitors, we recorded a 10% fall in sales volume, and a 18% decline in revenue in 2013 compared with 2012.

In the second quarter of 2013, we revised the terms in relation to the purchase of edible oil from upstream suppliers in order to reduce our inventory holding risk. We also took measures to increase inventory turnover and improve product mix. As a result, gross profit margin increased by 1.5 percentage points year-on-year.

Similar to the wine business, the operating loss for the year was mainly due to the negative operating leverage with declining revenue and relatively fixed storage, transportation and marketing costs. Meanwhile we experienced intense market challenges arising from increased marketing by competitors. With a combination of the above factors, our kitchen food business continued to record a loss. Starting from the latter part of 2013, actions were taken to lower the overall expense-to-sales ratio. Measures implemented included direct distribution from factories which reduced costs in storage and delivery, optimized the cost management, and improved the cost-efficiency ratio. Significant improvement was noted in the second half of the year as compared with the first half.

Outlook

Looking forward, we will monitor consumer research in order to enhance our understanding of consumer trends, focus on sales of top-tier high-margin oil types in cities'outlets. While at the same time increasing our penetration of downstream channels in counties with lower-margin oil types in order to obtain growth. We will also control sales and distribution networks. With the implementation of the above, we look forward to an improvement in our performance.

Confectionery Business

Business Overview

The confectionery business covers the development, production, marketing and distribution of a range of snack foods including chocolates, candies and nuts. The company operates two brands, namely Le conté and Merveille.

Development Strategy

The strategic objective of the confectionery business is to become a major player in the confectionery industry in China and provide consumers with high quality and delicious confectionery and snack products. To this end, we will pursue the following strategies:

- Continuously pay attention to consumers' needs and the competitive market situation, and tailor our products to suit consumers' demands;

- Continue to adopt the "dual-brand" (Le conté and Merveille) strategy by aggressively and effectively launching brand promotion activities, reinforcing communications with consumers, and improving brand value;

- Continue to enhance and improve the productivity and efficiency of the supply chain, sales management and distribution to effectively reduce operating and marketing costs, and improve efficiency and competitiveness; and

- Implement "Total Quality Management", comply with laws and regulations, and uphold our commitment to safety and quality.

Industry Overview

In 2013, the chocolate industry maintained rapid growth with a 12% growth rate year-on -year and a market size that reached approximately RMB10 billion in terms of value. The competition in the industry was intense, with the major brands increasing their marketing expenditures and spending on media. Meanwhile, imported chocolates were making inroads into the PRC market.

The candy category continued to grow in 2013. However, owing to the competition from the hard candies, and the reduction in marketing expenditure, sales in the soft candy subcategory experienced a drop of 4.6%.

As chocolate and candy confectioneries continue to penetrate into the second- and third-tier cities and counties, new requirements and challenges with respect to sales and distribution, warehousing and logistics systems were experienced.

Annual Results for 2013

Sales volume and revenue declined by 31% and 40.1% year-on-year respectively, primarily due to increased marketing expenditures by competitors which we were unable to match, and no new products were launched. The gross profit margin decreased by 10.7 percentage points as compared with 2012 mainly due to higher sales discount.

Higher segment losses of HK$223 million were recorded owing to a number of factors including the substantial decrease in revenue and higher retailing marketing charges.

Outlook

It is expected that the confectionery industry will remain highly competitive, and that our business will continue to operate in a challenging environment. Strenuous efforts are being made to improve the revenue and profitability for the confectionery business.

FINANCIAL REVIEW

Supplemental information of segment results of the Group for the year ended 31 December 2013 with comparative figures, are set out below:

	For the year ended 31 December	
	2013	2012
	%	%
Growth of revenue by segment:		
– Beverage	**2.5**	5.6
– Wine	**-52.5**	5.2
– Kitchen Food	**-18.0**	14.0
– Confectionery	**-40.1**	10.0
– Others	**48.7**	N/A
Segment results to revenue ratio:		
– Beverage	**4.4**	5.2
– Wine	**-24.6**	13.8
– Kitchen Food	**-1.2**	-1.5
– Confectionery	**-51.2**	-7.8
– Others	**11.3**	2.1

REVENUE

The Group's total revenue for the year amounted to HK$26,218 million, down by 15.1% from HK$30,878 million in the previous year 2012. Kitchen Food segment, Wine segment and Confectionery segment reported negative growth of revenue for the year and their aggregate contribution to the Group's total revenue amounted to 55.5% for the year (2012: 63.4%).

The contribution of Beverage segment to the Group's total revenue amounted to 43.4% (2012: 36.0%), with -2.3% revenue growth in the first half of 2013 and 8.4% revenue growth in the second half of 2013 when compared to the corresponding periods in 2012.

The contribution of "Others" segment to the Group's total revenue increased given it's low-base comparative number, as this segment started its cross products sales and distribution of certain food and beverage products since 2012.

GROSS PROFIT MARGIN

The overall gross profit margin dropped from 21.02% to 20.15% mainly attributable to the Wine segment and Confectionery segment.

For the Wine segment, its gross profit margin declined 10.9 percentage points year-on-year mainly due to the deterioration in product mix as a result of industry factors including a decline in demand for high-end wine following more stringent government's controls on official spending, alcoholic consumption restrictions at official government functions and competition from imported wine enterprises.

For the Confectionery segment, its gross profit margin declined 10.7 percentage points year-on-year mainly due to higher sales discount.

For the Beverage segment, gross profit margin delivered a year-on-year improvement of 2.1 percentage points, mainly attributable to reduced raw material costs and improved packaging mix.

For the Kitchen Foods segment, gross profit margin increased by 1.5 percentage points year-on-year, mainly attributable to the new terms in relation to the purchase of edible oil from upstream suppliers in order to reduce our inventory holding risk since the second quarter of 2013 and the measures taken to increase the inventory turnover and improve the product mix.

SELLING AND DISTRIBUTION EXPENSES/ADMINISTRATIVE EXPENSES

During the year, mainly due to the effect of negative operating leverage with declining revenue and relatively fixed storage, transportation and marketing costs and the intense market challenges arising from increased marketing by competitors, the aggregate amount of selling and distribution expenses and administrative expenses decreased slightly by 1% year-on-year whereas the Group's revenue was down by 15.1%.

FINANCE COSTS

Overall finance costs increased by 46.8% which was mainly due to an increase in outstanding loan balances. The weighted average borrowing interest rate also increased in general.

SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates increased by 69.2%, mainly attributable to an increase in profitability of an associate engaged in the production of still beverage.

INCOME TAX EXPENSE

Income tax expense was up 62.5%, mainly attributable to an impairment of certain deferred tax assets as at 31 December 2012 and non-recognition of certain potential deferred tax assets arising during the year.

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. The treasury function operates as a centralized 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 2013, the Group's unpledged cash and cash equivalents totalled approximately HK$2,458 million (31 December 2012: approximately HK$1,901 million), and the Group's net current assets were approximately HK$1,601 million (31 December 2012: approximately HK$1,916 million).

During the year, EBITDA has decreased by HK$1,011.4 million to HK$270.3 million (2012: approximately HK$1,281.7 million), mainly attributable to the decline in the overall operating profitability of the Group.

Having considered the expected cash flow from operating activities according to budget, existing financial resources, gearing and banking facilities available to the Group and loan repayment schedules, the management believes that the Group's financial resources are sufficient to fund its debt payments, day-to-day operations and committed capital expenditures.

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 overall downside risk exposure of the Group in relation to exchange rate risk and interest rate risk is limited.

CAPITAL STRUCTURE

During the year, the total number of issued shares of the Company increased by 32,000 shares as certain employees of the Group exercised their share options granted in 2007. As at 31 December 2013, the total number of issued shares of the Company was 2,797,223,396.

As at 31 December 2013, the Group had certain interest-bearing bank borrowings of approximately HK$4,092.4 million (31 December 2012: approximately HK$2,854.1 million) and other borrowing of approximately HK$45.2 million (31 December 2012: approximately HK$246.7 million).

Bank borrowings carried annual interest rates ranging between 0.62% and 6% (31 December 2012: between 0.66% and 6%). Other borrowing carried an annual interest rate of 5.60% (31 December 2012: 5.04%).

As at 31 December 2013, net assets attributable to owners of the parent were approximately HK$6,146 million (31 December 2012: approximately HK$6,805 million) and the net borrowing position of the Group (unpledged cash and cash equivalents less interest-bearing bank and other borrowings) was approximately HK$1,680 million (31 December 2012: approximately HK$1,199 million) and the net gearing ratio (the ratio of net borrowing to net assets attributable to owners of the parent) was approximately 27.3% (31 December 2012: approximately 17.6%).

CONTINGENT LIABILITIES AND ASSETS PLEDGED

As at 31 December 2013, the Group had no material contingent liabilities.

As at 31 December 2013, certain bank borrowings of the Group were secured by charges over certain buildings, land use rights and time deposits of the Group with aggregate net book value of approximately HK$324 million (31 December 2012: approximately HK$325 million).

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2013, the Group employed 17,933 staff in Mainland China and Hong Kong (31 December 2012: 17,288). 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 2013.

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 nonexecutive directors of the Company) based on individual merit.

As at 1 January 2013, a total of 38,375,480 share options of the Company remained outstanding. During the year, a total of 2,414,080 share options lapsed and a total of 32,000 shares were issued and allotted by the Company upon the exercises of share options of the Company. Accordingly, as at 31 December 2013, a total of 35,929,400 share options of the Company remained outstanding.

FINAL DIVIDEND

The Board did not recommend any final dividend (2012: Nil) for the year ended 31 December 2013.

CHANGE OF ADDRESS OF THE COMPANY'S BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

With effect from 31 March 2014, the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, (the " Branch Share Registrar") will change its address from 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company to be held on Tuesday, 3 June 2014, the register of members of the Company will be closed from Friday, 30 May 2014 to Tuesday, 3 June 2014, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the above meeting, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrar, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) for registration no later than 4:30 p.m. on Thursday, 29 May 2014.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year.

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 of the Company confirmed that they have complied with the required standards set out in the Model Code throughout 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 2013 will be published on the above websites and dispatched to the shareholders of the Company in due course.

By order of the Board
China Foods Limited
Jiang Guojin
Managing Director

Hong Kong, 25 March 2014

As at the date of this announcement, the Board comprises: Mr. Yu Xubo as the chairman of the Board and a non-executive director; Mr. Jiang Guojin, Ms. Wu Wenting and Mr. Lu Xiaohui as executive directors; Mr. Ning Gaoning, Mr. Chi Jingtao, Ms. Liu Ding and Mr. Ma Jianping 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.