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

POSITIVE PROFIT ALERT

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

The board of directors (the **"Board"**) of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group, the annual results of the Group for the year ended 31 December 2015 is expected to record a consolidated net profit attributable to the owners of the parent in an amount between HK$60 million and HK$90 million compared to a consolidated net loss attributable to the owners of the parent of approximately HK$225 million for the year ended 31 December 2014 (the "**Expected Turnaround**"). The Expected Turnaround for the full year was mainly attributable to a continuous improvement in the overall operating efficiency of the Group.

Nevertheless, during 2015, the domestic macroeconomic growth continued to decline, the growth of food and beverage manufacturing industry showed a downward trend and the competition in the industry is becoming more intense. The Group not only took positive steps to address these negative factors, striving to improve internal management and operating efficiency, but also moderately increasing brand advertising expenses in the second half of the year in order to enhance brand competitiveness of the Group. As a result, a consolidated net loss attributable to the owners of the parent recorded in the second half of 2015 was significantly reduced compared to that for the corresponding period of 2014, but failed to turn into a profit.

The Company is in the process of finalising the financial results of the Group for the year ended 31 December 2015. The information contained in this announcement is only a preliminary assessment based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2015 and is not based on any figures or information which have been audited or reviewed by the auditors of the Company. The Company expects to publish an announcement on the annual results of the Group for the year ended 31 December 2015 in late March 2016.

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

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

Beijing, 18 February 2016

As at the date of this announcement, the Board comprises: Mr. Ma Jianping as the chairman of the Board and a non-executive Director; Mr. Jiang Guojin and Ms. Wu Wenting as executive Directors; Ms. Liu Ding, 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.