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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 2014

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 2014 (the "year") as compared with 2013.

- Our Revenue increased by 2% to HK$26,742 million.
- Our EBITDA^ increased by HK$613 million to HK$883 million.
- Our Operating Profit* was HK$161 million, while our Operating Loss* amounted to HK$467 million for the previous year 2013.
- Our Loss attributable to Owners of the Parent decreased substantially by 75% to HK$225 million. (note)

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

^ EBITDA represents earnings before finance costs, income tax expense, depreciation, amortisation 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 in associates.

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

(Note): During 2013, our Loss attributable to Owners of the Parent includes a one-off impairment of deferred tax asset of approximately HK$94 million.

CONSOLIDATED RESULTS

The Board of the Company announces the consolidated results of the Group for the year ended 31 December 2014 together with the comparative figures for the year ended 31 December 2013. The consolidated results as at and for the year ended 31 December 2014 (the "financial information") have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	4	**26,742,163**	26,218,351
Cost of sales		**(20,437,500)**	(20,934,425)
Gross profit		**6,304,663**	5,283,926
Other income and gains	4	**421,495**	329,970
Selling and distribution expenses		**(5,664,478)**	(5,078,837)
Administrative expenses		**(751,639)**	(884,645)
Other expenses and losses		**(83,205)**	(55,926)
Finance costs	6	**(69,844)**	(103,103)
Share of profits of associates		**93,816**	113,916
PROFIT/(LOSS) BEFORE TAX	5	**250,808**	(394,699)
Income tax expense	7	**(223,601)**	(311,798)
PROFIT/(LOSS) FOR THE YEAR		**27,207**	(706,497)
Attributable to:			
Owners of the parent		**(224,688)**	(889,634)
Non-controlling interests		**251,895**	183,137
		27,207	(706,497)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		**(HK8.03 cents)**	(HK31.80 cents)
Diluted		**(HK8.03 cents)**	(HK31.80 cents)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
PROFIT/(LOSS) FOR THE YEAR	**27,207**	(706,497)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(51,694)**	278,033
Share of other comprehensive income/(loss) of associates	**657**	(477)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**(51,037)**	277,556
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	**7,299**	–
Income tax effect	**(1,825)**	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**5,474**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(45,563)**	277,556
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(18,356)**	(428,941)
Attributable to:		
Owners of the parent	**(262,494)**	(666,640)
Non-controlling interests	**244,138**	237,699
	(18,356)	(428,941)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,700,272**	4,881,318
Investment properties		**98,331**	90,597
Prepaid land premiums		**424,026**	396,276
Deposits for purchase of items of property, plant and equipment		**14,286**	23,887
Goodwill		**1,742,224**	1,746,432
Other intangible assets		**27,370**	40,138
Investments in associates		**758,932**	704,834
Available-for-sale investments		**214,106**	214,129
Deferred tax assets		**184,521**	134,770
Biological assets		**200,806**	190,798
Total non-current assets		**8,364,874**	8,423,179
CURRENT ASSETS			
Inventories		**4,301,418**	5,866,205
Accounts and bills receivables	*10*	**1,771,192**	1,694,757
Prepayments, deposits and other receivables		**1,186,912**	1,547,299
Due from fellow subsidiaries		**578,278**	704,968
Due from the ultimate holding company		**15,202**	38,363
Due from the immediate holding company		**171**	169
Due from non-controlling shareholders of subsidiaries		**37,711**	26,820
Due from associates		**16,273**	21,753
Prepaid tax		**41,225**	44,301
Available-for-sale investments		**399,305**	–
Equity investments at fair value through profit or loss		**14,728**	13,872
Restricted bank balances		**–**	165
Pledged deposits		**162,947**	133,655
Cash and cash equivalents		**1,356,458**	2,458,011
Total current assets		**9,881,820**	12,550,338
CURRENT LIABILITIES			
Accounts and bills payables	*11*	**1,372,106**	1,191,702
Other payables and accruals		**3,368,978**	3,626,343
Due to fellow subsidiaries		**1,253,117**	2,343,573
Due to the ultimate holding company		**27,915**	67,027
Due to related companies		**88,765**	799,229
Due to non-controlling shareholders of subsidiaries		**48,103**	56,292
Due to associates		**154,453**	248,369
Interest-bearing bank and other borrowings		**1,360,994**	2,537,555
Tax payable		**96,784**	79,496
Total current liabilities		**7,771,215**	10,949,586
NET CURRENT ASSETS		**2,110,605**	1,600,752
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,475,479**	10,023,931

	2014	2013
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**10,475,479**	10,023,931
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**2,100,000**	1,600,000
Due to non-controlling shareholders of subsidiaries	**28,446**	28,541
Deferred income	**160,613**	138,134
Deferred tax liabilities	**63,873**	59,031
Total non-current liabilities	**2,352,932**	1,825,706
Net assets	**8,122,547**	8,198,225
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**279,722**	279,722
Reserves	**5,607,927**	5,866,253
	5,887,649	6,145,975
Non-controlling interests	**2,234,898**	2,052,250
Total equity	**8,122,547**	8,198,225

NOTES TO FINANCIAL INFORMATION

31 December 2014

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;
- distribution of retail packaged cooking oil and seasoning products;
- production, sale and trading of grape wine and other wine 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") and accounting principles generally accepted in Hong Kong. This financial information also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that 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 revised standards and new interpretation for the first time for the current year's financial information.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.

(d) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(e) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(f) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(g) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(h) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

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

(c) the wine segment is engaged in the production, sale and trading of grape wine and other wine 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 2014

	Beverage	Kitchen food	Wine	Confectionery	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:						
Sales to external customers	**12,485,850**	**11,230,509**	**2,152,366**	**503,495**	**369,943**	**26,742,163**
Other revenue	**181,942**	**58,032**	**75,225**	**8,414**	**31,041**	**354,654**
	12,667,792	**11,288,541**	**2,227,591**	**511,909**	**400,984**	**27,096,817**
Segment results	**616,633**	**29,305**	**(115,526)**	**(163,383)**	**9,097**	**376,126**
Reconciliation:						
Interest income						**28,453**
Dividend income						**37,532**
Finance costs						**(69,844)**
Share of profits of associates						**93,816**
Corporate and other unallocated expenses						**(215,275)**
Profit before tax						**250,808**
Segment assets	**6,023,145**	**3,007,841**	**5,238,102**	**395,873**	**392,677**	**15,057,638**
Reconciliation:						
Investments in associates						**758,932**
Corporate and other unallocated assets						**2,430,124**
Total assets						**18,246,694**

Year ended 31 December 2014

	Beverage *HK$'000*	Kitchen food *HK$'000*	Wine *HK$'000*	Confectionery *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	**3,355,346**	**2,354,381**	**716,457**	**73,794**	**778**	**6,500,756**
Reconciliation:						
Corporate and other unallocated liabilities						**3,623,391**
Total liabilities						**10,124,147**
Other segment information:						
Net impairment losses recognised in the statement of profit or loss	**44,757**	**5,897**	**23,480**	**4,930**	**–**	**79,064**
Provision against/(write-back of provision against) inventories	**18,469**	**(15,269)**	**30,880**	**21,962**	**–**	**56,042**
Fair value gains on biological assets, net	**–**	**–**	**3,105**	**–**	**–**	**3,105**
Gains/(losses) on disposal/write-off of items of property, plant and equipment	**(2,798)**	**(1,156)**	**286**	**(638)**	**–**	**(4,306)**
Unallocated amounts						**165**
						(4,141)
Depreciation and amortisation	**330,896**	**17,447**	**143,739**	**17,047**	**–**	**509,129**
Unallocated amounts						**12,287**
						521,416
Fair value gains on equity investment at fair value through profit or loss						
Unallocated amounts						**856**
Capital expenditure	**284,941**	**10,217**	**172,651**	**13,073**	**–**	**480,882***

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

Year ended 31 December 2013

	Beverage *HK$'000*	Kitchen food *HK$'000*	Wine *HK$'000*	Confectionery *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:						
Sales to external customers	11,388,623	12,276,426	1,847,490	434,933	270,879	26,218,351
Other revenue	148,405	35,776	29,064	8,001	46,785	268,031
	11,537,028	12,312,202	1,876,554	442,934	317,664	26,486,382
Segment results	496,133	(152,118)	(454,728)	(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	4,435,623	5,522,341	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 *HK$'000*	Kitchen food *HK$'000*	Wine *HK$'000*	Confectionery *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	2,979,624	4,825,242	602,601	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	4,039	9,145	13,052	–	46,328
Losses on disposal/write-off of items of property, plant and equipment	4,543	80	66	35	–	4,724
Provision against inventories	11,749	94,367	10,150	6,389	–	122,655
Losses on disposal of biological assets	–	–	6,248	–	–	6,248
Fair value losses on biological assets, net	–	–	5,899	–	–	5,899
Depreciation and amortisation	321,058	12,454	135,218	23,242	–	491,972
Unallocated amounts						14,859
						506,831
Fair value losses on equity investment at fair value through profit or loss						
Unallocated amounts						4,874
Capital expenditure	411,720	17,901	311,184	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.

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 (2013: 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	
	2014	2013
	HK$'000	*HK$'000*
Other income		
Gross rental income	**11,375**	9,621
Bank interest income	**21,002**	25,806
Interest income from financial products	**7,451**	–
Dividend income from available-for-sale investments	**37,033**	35,823
Dividend income from equity investments at fair value through profit or loss	**499**	228
Government grants*	**227,359**	123,440
Compensation income	**5,644**	12,437
Sale of by-products and scrap items	**24,874**	22,186
Commission income	**83,508**	98,079
Others	**1,378**	1,123
	420,123	328,743
Gains		
Fair value gains on equity investments at fair value through profit or loss	**856**	–
Fair value gains on investment properties	**305**	1,227
Gain on bargain purchase	**211**	–
	1,372	1,227
	421,495	329,970

* Various government grants were granted for investments in certain provinces in Mainland China in which the Company's subsidiaries operate. Government grants for which related expenditure has not yet been undertaken are included in deferred income (non-current portion) and other payables and accruals (current portion) in the statement of financial position, respectively. 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):

	2014	2013
	HK$'000	*HK$'000*
Cost of inventories sold	**20,384,563**	20,799,623
Provision against inventories	**56,042**	122,655
Losses on disposal of biological assets	**–**	6,248
Fair value losses/(gains) on biological assets, net	**(3,105)**	5,899
Cost of sales	**20,437,500**	20,934,425
Auditors' remuneration	**3,223**	3,319
Depreciation	**498,572**	486,088
Amortisation of other intangible assets	**11,487**	10,604
Recognition of prepaid land premiums	**11,357**	10,139
Minimum lease payments under operating leases in respect of land and buildings	**227,464**	216,350
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**1,568,694**	1,441,230
Equity-settled share option expense	**4,168**	7,331
Pension schemes contributions*	**167,104**	158,431
	1,739,966	1,606,992
Foreign exchange differences, net	**20,057**	26,083
Other expenses and losses include the followings:		
Losses on disposal/write-off of items of property, plant and equipment	**4,141**	4,724
Impairment of available-for-sale investments	**–**	1,866
Impairment of items of property, plant and equipment	**47,813**	18,709
Fair value losses on equity investments at fair value through profit or loss	**–**	4,874
Impairment of accounts receivable	**27,269**	11,800
Impairment of other receivables	**3,982**	2,343
Impairment of goodwill	**–**	11,610

* At 31 December 2014, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2013: Nil).

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**65,959**	79,921
Loans from a fellow subsidiary and a non-controlling shareholder of subsidiaries	**2,204**	22,964
Others	**1,681**	218
	69,844	103,103

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profit arising in Hong Kong during the year (2013: Nil). 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 in 2013, 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.

	2014	2013
	HK$'000	*HK$'000*
Group:		
Current – Mainland China		
Charge for the year	**272,740**	234,748
Underprovision/(overprovision) in prior years	**(175)**	13,342
Current – Elsewhere		
Charge for the year	**–**	2,282
Overprovision in prior years	**(3,895)**	–
Deferred	**(45,069)**	61,426
Total tax charge for the year	**223,601**	311,798

The share of tax attributable to associates amounting to HK$35,689,000 (2013: HK$42,428,000) 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 (2013: Nil).

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent of HK$224,688,000 (2013: HK$889,634,000), and the weighted average number of ordinary shares of 2,797,223,396 (2013: 2,797,222,722) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2014 and 2013 in respect of a dilution because the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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 provisions, is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within 3 months	**1,486,684**	1,438,714
3 to 12 months	**227,432**	204,526
1 to 2 years	**26,930**	6,857
Over 2 years	**30,146**	44,660
	1,771,192	1,694,757

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	
	2014	2013
	HK$'000	*HK$'000*
Within 3 months	**1,304,299**	1,073,196
3 to 12 months	**50,266**	92,656
1 to 2 years	**10,667**	18,356
Over 2 years	**6,874**	7,494
	1,372,106	1,191,702

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$46,674,000 (2013: HK$17,382,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Although 2014 was a challenging year for the Group, each of the Group's Beverage, Wine and Confectionery businesses recorded increases in revenue. However, due to a marked fall in wholesale prices of edible oil products, there was a decline in the revenue of the Kitchen Food business. As a result, the Group reported a modest increase in overall revenue. In respect of operating results in 2014 as compared with 2013, the Beverage business achieved steady growth in operating profit, whereas the non-Beverage businesses reduced their operating losses substantially.

The Group's results for the year ended 31 December 2014 (the "Year") when compared with 2013 were:

- Our Revenue increased by 2% to HK$26,742 million.

- Our EBITDA^ increased by HK$613 million to HK$883 million.

- Our Operating Profit* was HK$161 million, while our Operating Loss* amounted to HK$467 million for the previous year 2013.

- Our Loss attributable to Owners of the Parent decreased substantially by 75% to HK$225 million. (note)

The board of directors of the Company (the "Board") does not recommend the payment of a final dividend for the year.

^ EBITDA represents earnings before finance costs, income tax expense, depreciation, amortisation 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 in associates.

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

(Note): During 2013, our Loss attributable to Owners of the Parent includes a one-off impairment of deferred tax asset of approximately HK$94 million.

2014 was characterized by the domestic macroeconomic slowdown, ongoing anti-extravagance measures, the need to pass on to customers and consumers most of the benefit of declining raw material prices, and an intensely competitive environment. Nevertheless, the Group took positive steps actively to address these negative factors.

In terms of management, a series of initiatives were implemented including rationalising the organisation structure to enhance organisation efficiency, fostering an entrepreneurial culture to control and monitor costs and expenses more effectively, optimising business decision making processes, improving performance incentive mechanisms, and strengthening audit supervision to improve internal control and reduce operational risk.

In terms of business operations, the Beverage business delivered double-digit volume growth, driven in part by a successful marketing strategy. There was also an improvement in margins as a result of a more favourable packaging mix, and a reduction in raw material costs. The Kitchen Food business continued to focus resources on promoting the corn oil star products, expanding retail coverage and promoting channel penetration. The Wine business actively sought to reduce excess inventories in the distribution pipeline, continued to promote new strategic cooperative relationships with distributors, and explored new distribution channels in order to capture opportunities as the wine industry undergoes a gradual recovery. Meanwhile, the imported wine subdivision started to operate independently and grew at a rapid pace. The Confectionery business launched new chocolate products from Belgium to capture opportunities in high-end market, whereas Le conté branded products were targeted at second, third and fourth-tier cities. Distribution coverage and efficiency were improved in order to address these markets effectively. Benefitting from these initiatives, the operating results of our businesses were significantly enhanced.

The improved performance of the individual businesses, based primarily on increased efficiency and substantial cost reductions, has laid a solid foundation for future positive and sustainable business development for the Group.

In 2015, we will maintain our main focus on improving point-of-sale coverage and sales execution, and on the development of new, and increased penetration in existing sales channels. At the same time we will not neglect the need to strengthen product innovation, and the effective marketing of our brands. We will continue to foster our entrepreneurial culture, optimise our supply chain management, improve our operational efficiency, reduce costs and expenses, optimise our performance evaluation system, deploy market-oriented incentive schemes, and strengthen the competiveness of our respective businesses in order to improve our operational quality. By implementing the above initiatives, we strive to improve our results for 2015.

BEVERAGE BUSINESS

Business Overview

- The beverage business of the Company is primarily carried out by COFCO Coca-Cola Beverages Limited ("CCBL"), an entity jointly 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 (Zhanjiang and Maoming). 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 group with the most admired professional team, to build the most valuable sales and distribution network, and to become the most efficient beverage industry player in every region in which we operate. To this end, CCBL has been implementing the following strategies:

- Insistence on a commitment to food safety and quality;

- Continuing to improve our product offering to the trade by ensuring that our core products have enduring appeal to consumers, and by introducing new higher margin products. At the same time, we will seek to achieve a mutually rewarding relationship with our distributors through margin improvement and the fostering of strategic cooperative relationships;

- Strengthen our relationship with participants in our outlet delivery partners program, and provide support for the growth of customers through product category management, and the application of route-to-market strategies in the sales and distribution network;

- Focus on further improving retail execution as this is our contact point with customers and consumers;

- Constantly and effectively control costs and improve efficiency; and

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

Industry Overview

The beverage industry is one of the main growth drivers in China's overall consumer staples industry. During China's "Twelfth-Five-Year Plan" from 2011 to 2015, the expected annual average volume growth rate will be approximately 10%, signifying the beverage market has growth potential.

According to industry data, the principal beverage categories and their relative share of the overall soft drinks market in China are Packaged Water (32.0% share), Fruit Milk Beverages (15.7% share), Sparkling (12.7% share), Juice (11.2% share), Tea (10.4% share) and Sports and Functional Beverages (4.4% share). Among these main product categories, we are already a major player in the Sparkling, Juice and Packaged Water categories with a steady and continuous expansion in scale. We are also gradually tapping into faster growing product categories, such as Ready-to-drink Coffee (32.5% growth) and Sports and Functional Beverages (30.3% growth).

As the beverage industry in China develops, new consumer trends and concerns are coming to the fore. Consumers are increasingly drawn to products that are nutritious or provide a perceived functional benefit, and there is a continuous steady stream of new product introductions that seeks to meet consumers' constantly diversifying preferences. Health and the safety of product ingredients continue to be a major concern for consumers. The authorities have sought to address these concerns through the application of more stringent standards in relation to ingredients and manufacturing processes, and through more rigorous enforcement. These developments will help foster a healthy future for the beverage industry.

2014 Annual results

Revenue for the year was up 9.6% on 2013. This was partly due to the fact that, despite intensifying competition, our average per unit selling price remained stable during the year as a result of improved package mix, and new marketing campaigns, such as the "Lyrics Bottles" programme, and a cross-industry collaboration with Samsung and a e-commerce provider in relation to a lucky draw promotion, that did not require customary levels of promotional support. The gross profit margin increased by 3.4 percentage points as a result of falling raw material prices. Meanwhile, the overall expenses to revenue ratio rose 2.8 percentage points. This was attributable to increased marketing expenses as a result of intensifying market competition, and increased delivery costs which were largely due to geographically wider channel penetration. For the reasons stated above, our segment profit increased from HK$496 million to HK$617 million.

Outlook

In 2015, it is expected that the beverage market will continue to be highly competitive. Under such market conditions, it is likely to be difficult to raise selling prices. At the same time, marketing expenses are expected to increase. This will put pressure on margins, and ongoing product category management and cost controls will be a major focus in order to deal with such pressures.

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 for kitchen foods in China and is ranked number two nationwide in terms of market share.

Development Strategy

The Group's strategic objective in the Kitchen Food business is to maintain its position as a strong player in the market. To this end, we will pursue 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 2014, increased edible oil production volume led to over-supply, and to a fall in prices. The edible oil industry experienced low growth during the year. Under new conditions of fierce competition within the industry, the major participants in this market lowered the retail price of their products twice in the course of the year in order to stimulate consumption and accelerate inventory turnover.

2014 Annual Results

In 2014, the overall sales volume of our edible oil business remained stable in spite of the slowdown in the industry. However, the sales volume of Fortune branded consumer-pack edible oil increased by 6%. Due to declining prices in the domestic edible oil market, revenue was down by 8.5%. However, we were successful in adjusting the product mix such that the overall gross margin increased by 3.4 percentage points. Although we adopted effective expense control and measures to enhance the efficiency of our marketing and promotional expenses, and reduced our administrative expenses, our expenses to revenue ratio was up by 2.1 percentage points, attributable to increased marketing and promotional expenses as a result of the competitive environment. For the reasons stated above, we were successful in achieving a turnaround from a segment loss of HK$152 million to a segment profit of HK$29 million.

Outlook

In 2015, it is expected that supply and demand in the international edible oil market will be stable. However, due to the excessive production capacity in the domestic edible oil market, price competition in the consumer-pack edible oil market is likely to continue, and this will exert pressure on our business. The Kitchen Foods business's strategy for a sustainable improvement will be based on enhanced performance in relation to consumer communication and brand building activities, product innovation, and channel development and penetration into the second-and third-tier cities and counties.

WINE BUSINESS

Business Overview

- The Group's wine business is based on its famous Greatwall brand, which has a fine tradition and has long been a leader in the middle– to high-end wine markets. Various types of wines are produced from a number of high quality grapes, which include Cabernet Sauvignon, Merlot, Pinot Noir, Cabernet, Cabernet 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 majority of 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 five wineries and plants 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 Xinjiang. There are also two overseas wineries: Sas du Château de Viaud in France and Viña Santa Andrea Ltda in Chile.

- The Group also imports wines in collaboration with a number of well-known international wine companies, and distributes these wines in China.

Development Strategy

The Group will systematically raise the competitiveness of its products as described below:

- Brand – to promote consumer understanding of the role moderate wine consumption can play in a healthy lifestyle, highlight the fact that Greatwall is the designated wine for state banquets, and enhance the communication of the Greatwall brand.

- Promotion – to integrate online and offline marketing resources, and promote experiential marketing activities such as winery tours, wine tasting events at community, office building and showroom visits in order to stimulate interest among potential consumers of wine and the pleasure to be obtained from drinking wine.

- Products – to emphasise the special features of the different wine-growing regions and varieties of our wine products; and establish project teams to focus on the development of key products.

- Distributors – to establish closer relationships and cooperation with distributors "under jointly developed distribution plans".

- Channels – to promote comprehensive channel development and actively explore new channels.

- Regions – to increase distribution and coverage in regions in which we currently have a limited presence.

Industry Overview

In 2014, as a result of the ongoing government controls over spending, continuing restrictions on consumption at official functions, high-end business spending and banqueting expenditures remained weak, particularly in relation to the middle– to high-end wine category. Consumers tended to favour better value-for-money products. As a result, middle– to low-end wine became relatively more popular. However, following two years of industry decline, there was a slight rebound in overall revenue and profit in the wine industry beginning in the second half of 2014, and there are signs that a slow industry recovery is underway.

2014 Annual Results

Given signs of a gradual recovery in the wine industry, our revenue and volume were up by 16.5% and 28.0% respectively as a result of various adjustments in the execution of our development strategies, particularly in relation to experiential marketing promotion, and improvement in sales execution at point-of-sale. Gross profit margin fell by 9 percentage points, which was mainly due to the fact that consumers traded down and this adversely impacted the product mix, together with the impact of higher per unit fixed costs as a result of the lower production volume occasioned by the inventory reduction programme in the distribution pipeline. As a result of enhanced efficiency in spending on marketing, optimisation of sales policy with distributors, and tightened control over back office expenses the segment loss decreased significantly from HK$455 million to HK$116 million.

Outlook

In 2015, our target is to boost retail sales in the market, to promote the Greatwall brand by emphasising its credibility as the designated wine for serving at state banquets, and to show consumers through experiential marketing how drinking wine can be a part of their lifestyle. With the implementation of this strategy, and tightened controls in costs and expenses, we are optimistic that there will be an improvement.

CONFECTIONERY BUSINESS

Business Overview

The confectionery business covers the development, production, distribution and marketing of a range of snack foods including chocolates, candies and nuts. The Company operates two major 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:

- Commit to obtain more in-depth understanding of consumers, offer innovative products and, through effective brand communication, create optimal value for consumers;
- Expand into other confectionery product types gradually, lower fixed cost per unit, grow revenue and enhance profitability;
- Continue to enhance the productivity and efficiency of the supply chain, sales management and distribution systems to reduce effectively operating and marketing costs, and improve competitiveness.

Industry Overview

The chocolate industry (including chocolate by-products) maintained its growth momentum with a growth rate of approximately 12% in 2014 when compared with the previous year. The competition in the industry was intense and the major brands increased their marketing and advertising expenditures significantly, and adopted aggressive pricing tactics. Meanwhile, imported chocolates made inroads into the Mainland China market during the year.

The candy category maintained steady growth during the year. Chocolates and candies continued to penetrate into the second-and third-tier cities and counties, which posed new requirements and challenges in relation to sales and distribution, warehousing and logistics systems.

2014 Annual Results

In the first half of 2014, in order to assist distributors clear slow moving inventory, we offered additional promotional discounts, hence the gross profit margin dropped substantially by 11.4 percentage points. Following our efforts in the rationalisation of pricing, inventory management, and the re-establishment of distributors' confidence in restocking, our revenue in the second half rebounded, with a year-on-year growth rate of 56.4% whereas our revenue in the first half of 2014 fell 13.7%.

With promotional discounts under control, and with increased sales volume of high margin products and enhanced product mix, the gross profit margin on a half-on-half year basis improved by 1.5 percentage points. During the second half of 2014, we successfully launched a new range of imported chocolate products under the "Hageland" brand name, and this received an enthusiastic reception in the market.

With a combination of the above factors, 2014 sales revenue and volume increased by 15.8% and 10.6% respectively. Overall gross profit margin for the year declined by 1.5 percentage points. But with cost savings, the segment loss decreased from HK$223 million to HK$163 million.

Outlook

It is expected that the confectionery industry growth rate will remain at around 10% in 2015. Our confectionery business will continue to improve product competitiveness through development of new differentiated products, some of which will be developed with foreign partners. We will develop star products, launch innovative brand marketing activities to increase brand acceptance. We will continue the development of core regions and increase channel penetration in order to achieve improved sales and profitability.

FINANCIAL REVIEW

Supplemental information of segment results of the Group for the year ended 31 December 2014 with comparative figures, are set out below:

	For the year ended 31 December	
	2014	2013
	%	%
Growth of revenue by segment:		
– Beverage	**9.6**	2.5
– Kitchen Food	**–8.5**	–18.0
– Wine	**16.5**	–52.5
– Confectionery	**15.8**	–40.1
– Others	**36.6**	48.7
Segment results to revenue ratio:		
– Beverage	**4.9**	4.4
– Kitchen Food	**0.3**	–1.2
– Wine	**–5.4**	–24.6
– Confectionery	**–32.4**	–51.2
– Others	**2.5**	11.3

REVENUE

Each of the Group's Beverage, Wine, Confectionery and Others segment recorded increases in revenue. However, due to a marked fall in wholesale prices of edible oil products, there was a decline in the revenue of the Kitchen Food segment. Revenue of Kitchen Food segment accounted for 42.0% of the Group's overall revenue for the year (2013: 46.8%). As a result, the Group reported a moderate increase in overall revenue of 2%.

GROSS PROFIT MARGIN

Overall gross profit margin improved from 20.15% to 23.58%, mainly attributable to the improvement in margin of each of the Group's Beverage and Kitchen Food segment.

For the Beverage segment, gross profit margin delivered a year-on-year improvement of 3.4 percentage points, mainly attributable to falling raw material prices and improved package mix.

For the Kitchen Food segment, gross profit margin increased by 3.4 percentage points year-on-year, given the fact that we were successful in adjusting the product mix.

For the Wine segment, its gross profit margin fell by 9 percentage points year-on-year mainly due to the fact that consumers traded down and this adversely impacted the product mix, together with the impact of higher per unit fixed costs as a result of the lower production volume occasioned by the inventory reduction programme in the distribution pipeline.

For the Confectionery segment, its gross profit margin fell by 1.5 percentage points year-on-year mainly due to additional promotional discounts in order to assist distributors clear slow moving inventories during the first half of 2014. With promotional discounts under control, and with increased sales volume of high margin products and enhanced product mix, gross profit margin on a half-on-half basis improved.

SELLING AND DISTRIBUTION EXPENSES/ADMINISTRATIVE EXPENSES

For the Beverage segment, it reported a 25% year-on-year increase in selling and distribution expenses, mainly attributable to increased marketing expenses and increased delivery costs. Administrative expenses remained stable for the year.

For the non-Beverage segments, mainly due to effective expense controls and cost cut, together with enhanced efficiency over marketing and promotional expenses, the aggregate amount of selling and distribution expenses and administrative expenses decreased by 5.1% year-on-year.

FINANCE COSTS

Overall finance costs decreased by 32.3% which was mainly due to a general decrease in outstanding loan balances, as a result of repayments of certain onshore loans in Mainland China which carried higher interest rate than offshore loans. As a result, the weighted average borrowing interest rate was lowered.

SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates decreased by 17.6%, mainly attributable to a decrease in profitability of associates of the Beverage segment during the second half of 2014.

INCOME TAX EXPENSE

Income tax expense was down 28.3%, mainly attributable to a one-off impairment of deferred tax assets of approximately HK$94 million during 2013.

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 2014, the Group's unpledged cash and cash equivalents totalled approximately HK$1,356 million (31 December 2013: approximately HK$2,458 million), and the Group's net current assets were approximately HK$2,111 million (31 December 2013: approximately HK$1,601 million).

During the year, EBITDA has increased by HK$613 million to HK$883 million (2013: HK$270 million), mainly attributable to improvement in 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 is of the view 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

As at and for the year ended 31 December 2014, the total number of issued shares of the Company remained unchanged at 2,797,223,396.

As at 31 December 2014, the Group had certain interest-bearing bank borrowings of approximately HK$3,424.6 million (31 December 2013: approximately HK$4,092.4 million) and other borrowing of approximately HK$36.4 million (31 December 2013: approximately HK$45.2 million).

Bank borrowings carried annual interest rates ranging between 0.68% and 6.72% (31 December 2013: between 0.62% and 6%). Other borrowing carried an annual interest rate of 5.60% (31 December 2013: 5.60%).

As at 31 December 2014, net assets attributable to owners of the parent were approximately HK$5,888 million (31 December 2013: approximately HK$6,146 million) and the net borrowing position of the Group (interest-bearing bank and other borrowings less unpledged cash and cash equivalents) was approximately HK$2,105 million (31 December 2013: approximately HK$1,680 million) and the net gearing ratio (the ratio of net borrowing to net assets attributable to owners of the parent) was approximately 35.7% (31 December 2013: approximately 27.3%).

CONTINGENT LIABILITIES AND ASSETS PLEDGED

As at 31 December 2014, the Group had no material contingent liabilities.

As at 31 December 2014, 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$316 million (31 December 2013: approximately HK$324 million).

HUMAN RESOURCES

As at 31 December 2014, the Group employed 17,285 staff in Mainland China and Hong Kong (31 December 2013: 17,933). 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 will set out in the 2014 Annual Report.

The Company's share 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 merit.

As at 1 January 2014, a total of 35,929,400 share options of the Company remained outstanding. During the year, a total of 10,229,400 share options lapsed. Accordingly, as at 31 December 2014, a total of 25,700,000 share options of the Company remained outstanding.

CHANGE IN THE STRUCTURE OF THE GROUP

In August 2014, COFCO Huaxia Greatwall Wine Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% interest in Changli Huaxia Travel Chateau Co., Ltd. from independent third parties at nil consideration.

FINAL DIVIDEND

The Board did not recommend any final dividend (2013: Nil) for the year ended 31 December 2014.

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, 2 June 2015, the register of members of the Company will be closed from Monday, 1 June 2015 to Tuesday, 2 June 2015, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 29 May 2015.

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

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 Hong Kong Exchanges and Clearing Limited (*www.hkexnews.hk*) and the website of the Company (*www.chinafoodsltd.com*). The 2014 Annual Report of the Company 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, 24 March 2015

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, Ms. Liu Ding, Mr. Ma Jianping and Mr. Wang Zhiying 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.