Chinese Olympic Committee Official Partner
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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 2015

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 2015 (the "year") as compared with 2014.

- Revenue from continuing operations increased by 6.1% from HK$26,239 million to HK$27,842 million.

- EBITDA^ from continuing operations increased by HK$303 million from HK$1,003 million to HK$1,306 million.

- Operating Profit* from continuing operations increased by 92% from HK$324.24 million to HK$623.85 million.

  Note: The above stated amount of revenue, EBITDA^ and Operating Profit* exclude relevant figures of the confectionery business segment (the "Discontinued Segment"), a business segment categorized as a discontinued operation pursuant to the Hong Kong Financial Reporting Standard 5. The revenue, LBITDA^ and operating loss* for the year of the Discontinued Segment, were HK$389 million (2014: HK$503 million), HK$61 million (2014: HK$119 million) and HK$99 million (2014: HK$163 million) respectively.

- Profit attributable to owners of the parent was HK$79 million, consisting of a profit from continuing operations of HK$178 million and a loss from discontinued operation of HK$99 million, as compared to a loss attributable to owners of the parent of HK$225 million in 2014 (consisting of a loss from continuing operations of HK$62 million and a loss from discontinued operation of HK$163 million).

The board of directors (the “Board”) of the Company declared the payment of a final dividend of HK1.0 cent per share for the year to the shareholders of the Company whose names appear on the register of members on 16 June 2016.

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

* Operating Profit from continuing operations represents the aggregation of segment results from continuing operations less corporate and other unallocated expenses, while the operating loss of the Discontinued Segment represents segment loss of the confectionery business segment.

Note: The results in RMB for the year were translated at the weighted average exchange rate for 2015 of HK$1: RMB 0.81333, while the results in RMB for 2014 were translated at the weighted average exchange rate for 2014 of HK$1: RMB 0.78755. The results reported in HKD for the year, when compared to the results for 2014, include a 3.2% translation effect attributable to the devaluation of RMB.

REVIEW OF STRATEGY

During the year, the Company reviewed the strategy in relation to its loss-making businesses in order to enhance returns to our shareholders. As a result, the Company has decided to exit the loss-making confectionery business in order to focus its resources on other core businesses. On 31 December 2015, the Company announced the decision of the Board to dispose of the production base of the confectionery business by entering into an equity transfer and debt assignment agreement (the “Agreement”). As a result, the Discontinued Segment was classified as a disposal group held for sale and as a discontinued operation. Details of the Agreement and the transactions contemplated therein were disclosed in an announcement of the Company dated 31 December 2015.

CONSOLIDATED RESULTS

The Board is pleased to announce the consolidated results of the Group as at and for the year ended 31 December 2015 (the "financial information") together with the comparative figures for the year ended 31 December 2014. The financial information has been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	**2015 HK$'000**	2014 HK$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	*4*	**27,842,170**	26,238,668
Cost of sales		**(21,497,933)**	(20,125,020)
Gross profit		**6,344,237**	6,113,648
Other income and gains	*4*	**423,136**	413,018
Selling and distribution expenses		**(5,266,204)**	(5,334,439)
Administrative expenses		**(744,116)**	(724,431)
Other expenses and losses		**(58,471)**	(77,637)
Finance costs	*6*	**(64,822)**	(69,844)
Share of profits of associates		**71,872**	93,816
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*5*	**705,632**	414,131
Income tax expense	*7*	**(285,622)**	(223,829)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**420,010**	190,302
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	*8*	**(98,523)**	(163,095)
PROFIT FOR THE YEAR		**321,487**	27,207
Attributable to:			
Owners of the parent		**79,153**	(224,688)
Non-controlling interests		**242,334**	251,895
		321,487	27,207
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and diluted			
–For the profit/(loss) for the year		**HK2.83 cents**	(HK8.03 cents)
–For the profit/(loss) from continuing operations		**HK6.35 cents**	(HK2.20 cents)

Details of the dividend are disclosed in note 9 to the financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
PROFIT FOR THE YEAR	**321,487**	27,207
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(545,010)**	(51,694)
Share of other comprehensive income of an associate	**682**	657
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(544,328)**	(51,037)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	**5,586**	7,299
Income tax effect	**(1,397)**	(1,825)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**4,189**	5,474
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(540,139)**	(45,563)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(218,652)**	(18,356)
Attributable to:		
Owners of the parent	**(373,801)**	(262,494)
Non-controlling interests	**155,149**	244,138
	(218,652)	(18,356)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	**2015**	2014
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,501,734**	4,700,272
Investment properties		**34,735**	98,331
Prepaid land premiums		**459,851**	424,026
Deposits for purchase of items of property, plant and equipment		**15,500**	14,286
Goodwill		**1,684,061**	1,742,224
Other intangible assets		**15,610**	27,370
Investments in associates		**780,759**	758,932
Available-for-sale investments		**209,637**	214,106
Deferred tax assets		**182,837**	184,521
Biological assets		**198,172**	200,806
Total non-current assets		**8,082,896**	8,364,874
CURRENT ASSETS			
Inventories		**4,038,615**	4,301,418
Accounts and bills receivables	*11*	**1,376,410**	1,771,192
Prepayments, deposits and other receivables		**1,372,867**	1,186,912
Due from fellow subsidiaries		**351,977**	578,278
Due from the ultimate holding company		**14,157**	15,202
Due from the immediate holding company		**162**	171
Due from non-controlling shareholders of subsidiaries		**15,394**	37,711
Due from associates		**10,496**	16,273
Prepaid tax		**42,703**	41,225
Available-for-sale investments		**–**	399,305
Equity investments at fair value through profit or loss		**–**	14,728
Restricted bank balances		**6,974**	–
Pledged deposits		**64,980**	162,947
Cash and cash equivalents		**899,170**	1,356,458
		8,193,905	9,881,820
Assets of a disposal group classified as held for sale	*8*	**375,131**	–
Total current assets		**8,569,036**	9,881,820

	Notes	2015 HK$'000	2014 HK$'000
CURRENT LIABILITIES			
Accounts and bills payables	*12*	**1,300,096**	1,372,106
Other payables and accruals		**3,246,483**	3,368,978
Due to fellow subsidiaries		**1,270,244**	1,253,117
Due to the ultimate holding company		**25,467**	27,915
Due to related companies		**9,817**	88,765
Due to non-controlling shareholders of subsidiaries		**553,991**	48,103
Due to associates		**176,405**	154,453
Interest-bearing bank and other borrowings		**1,647,650**	1,360,994
Tax payable		**48,536**	96,784
		8,278,689	7,771,215
Liabilities directly associated with the assets of a disposal group classified as held for sale	*8*	**101,694**	–
Total current liabilities		**8,380,383**	7,771,215
NET CURRENT ASSETS		**188,653**	2,110,605
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,271,549**	10,475,479
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**1,000,000**	2,100,000
Due to non-controlling shareholders of subsidiaries		**–**	28,446
Deferred income		**155,888**	160,613
Deferred tax liabilities		**39,487**	63,873
Total non-current liabilities		**1,195,375**	2,352,932
Net assets		**7,076,174**	8,122,547
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**279,722**	279,722
Other reserves		**5,236,595**	5,607,927
		5,516,317	5,887,649
Non-controlling interests		**1,559,857**	2,234,898
Total equity		**7,076,174**	8,122,547

NOTES TO FINANCIAL INFORMATION

31 December 2015

1. CORPORATE AND GROUP 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 ("COFCO"), which is a state-owned enterprise registered in the People's Republic of China (the "PRC").

2.1 BASIS OF PREPARATION

These 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.

Discontinued Segment, classified as a disposal group held for sale, is stated at the lower of its carrying amount and fair value less cost to sell.

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 for the first time for the financial information of the year.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The Annual Improvements to *HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measure of these assets.

- HKAS 24 *Related party Disclosures*: Clarifies a management entity (i.e, an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of amendments that are effective for the year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and the financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group did not acquire any investment properties during the year.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact is on the presentation and disclosure of certain information in the financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has five reportable 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 (discontinued operation (note 8)); 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 from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations 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 2015	Beverage	Wine	Kitchen food	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:					
Sales to external customers	**12,334,997**	**2,295,403**	**12,851,913**	**359,857**	**27,842,170**
Other revenue	**173,046**	**57,457**	**42,037**	**75,864**	**348,404**
Revenue from continuing operations	**12,508,043**	**2,352,860**	**12,893,950**	**435,721**	**28,190,574**
Segment results	**695,227**	**124,541**	**117,070**	**11,668**	**948,506**
Reconciliation:					
Interest income					**27,870**
Dividend income					**46,862**
Finance costs					**(64,822)**
Share of profits of associates					**71,872**
Corporate and other unallocated expenses					**(324,656)**
Profit before tax from continuing operations					**705,632**
Segment assets	**6,174,395**	**4,875,841**	**2,768,845**	**243,919**	**14,063,000**
Reconciliation:					
Investments in associates					**780,759**
Corporate and other unallocated assets					**1,433,042**
Assets related to a discontinued operation					**375,131**
Total assets					**16,651,932**
Segment liabilities	**3,537,542**	**772,429**	**2,426,477**	**680**	**6,737,128**
Reconciliation:					
Corporate and other unallocated liabilities					**2,736,936**
Liabilities related to a discontinued operation					**101,694**
Total liabilities					**9,575,758**
Other segment information:					
Net impairment losses recognised in the statement of profit or loss	**4,742**	**27,139**	**22,889**	**–**	**54,770**
Provision against/(write-back of provision against) inventories	**10,921**	**36,314**	**(10,425)**	**–**	**36,810**
Fair value gains on biological assets, net	**–**	**10,223**	**–**	**–**	**10,223**
Losses/(gains) on disposal/write-off of items of property, plant and equipment	**6,138**	**1,137**	**(3,574)**	**–**	**3,701**
Depreciation and amortisation	**351,234**	**144,243**	**11,778**	**–**	**507,255**
Unallocated amounts					**8,265**
					515,520
Capital expenditure	**726,887**	**123,904**	**2,380**	**–**	**853,171**

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

Year ended 31 December 2014	Beverage	Wine	Kitchen food	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Restated)
Segment revenue:					
Sales to external customers	12,485,850	2,152,366	11,230,509	369,943	26,238,668
Other revenue	181,942	75,225	58,032	31,041	346,240
Revenue from continuing operations	12,667,792	2,227,591	11,288,541	400,984	26,584,908
Segment results	616,633	(115,526)	29,305	9,097	539,509
Reconciliation:					
Interest income					28,390
Dividend income					37,532
Finance costs					(69,844)
Share of profits of associates					93,816
Corporate and other unallocated expenses					(215,272)
Profit before tax from continuing operations					414,131
Segment assets	6,023,145	5,238,102	3,007,841	392,677	14,661,765
Reconciliation:					
Investments in associates					758,932
Corporate and other unallocated assets					2,430,124
Assets related to a discontinued operation					395,873
Total assets					18,246,694
Segment liabilities	3,355,346	716,457	2,354,381	778	6,426,962
Reconciliation:					
Corporate and other unallocated liabilities					3,623,391
Liabilities related to a discontinued operation					73,794
Total liabilities					10,124,147
Other segment information:					
Net impairment losses recognised in the statement of profit or loss	44,757	23,480	5,897	–	74,134
Provision against/(write-back of provision against) inventories	18,469	30,880	(15,269)	–	34,080
Fair value gains on biological assets, net	–	3,105	–	–	3,105
Losses/(gains) on disposal/write-off of items of property, plant and equipment	2,798	(286)	1,156	–	3,668
Unallocated amounts					(165)
					3,503
Depreciation and amortisation	330,896	143,739	17,447	–	492,082
Unallocated amounts					12,291
					504,373
Capital expenditure	284,941	172,651	10,217	–	467,809

* 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 single customer from which the revenue derived has accounted for 10% or more of the Group's revenue (2014: Nil).

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold during the year, after allowances for returns and trade discounts.

An analysis of other income and gains from continuing operations is as follows:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Other income		
Gross rental income	**3,060**	5,548
Bank interest income	**22,168**	20,939
Interest income from financial products	**5,702**	7,451
Dividend income from available-for-sale investments	**46,862**	37,033
Dividend income from equity investments at fair value through profit or loss	**–**	499
Government grants *	**167,668**	227,209
Compensation income	**18,191**	5,644
Sale of by-products and scrap items	**35,045**	23,339
Commission income	**115,220**	83,296
Others	**4,139**	866
	418,055	411,824
Gains		
Fair value gains on equity investments at fair value through profit or loss	**–**	856
Fair value gains on investment properties	**615**	127
Gain on bargain purchase	**–**	211
Gain on disposal of equity investments at fair value through profit or loss	**4,466**	–
	5,081	1,194
	423,136	413,018

* 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 BEFORE TAX

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

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Cost of inventories sold	**21,471,326**	20,094,045
Provision against inventories	**36,810**	34,080
Loss on disposal of biological assets	**20**	–
Fair value gains on biological assets, net	**(10,223)**	(3,105)
Cost of sales	**21,497,933**	20,125,020
Auditors' remuneration	**3,227**	3,223
Depreciation	**494,367**	481,529
Amortisation of other intangible assets	**9,794**	11,487
Recognition of prepaid land premiums	**11,359**	11,357
Minimum lease payments under operating leases	**213,631**	223,631
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**1,685,553**	1,544,399
Equity-settled share option expense	**2,469**	4,168
Pension schemes contributions *	**181,176**	165,546
	1,869,198	1,714,113
Foreign exchange differences, net	**14,935**	20,057
Other expenses and losses include the following:		
Losses on disposal/write-off of items of property, plant and equipment	**3,701**	3,503
Impairment of available-for-sale investments	**3,477**	–
Impairment of items of property, plant and equipment	**4,350**	45,853
Impairment of accounts receivable	**46,738**	24,303
Impairment of other receivables	**205**	3,978

* At 31 December 2015, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2014: Nil).

6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Interest on:		
Bank loans wholly repayable within five years	**61,062**	65,959
Loans from a non-controlling shareholder of subsidiaries	**2,590**	2,204
Others	**1,170**	1,681
	64,822	69,844

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 (2014: 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.

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Current-Mainland China		
Charge for the year	**290,746**	272,740
Underprovision in prior years	**10,167**	422
Current-Elsewhere		
Overprovision in prior years	**–**	(3,895)
Deferred	**(15,291)**	(45,438)
Total tax charge for the year	**285,622**	223,829

The share of tax attributable to associates amounting to HK$24,623,000 (2014: HK$35,689,000) is included in "Share of profits of associates" in the consolidated statement of profit or loss.

8. DISCONTINUED OPERATION

Prized Developments Limited, a wholly-owned subsidiary of the Group, and its subsidiaries (collectively the "Target Group"), are engaged in the production of the Group's chocolate and other confectionery products. These products are principally sold and distributed via COFCO Foods Sales & Distribution Co., Limited, another wholly-owned subsidiary of the Group. Together these two components comprise the Group's confectionery business segment.

On 31 December 2015, the Company announced the decision of the Board to dispose of the Target Group by entering into an equity transfer and debt assignment agreement with Tops Properties Limited, a wholly-owned subsidiary of COFCO Property (Group) Co., Ltd., which is a Shenzhen-listed company owned as to 45.67% by COFCO, for a total consideration of RMB611,000,000 (subject to certain potential adjustments). The Company has decided to exit the loss-making confectionery business in order to focus its resources on other business segments. The disposal is due to be completed on within one year.

As a result, the Discontinued Segment was classified as a disposal group held for sale and as a discontinued operation. With the Discontinued Segment being classified as a discontinued operation, it is no longer included in the note for operating segment information.

The results of the Discontinued Segment for the year are presented below:

	2015	2014
	HK$'000	*HK$'000*
Revenue	**388,907**	503,495
Cost of sales	**(232,682)**	(312,480)
Other income and gains	**9,581**	8,477
Selling and distribution expenses	**(246,553)**	(330,039)
Administrative expenses	**(13,562)**	(27,208)
Other expenses and losses	**(4,161)**	(5,568)
Loss before tax from the discontinued operation	**(98,470)**	(163,323)
Income tax credit/(expense) related to pre-tax loss	**(53)**	228
Loss for the year from the discontinued operation	**(98,523)**	(163,095)

The major classes of assets and liabilities of the Discontinued Segment classified as held for sale as at 31 December are as follows:

	2015	2014
	HK$'000	*HK$'000*
Assets		
Property, plant and equipment	**133,338**	–
Investment properties	**80,331**	–
Inventories	**89,043**	–
Accounts and bills receivables	**21,112**	–
Prepayments, deposits and other receivables	**15,661**	–
Due from fellow subsidiaries	**24,840**	–
Prepaid tax	**1,506**	–
Cash and cash equivalents	**9,300**	–
Assets of a disposal group classified as held for sale	**375,131**	–
Liabilities		
Accounts and bills payables	**(38,114)**	–
Other payables and accruals	**(46,379)**	–
Due to fellow subsidiaries	**(1,893)**	–
Due to related companies	**(62)**	–
Deferred tax liabilities	**(15,246)**	–
Liabilities directly associated with the assets of a disposal group classified as held for sale	**(101,694)**	–
Net assets directly associated with the Discontinued Segment	**273,437**	–
Assets revaluation reserve of the Discontinued Segment	**6,910**	–

The net cash flows incurred by the Discontinued Segment are as follows:

	2015	2014
	HK$'000	*HK$'000*
Operating activities	**3,450**	13,339
Investing activities	**(3,683)**	(12,700)
Net cash flow inflow/(outflow)	**(233)**	639
Loss per share:		
Basic and diluted, from the discontinued operation	**HK$3.52 cents**	HK$5.83 cents

The calculations of basic and diluted loss per share from the discontinued operation are based on:

	2015	2014
Loss attributable to ordinary equity holders of the parent from the discontinued operation	**HK$98,523,000**	HK$163,095,000
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**2,797,223,396**	2,797,223,396

9. DIVIDEND

	2015	2014
	HK$'000	*HK$'000*
Interim – Nil (2014: Nil)	**–**	–
Proposed final – HK1.0 cent (2014: Nil) per ordinary share	**27,972**	–
	27,972	–

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

The calculation of the basic earnings per share (2014: loss per share) amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,797,223,396 (2014: 2,797,223,396) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution because the impact of the share options outstanding had an anti-dilutive effect on the basic earnings/(loss) per share amounts presented.

The calculations of basic earnings/(loss) per share are based on:

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation:		
From continuing operations	**177,676**	(61,593)
From a discontinued operation	**(98,523)**	(163,095)
	79,153	(224,688)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings/(loss) per share calculation	**2,797,223,396**	2,797,223,396

11. 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 receivables 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:

	2015	2014
	HK$'000	*HK$'000*
Within 3 months	**1,298,638**	1,486,684
3 to 12 months	**55,587**	227,432
1 to 2 years	**13,309**	26,930
Over 2 years	**8,876**	30,146
	1,376,410	1,771,192

12. ACCOUNTS AND BILLS PAYABLES

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

	2015	2014
	HK$'000	*HK$'000*
Within 3 months	**1,173,579**	1,304,299
3 to 12 months	**107,137**	50,266
1 to 2 years	**11,615**	10,667
Over 2 years	**7,765**	6,874
	1,300,096	1,372,106

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$64,980,000 (2014: HK$46,674,000).

13. EVENTS AFTER THE REPORTING PERIOD

On 10 February 2016, the Company made an announcement to confirm: (i) the entry into a letter of intent by the Company, The Coca-Cola Company and Swire Beverages Holdings Limited relating to bottling operations in Mainland China; (ii) that the letter of intent includes an expression of intent to negotiate the refranchising of the existing bottling operations of The Coca-Cola Company to its existing partners, which include a subsidiary of the Company. No agreements have been entered into between the relevant parties and there is no assurance that such agreements will be entered into.

14. COMPARATIVE AMOUNTS

As further explained in note 8, due to the discontinuation of the Group's confectionery business, the comparative statement of profit or loss has been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2015, we took active steps to address negative factors faced by the Company and its subsidiaries (the "Group"), to improve internal management and operating efficiency, and enhance brand competitiveness of the Group. The beverage business maintained a steady growth in operating profits, while both wine and kitchen food categories achieved significantly better operating results. As a result, the Group was successful in achieving a turnaround in profitability, compared with a loss attributable to the Owners of the Parent in 2014, for the financial year ended 31 December 2015 ("the year").

Following is a summary of the performance of the Group for the year as compared with 2014.

- Revenue from continuing operations increased by 6.1% from HK$26,239 million to HK$27,842 million.

- EBITDA^ from continuing operations increased by HK$303 million from HK$1,003 million to HK$1,306 million.

- Operating Profit* from continuing operations increased by 92% from HK$324.24 million to HK$623.85 million.

  Note: The above stated amount of revenue, EBITDA^ and Operating Profit* exclude relevant figures of the confectionery business segment, a business segment categorized as a discontinued operation pursuant to the Hong Kong Financial Reporting Standard 5. The revenue, LBITDA^ and operating loss* for the year of the Discontinued Segment, were HK$389 million (2014: HK$503 million), HK$61 million (2014: HK$119 million) and HK$99 million (2014: HK$163 million) respectively

- Profit attributable to owners of the parent was HK$79 million, consisting of a profit from continuing operations of HK$178 million and a loss from discontinued operation of HK$99 million, as compared to a loss attributable to owners of the parent of HK$225 million in 2014 (consisting of a loss from continuing operations of HK$62 million and a loss from discontinued operation of HK$163 million).

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

  * Operating Profit from continuing operations represents the aggregation of segment results from continuing operations less corporate and other unallocated expenses, while the operating loss of the Discontinued Segment represents segment loss of the confectionery business segment.

Note: The results in RMB for the year were translated at the weighted average exchange rate for 2015 of HK$1: RMB 0.81333, while the results in RMB for 2014 were translated at the weighted average exchange rate for 2014 of HK$1: RMB 0.78755. The results reported in HKD for the year, when compared to the results for 2014, include a 3.2% translation effect attributable to the devaluation of RMB.

During the year, the Group continued to take a series of initiatives in order to improve its operational quality and efficiency. We promoted the development of channels with a focus on the e-commerce channel, increased channel penetration into county-level markets and expanded market coverage. Specific incentive measures were deployed to encourage product innovation and research and development, strengthen brand communication with consumers and experiential marketing, as well as improve the cost-effectiveness of marketing expenses. In addition, supervision and audit of execution at point-of-sales were strengthened, with shortcomings identified, and successfully addressed.

In terms of management, the Group continued to foster and strengthen its "entrepreneurial culture". The performance evaluation system was optimized and more specific incentive measures were deployed. In addition, the internal control system was further strengthened to reduce operational risk. Training for business teams was improved, and a benchmarking project was conducted by each business and the best industry practices were adopted in order to enhance supply chain and sales managements.

REVIEW OF STRATEGY

During the year, the Company reviewed the strategy in relation to its loss-making businesses in order to enhance returns to our shareholders. As a result, the Company has decided to exit the loss-making confectionery business in order to focus its resources on other core businesses. On 31 December 2015, the Company announced the decision of its board of directors (the "Board") to enter into an equity transfer and debt assignment agreement (the "Agreement") with Top Properties Limited, a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, pursuant to which the Company shall transfer its equity interest in Prized Developments Limited, the investment holding company of the confectionery production group companies and a wholly-owned subsidiary of the Company, and the shareholder's loan due to the Company by Prized Developments Limited, to Tops Properties Limited for a total consideration of RMB611,000,000. Details of the Agreement and transactions contemplated therein were disclosed in an announcement of the Company dated 31 December 2015.

OUTLOOK

In 2016, the Group will focus on repositioning of Greatwall brand, optimization of the Group's portfolio of businesses and development of core businesses. All addition, the Group will also actively seek for strategic investment opportunities and strive to enhance operational efficiency in order to provide an improved return to the shareholders.

CONTINUING OPERATIONS

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 an 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 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 develop strategic cooperative relationships with, and to raise gross margin for, both CCBL and its distributors through a reasonable margin sharing model, and speed up the inventory turnover at point-of-sale;

- 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 consumers;

- Constantly and effectively control costs and improve efficiency; and

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

INDUSTRY OVERVIEW

According to industry data for the year, the principal beverage categories and their relative share of the overall soft drinks market (excluding white milk and bulk water) in China are Packaged Water (33.7% share), Milk Beverages (excluding white milk) (15.2% share), Sparkling (12.6% share), Juice (10.0% share), and Ready-to-drink Tea (9.4% share). Among these main product categories, CCBL is a major player in the Sparkling, Juice and Packaged Water categories.

In terms of volume growth, the overall soft drinks market (excluding white milk and bulk water) grew 4.1%, while the growth rates of the Sparkling, Juice and Packaged Water categories were 1.5%,-7.1% and 7.2%, respectively.

According to relevant ACNielsen's data in 2015, in relation to certain key channels within the franchise territory of CCBL, market share by volume in each of our main product categories (consisting of Sparkling, Juice and Packaged Water categories) increased and as a result, we ranked first in overall, both in terms of absolute increase in share and growth rate, compared to competitors within the franchise territory. Our market share in Sparkling category, in which we were already the market leader, increased by 4.2 percentage points, giving us a share more than twice that of our closest competitor. In the Juice category our share increased by 1.5 percentage points to put us virtually at parity with the market leader.

2015 ANNUAL RESULTS

Reported segment profit in HKD increased by 12.7% from HK$616.6 million to HK$695.2 million. This was achieved through overall volume growth of 8.8%, with continuing growth in core product categories, especially the Sparkling category. The principal drivers for this growth were increased consumer preference for our products, expanded channel coverage and enhanced sales execution. However, there was a change in sales mix as a result of growth in sales of Packaged Water category while, at the same time there was a decline in volume of our Juice category. As a result, while sales revenue in RMB grew slightly, reported revenue in HKD declined by 1.2%.

Benefiting from falling raw material prices, and the favourable impact of having moved, as part of a strategic cost reduction strategy, more of the production of Packaged Water category in house, our gross profit margin increased by 1.4 percentage points.

Meanwhile, the ratio of selling and distribution expense to revenue rose by 0.8 percentage points, which was mainly attributable to the increase in storage and delivery costs for wider channel penetration, as well as increases in marketing expenses to achieve more effective communication with consumers in view of intensifying market competition.

OUTLOOK

It seems challenging that the 2016 beverage industry growth rate will be any higher than in 2015. It is expected that the beverage market will continue to be highly competitive. Marketing expenses will continue to grow while greater channel penetration will lead to increases in storage and delivery costs. To cope with this, we will endeavour to improve its package mix in order to raise the average per unit selling price, and enhance the efficiency of marketing expenditures. We are confident of being able to maintain the operating profit margin of this segment.

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 China wine market. Various types of wines are produced by us currently, which include Cabernet Sauvignon, Merlot, Pinot Noir, 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 using 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, aging and storage are carried out at our wine production plants and four wineries in China, namely Huaxia Wine Manor at Changli in Hebei, Chateau Sungod at Huailai in Hebei, Chateau Junding at Yantai in Shandong and Chateau YunMo in Ningxia, together with two overseas wineries, namely 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 wineries for distribution in China.

DEVELOPMENT STRATEGY

The Group will raise the competitiveness of its products in a systematic way as described below:

- Position our Greatwall brand as a leading brand and to strengthen the brand image of Greatwall wine as a national wine, by emphasising its credibility as "the designated wine for serving at state banquets", and focusing on brand promotion during both political and economic conferences or forums, as well as launching impactful advertisements;

- Continue to strengthen direct communications with consumers through promoting experiential marketing activities such as wine tasting, winery tours and showroom visits at community and office buildings, as well as point-of-sales;

- With a goal to provide more value-for-money products, we will further strengthen our product management and promote systematic processes in our product research and development, quality upgrade and production. Also, we actively promote innovation of new products that better meet consumers' demand under existing market trends;

- Penetrate into downward distribution channel while streamlining its comprehensive sales and distribution system, enhance point-of-sale coverage, and to establish closer relationships and cooperation with distributors and actively build relationships with new distributors; and

- To strive for lower costs of supply chain management system through the use of benchmarking.

INDUSTRY OVERVIEW

In 2015, the volume of the China wine market showed signs of recovery, with increasing contributions from both on premise and at home consumption. On the whole, the growth of the high-end wine category remained weak. Domestic consumers tended to favour better value-for-money wine products. Industry growth is currently being driven by wines that are attractively priced so as to offer good value for money to general consumers.

Currently, domestically-produced wine is the mainstream of the wine industry. However, imported wines are growing strongly and taking up a bigger share of the overall market in China, through competitive pricing. As a result, the composition of the domestic wine market is still changing with no individual imported wine brand dominating the market. In response to this development, domestic wine producers need to upgrade the quality and branding of their wine products.

2015 ANNUAL RESULTS

In 2015, as reported in HKD terms, we were successful in achieving a turnaround from a segment loss of HK$115.5 million to a segment profit of HK$124.5 million. Our sales volume grew by 12% and reported revenue in HKD terms by 6.6%, mainly as a result of the execution of our development strategies, particularly improvement in product category management and enhancement of channel penetration. Confidence of distributors to replenish stocks was restored.

Gross profit margins grew 5.5 percentage points, mainly due to improvements in product mix and a drop in raw wine cost.

By entering into jointly developed distribution plans with distributors, better guidance given in promotion planning and better supervision of promotional events, we successfully reduced promotional expenses and increased promotional efficiency. Meanwhile, we have continued to optimize supply chain management and reduce logistic costs. As a result, the ratio of selling and distribution expense to revenue declined by 5.5 percentage points.

OUTLOOK

In 2016, we will focus on repositioning of Greatwall brand and continue to implement our development strategies, so as to systematically improve the competitiveness of our products, our brand and channels. Our target is to boost sales via both offtake at retail and on premise. We will strive for the continuing growth of our wine business as well as improvements in our segment results.

KITCHEN FOOD BUSINESS

BUSINESS OVERVIEW

The Kitchen Food business covers the sale, distribution and marketing of edible oil which is the key product category, as well as the sale, distribution and marketing of sugar, soy sauce, vinegar, MSG, seasoning sauce and cereals. "Fortune" brand is a well-known consumer-pack edible oil brand 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, focus on "Golden Family Series" sunflower seed oil and corn oil products, enhance market coverage and channel penetration and monitor inventory turnover at point-of-sale, improve market share, and increase overall gross profit by benchmarking with key competitors so as to improve business performance;

- Focus on important markets, channels and points-of-sale, with higher contribution of sales revenue, and spend marketing and promotion expenses tactically so as to enhance efficiency; and

- Increase the efficiency of supply chain and improve the productivity of the workforce so as to reduce operating costs and administrative expenses.

INDUSTRY OVERVIEW

In 2015, while the commodity price of bulk oil, the key raw material, fluctuated at a relatively low price level as compared with past few years, the distributors were cautious in replenishing stocks in order to control inventory holding risk. Key industry players increased their spending on online and offline media, thus intensifying competition in the market.

As for product types, large-share common oil types such as blended oil and soybean oil continued to show a declining trend while other oil types got more shares. Volume growth of corn oil slowed down after high-growth in past few years, while sunflower seed oil, as an alternative healthy oil, started to pick up growth. Also, volume growth of both peanut oil and rapeseed oil began to rise.

As for consumers, they tend to prefer a wider variety of oils, with lower loyalty of specific oil product and brand.

2015 ANNUAL RESULTS

Reported segment profit in HKD increased significantly from HK$29.3 million to HK$117.1 million. This was achieved through increase in overall sales volume by 33.1%. However, due to a general decline in selling price in the domestic edible oil market, the overall segment sales revenue in HKD terms only increased by 14.4%.

Although the sales volume of the low-end non-Fortune brand consumer-pack edible oil products decreased compared with 2014, the sales volume of consumer-pack oil under Fortune brand increased by 5.6%, mainly attributable to increasing market coverage and channel penetration, as well as effective communication of the Fortune brand under the main theme of "Golden Family Series". The overall sales volume of consumer-pack edible oil was nearly the same as compared with 2014.

For strategic development, since the second quarter of 2015, we have further expanded our sales and distribution of large-pack edible oil (8-20 litre per container) to meet the growing demand of the catering industry in China. Given the large scale of the business, sales revenue of large-pack edible oil increased sharply by 90%, and accounted for approximately 18% of the segment's revenue.

Although the gross profit margin of consumer-pack edible oil recorded a slight increase, the overall gross profit margin dropped by approximately 1.6 percentage points due to low-margin large-pack edible oil in its developing stage.

Under keen competition, we increased our advertising expenses significantly, but we were successful in saving delivery costs by enhancement of supply chain management. As a result, the ratio of selling and distribution expense to revenue declined by 2.3 percentage points.

OUTLOOK

It is expected that supply and demand in the international and domestic markets will be stable despite overcapacity in domestic production and the commodity price of bulk oil will fluctuate at a relatively low price level as compared with past few years. The expected selling prices and margins of consumer-pack edible oil products will remain relatively stable. Competition in the consumer-pack edible oil market is expected to remain keen.

To cope with these factors, we will continue to improve our product mix, focus on core regions, enhance brand image, adopt appropriate marketing strategies, increase spending and enhance the effectiveness of our marketing campaigns. Meanwhile, we will continue to implement effective expense controls so as to improve operational efficiency.

DISCONTINUED OPERATION

CONFECTIONERY BUSINESS

2015 ANNUAL RESULTS

In 2015, the confectionery business adjusted its channel strategy by focusing on the development of third-and fourth-tier markets but the benefits had not yet been realized. Under the effect of intensified competition in the industry and increased spending on online and offline marketing expenditures by leading brands in the industry, the segment revenue dropped accordingly. Therefore, the confectionery business cut marketing and administrative expenses in order to control its loss. As a result, reported segment loss in HKD dropped from HK$163 million to HK$98.5 million.

FINANCIAL REVIEW

Supplemental information to segment results of the Group for the year ended 31 December 2015 with comparative figures, are set out below:

	For the year ended 31 December	
	2015	2014
	%	%
CONTINUING OPERATIONS		
Growth of revenue by Segment:		
– Beverage	**–1.2**	9.6
– Wine	**6.6**	16.5
– Kitchen Food	**14.4**	–8.5
– Others	**–2.7**	36.6
Segment results to revenue ratio:		
– Beverage	**5.6**	4.9
– Wine	**5.4**	–5.4
– Kitchen Food	**0.9**	0.3
– Others	**3.2**	2.5
DISCONTINUED OPERATION		
Growth of revenue:		
– Confectionery	**–22.8**	15.8
Segment results to revenue ratio:		
– Confectionery	**–25.3**	–32.4

REVENUE

During the year, revenue from continuing operations amounted to HK$27,842 million, increased by 6.1% from HK$26,239 million, mainly contributed by Kitchen Foods segment and Wine segment.

With respect to the Kitchen Food segment, the overall sales volume of consumer-pack edible oil nearly the same for the year. For strategic development, since the second quarter of 2015, we have further expanded our sales and distribution of large-pack edible oil (8-20 litre per container) to meet the growing demand of the catering industry in China. Given the large scale of the business, sales revenue of large-pack edible oil increased sharply. Due to a general decline in selling price in the domestic edible oil market, the overall segment sales revenue increased by 14.4%, lower than the increase of 33.1% in the overall sales volume.

With respect to the Wine segment, as a result of the execution of our development strategies, the confidence of distributors to replenish stocks was restored. Our sales volume grew 12%, mainly attributable to improvement in product category management, sales growth of value-for-money products and enhancement of channel penetration, while our revenue in HKD grew 6.6%.

With respect to the Beverage segment, it achieved an overall volume growth of 8.8%, with continuing growth in core product categories, especially the Sparkling category. The principal drivers for this growth were increased consumer preference for our products, expanded channel coverage and enhanced sales execution. However, there was a change in sales mix, with volume contribution of our Packaged Water category increased while that of our Juice category decreased. As a result, sales revenue in RMB grew slightly while sales revenue in HKD declined by 1.2%.

With respect to the Others segment, sales revenue in RMB remained a low-single-digit growth under keen market competition while sales revenue in HKD slightly decreased by 2.7%.

GROSS PROFIT MARGIN

The overall gross profit margin from continuing operations decreased from 23.3% to 22.8%, mainly attributable to drop in gross profit margin of Kitchen Food segment, which offset the margin improvements in Beverage segment and Wine segment.

With respect to the Kitchen Food segment, although gross profit margin of consumer-pack edible oil increased slightly, the drop in overall gross profit margin of 1.6 percentage points was mainly attributable to the low-margin large-pack edible oil in its early stage of development.

With respect to the Beverage segment, benefiting from falling raw material prices and low production costs, and the favourable impact of higher self-production ratio of Packaged Water category under a cost reduction strategy, the overall gross profit margin increased by 1.4 percentage points.

With respect to the Wine segment, gross profit margins grew 5.5 percentage points, mainly due to improvement in product mix and a drop in raw wine cost.

SELLING AND DISTRIBUTION EXPENSES/ADMINISTRATIVE EXPENSES

Aggregated amount of selling and distribution expenses and administrative expenses from continuing operations was HK$6,010 million, decreased slightly by 0.8%, mainly due to management's ongoing efforts to optimize supply chain management, enhance promotional efficiency and control expenses, in the midst of additional spending in advertising and marketing expenses in view of intensifying market competition.

FINANCE COSTS

Finance costs were HK$65 million, decreased by 7%, mainly due to lower outstanding loan balance on average, compared to 2014.

SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates were HK$72 million, decreased by 23%, mainly attributable to drop in profitability of Beverage segment's associates.

INCOME TAX EXPENSES

Income tax expense was HK$286 million, increased by 28%, mainly due to the improvements in segment results of Beverage segment, and taxable profits of certain wineries of Wine segment.

LIQUIDITY AND FINANCIAL RESOURCES

The Company's treasury function operates as a centralized service for:

- reallocating financial resources within the Group;
- procuring cost-efficient funding;
- managing financial risks, including interest rate and foreign exchange rate risks; 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. Cash pooling is applied in mainland China for more efficient utilization of cash. Also, the treasury function formulated financial risk management procedures, which are subject to periodic review by the senior management of the Company.

During the year, EBITDA from continuing operations increased by HK$303 million to HK$1,306 million, which is mainly attributable to the turnaround in segment result of Wine, while LBITDA from discontinued operation reduced by HK$58 million to HK$61 million due to tight control of marketing and administrative expenses of Confectionery segment.

As at 31 December 2015, the Group's unpledged cash and cash equivalents totalled approximately HK$899 million (31 December 2014: approximately HK$1,356 million), mainly due to the repayment of certain interest-bearing bank borrowings during the year. Net current assets dropped to approximately HK$189 million (31 December 2014: approximately HK$2,111 million), mainly due to reclassification of certain interest-bearing bank borrowings (with aggregate amount of HK$1,400 million) from non-current liabilities to current liabilities due to maturity and recording of certain dividend payable to minority interests as a result of dividend declaration by CCBL during the year. Refinancing will be arranged in advance of loan maturity in 2016.

Having considered (i) the consideration received from the disposal transaction according to the announcement dated 31 December 2015 by the Company, (ii) the existing banking facilities available to the Group, (iii) budgeted cash flow from operating activities from continuing operations and (iv) existing financial resources and gearing level of the Group, the management believes that the Group's financial resources are sufficient to fund its debt payments, day-to-day operations, and contracted capital expenditures of approximately HK$344 million as at 31 December 2015.

CAPITAL STRUCTURE

As at and for the year ended 31 December 2015, the total number of issued shares of the Company remained unchanged at 2,797,223,396.

As at 31 December 2015, the Group had interest-bearing bank borrowings of approximately HK$2,610 million (31 December 2014: approximately HK$3,425 million). Bank borrowings carried annual interest rates ranging between 0.92% and 5.66% (31 December 2014: between 0.68% and 6.72%). Majority of bank borrowings carried at floating rates. As at 31 December 2015, the Group had other borrowings of approximately HK$38 million (31 December 2014: approximately HK$36 million), carried at fixed, annual interest rate of 5.6% (31 December 2014: 5.60%).

Maturity profile of interest-bearing bank and other borrowings is analysed as:

- HK$1,648 million borrowings repayable in 2016 or on demand; and

- HK$1,000 million borrowings repayable in 2017.

As at 31 December 2015, net assets attributable to owners of the parent were approximately HK$5,516 million (31 December 2014: approximately HK$5,888 million) and net borrowing position of the Group (interest-bearing bank and other borrowings less unpledged cash and cash equivalents) was approximately HK$1,748.5 million (31 December 2014: approximately HK$2,104.5 million) and the net gearing ratio (ratio of net borrowing position of the Group to net assets attributable to owners of the parent) was approximately 31.7% (31 December 2014: approximately 35.7%).

FOREIGN EXCHANGE MANAGEMENT

Majority of monetary assets, monetary liabilities and transactions of the Group were principally denominated in Renminbi and recorded in the books of subsidiaries operating in mainland China (functional currency as Renminbi), while majority of bank borrowings were denominated in Hong Kong dollar and recorded in the book of the Company and a subsidiary operating in Hong Kong (functional currency as Hong Kong dollar).

For consolidated financial statements reporting of the Group (reporting currency as Hong Kong dollar), foreign exchange differences, arising from translation of financial statements of subsidiaries operating in mainland China, are directly recognized in other comprehensive income and accumulated in the exchange fluctuation reserve.

The foreign exchange risk exposure at the operational level is not significant. Nevertheless, the currency mismatch by using Hong Kong dollar borrowings to finance assets and businesses denominated in Renminbi, is exposed to risk of unexpected cash outflow for repayment of such borrowings by realization of assets and businesses denominated in Renminbi, if any.

Although the Group has not used any financial instruments for hedging purpose, the treasury function actively and closely monitors foreign exchange rate fluctuation, particularly the exchange rate of Renminbi to Hong Kong dollar. Appropriate measures, including but not limited to entering of hedging agreements, will be critically considered to mitigate any significant foreign exchange risk exposure. Upon the maturity of existing bank borrowings denominated in Hong Kong dollars, the Group will consider to gradually repay and/or refinance them by certain Renminbi financing, if it's appropriate.

CONTINGENT LIABILITIES AND ASSETS PLEDGED

As at 31 December 2015, the Group has no significant contingent liabilities.

As at 31 December 2015, 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$188 million (31 December 2014: approximately HK$316 million).

HUMAN RESOURCES

As at 31 December 2015, the Group employed 17,325 staff in Mainland China and Hong Kong (31 December 2014: 17,285). 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 2015 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 2015, a total of 25,700,000 share options of the Company remained outstanding. During the year, a total of 620,000 share options lapsed. Accordingly, as at 31 December 2015, a total of 25,080,000 share options of the Company remained outstanding.

CHANGE IN THE STRUCTURE OF THE GROUP

During the year, COFCO Coca-Cola Beverages (China) Investment Limited, a subsidiary of the Company, set up a wholly-owned subsidiary in Changsha named COFCO Coca-Cola Huazhong Beverages Limited which is engaged in beverages bottling production, sale and distribution; and a non-wholly-owned subsidiary named COFCO Coca-Cola Huabei Beverages Limited which is engaged in beverages bottling production.

FINAL DIVIDENDS

On 22 March 2016, the Board recommended the payment of a final dividend of HK$1.0 cent (2014: Nil) per ordinary share for the year ended 31 December 2015, subject to the approval obtained at the annual general meeting to be held on 1 June 2016 (the "2016 AGM"). The proposed final dividend for the year ended 31 December 2015 will be distributed on or after 7 July 2016 to shareholders of the Company (the "Shareholders") whose names appear on the Shareholders' register of the Company on 16 June 2016 (the "Record Date").

The "Notice Regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management" was issued by the State Administration of Taxation of PRC (the "SAT") on 22 April 2009 (the "Notice"). The implementation of the Notice commenced on 1 January 2008. In the first half of 2013, the Company received the SAT approvals which confirmed that (i) the Company is regarded as a Chinese Resident Enterprise; and (ii) relevant enterprise income tax policies shall be applicable to the Company starting from 1 January 2013. Pursuant to the Notice, the "Enterprise Income Tax Law of the People's Republic of China" (the "Enterprise Income Tax Law") and the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China" (the "Implementation Rules"), both implemented in 2008, the Company is required under the laws of the PRC to withhold and pay Enterprise Income Tax for its non-resident enterprise shareholders to whom the Company pays the 2015 final dividend. The withholding and payment obligation lies with the Company.

Pursuant to (i) the Notice, (ii) the Enterprise Income Tax Law and the Implementation Rules, and (iii) the SAT approvals, the Company is required to withhold 10% enterprise income tax when it distributes the 2015 final dividend to its non-resident enterprise shareholders. In respect of all shareholders whose names appear on the Company's register of members as at the Record Date who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company will distribute the 2015 final dividend after deducting enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2015 final dividend payable to any natural person shareholders whose names appear on the Company's register of members on the Record Date.

If any resident enterprise (as defined in the PRC's Enterprise Income Tax Law) listed on the Company's register of members which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold the said 10% enterprise income tax, it should lodge with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend that it is entitled at or before 4:30 p.m. on Tuesday, 14 June 2016.

Investors should read the above carefully. If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold for payment of the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of members on the Record Date. The Company assumes no liability whatsoever and will not entertain any claims arising from any delay in, or inaccurate confirmation of, the status of the shareholders or any disputes over the mechanism of withholding.

CLOSURE OF REGISTER OF MEMBERS

For determining the shareholders' eligibility to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Tuesday, 31 May 2016 to Wednesday, 1 June 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents, accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 30 May 2016.

For determining the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 15 June 2016 to Thursday, 16 June 2016, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be Monday, 13 June 2016. In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 14 June 2016.

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 2015 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, 22 March 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.