

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2022**

FINANCIAL HIGHLIGHTS

The following table shows the comparison of the final results for the year ended 31 December 2022 (the “year”) of China Foods Limited (the “Company” or “China Foods”) and its subsidiaries (together the “Group”) with the corresponding results for 2021:

	For the year ended 31 December 2022 (RMB million)	For the year ended 31 December 2021 (RMB million)	Changes
● Revenue	20,968	19,784	+6.0%
● Gross profit margin	35.8%	35.7%	+0.1ppt
● Adjusted EBIT*	1,588.0	1,397.9	+13.6%
● Adjusted EBITDA^	2,301.6	1,998.1	+15.2%

The board of directors (the “Board”) of the Company has resolved to recommend to shareholders the payment of final dividend of RMB 0.117, equivalent to HK 13.3 cents for the year (2021: RMB 0.102, equivalent to HK 12.5 cents).

Adjusted EBIT* represents:

	For the year ended 31 December 2022 (RMB million)	For the year ended 31 December 2021 (RMB million)
Profit before income tax	1,614.4	1,422.9
Reconciliation:		
Finance costs	3.5	4.4
Share of net profit of associates accounted for using the equity method	(29.9)	(29.4)
Adjusted EBIT*	1,588.0	1,397.9

Adjusted EBITDA^ represents:

	For the year ended 31 December 2022 (RMB million)	For the year ended 31 December 2021 (RMB million)
Adjusted EBIT*	1,588.0	1,397.9
Reconciliation:		
Depreciation of property, plant and equipment	638.2	530.6
Depreciation of right-of-use assets	67.6	63.1
Amortisation of intangible assets	7.8	6.5
Incentive income	-	-
Adjusted EBITDA^	2,301.6	1,998.1

CONSOLIDATED RESULTS

The Board is pleased to announce the consolidated results of the Group as at and for the year, together with the comparative figures as at and for the year ended 31 December 2021 (the “financial information”). The financial information has been reviewed by the audit committee of the Company.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 RMB'000	2021 RMB'000
Revenue	3	20,967,837	19,784,422
Cost of sales	5	(13,469,507)	(12,723,534)
Gross profit		7,498,330	7,060,888
Distribution and selling expenses		(5,539,212)	(5,356,260)
Administrative expenses		(505,876)	(495,775)
Net impairment losses on financial assets		(3,825)	(2,300)
Other income and other gains-net	6	138,645	191,343
Operating profit		1,588,062	1,397,896
Finance costs	7	(3,508)	(4,488)
Share of net profit of associates accounted for using the equity method		29,894	29,447
Profit before income tax		1,614,448	1,422,855
Income tax expense	8	(404,022)	(348,172)
Profit for the year		1,210,426	1,074,683
Profit is attributable to:			
- Owners of the Company		659,836	572,415
- Non-controlling interests		550,590	502,268
		1,210,426	1,074,683
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share (RMB cents)	9	23.59	20.46
Diluted earnings per share (RMB cents)		23.59	20.46

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 RMB'000	2021 RMB'000
Profit for the year		1,210,426	1,074,683
Other comprehensive income		-	-
Total comprehensive income for the year		1,210,426	1,074,683
Total comprehensive income for the year attributable to:			
- Owners of the Company	9	659,836	572,415
- Non-controlling interests		550,590	502,268
		1,210,426	1,074,683

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment		5,235,033	5,061,110
Right-of-use assets		564,247	601,816
Intangible assets		3,531,905	3,530,039
Deferred income tax assets		315,188	262,028
Prepayments and other assets		10,502	51,352
Investments accounted for using the equity method		839,787	812,362
Total non-current assets		10,496,662	10,318,707
Current assets			
Inventories		1,887,702	1,933,314
Prepayments, deposits and other receivables		855,885	489,089
Trade receivables	10	360,035	327,746
Amounts due from related parties		347,975	383,963
Cash and cash equivalents		1,037,408	1,591,703
Pledged bank deposits		2,916	18,737
Prepaid tax		69,163	63,448
Financial assets at fair value through other comprehensive income		5,209	41,357
Total current assets		4,566,293	4,849,357
Total assets		15,062,955	15,168,064

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	Note	2022 RMB'000	2021 RMB'000
Non-current liabilities			
Lease liabilities		21,635	42,409
Deferred income tax liabilities		83,100	38,984
Deferred income		232,685	229,042
		<hr/>	<hr/>
Total non-current liabilities		337,420	310,435
Current liabilities			
Trade and bills payables	11	689,980	474,892
Amounts due to related parties		439,239	214,040
Contract liabilities		987,013	1,581,310
Current income tax liabilities		74,987	66,651
Lease liabilities		36,074	34,826
Other payables and accruals		3,636,030	4,096,615
		<hr/>	<hr/>
Total current liabilities		5,863,323	6,468,334
		<hr/>	<hr/>
Total liabilities		6,200,743	6,778,769
		<hr/>	<hr/>
Net assets		8,862,212	8,389,295
		<hr/>	<hr/>
Equity			
Share capital		293,201	293,201
Share premium and reserves		5,227,015	4,864,230
		<hr/>	<hr/>
Equity attributable to owners of the Company		5,520,216	5,157,431
Non-controlling interests		3,341,996	3,231,864
		<hr/>	<hr/>
Total equity		8,862,212	8,389,295
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate information

China Foods Limited 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.

The Company is a subsidiary of China Foods (Holdings) Limited, a company incorporated in the British Virgin Islands. In the opinion of the directors of the Company (the “Directors”), the ultimate holding company is COFCO Corporation, which is a state-owned enterprise registered in the People’s Republic of China (the “PRC”).

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were involved in processing, bottling and distribution of sparkling beverage products, and distribution of still beverage products.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the Company’s functional currency.

2 Basis of preparation

Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) and the disclosure requirements of the Hong Kong Companies Ordinance (HKCO) Cap. 622.

The consolidated financial statements have been prepared on a going concern basis notwithstanding that the Group had net current liabilities of RMB 1,297,030,000 at the end of the reporting period. In preparing these consolidated financial statements, the Directors have given careful consideration to the current and anticipated future liquidity of the Group. Taking into account, inter alia, (i) the unutilized loan facilities at the end of the reporting period, and (ii) the expected net cash inflows generated from the Group’s operations for the next twelve months. The Directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due. Accordingly, the Directors consider that the preparation of these consolidated financial statements on a going concern basis is appropriate.

Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets – measured at fair value
- assets held for sale – measured at the lower of carrying amount and fair value less cost to sell

New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Basis of preparation (Continued)

New and amended standards adopted by the Group (Continued)

- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37
- Annual Improvements to HKFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to HKFRS 3.
- Covid-19 Related Rent Concessions beyond 30 June 2021 - Amendment to HKFRS 16 (March 2021) (the “HKFRS 16 Amendment (March 2021)”)
- Amendments to AG 5 Merger Accounting for Common Control Combinations

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions:

	Title	Effective Date
HKFRS 17	Insurance Contracts	1 January 2023 (deferred from 1 January 2021)
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023 (deferred from 1 January 2022)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements- Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Revenue

Disaggregation of revenue from contracts with customers

	2022 RMB'000	2021 RMB'000
Types of goods		
Sparkling drinks	15,875,110	15,052,041
Juices	3,001,855	2,531,038
Water	1,327,993	1,485,875
Others	762,879	715,468
Total	20,967,837	19,784,422
Timing of revenue recognition		
A point in time	20,967,837	19,784,422

The Group sells sparkling and still beverage products to its customers, revenue is recognised when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in relation to the goods. Payment in advance or payment on delivery is typically required from customers, except for certain customers granted with credit.

All of the Group's contracts for sale of goods are for periods of one year or less, as permitted under HKFRS 15 "Revenue from contracts with customers", the transaction price allocated to unsatisfied contracts is not disclosed.

4 Segment reporting

The Group's revenue and consolidated results are mainly derived from processing, bottling and distribution of sparkling and still beverages, which is regarded as a single operating segment in a manner consistent with the nature of the products and production process, the types of customers for their products, the methods used to distribute their products, and the nature of the regulatory environment. Accordingly, no segment information is presented, and the Group is regarded as a single reporting segment.

Geographical information

All revenue of the continuing operation of the Group is derived from customers operating in Mainland China and the Group's non-current assets, other than deferred income tax assets, are primarily situated in Mainland China, hence no geographical information is presented in accordance with HKFRS 8 "Operating Segments".

Information about major customers

During the current year, there was no revenue derived from a single customer which accounted for 10% or more of the Group's revenue (2021: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	2022 RMB'000	2021 RMB'000
(a) Cost of sales		
Cost of inventories sold	13,460,548	12,730,960
Provision for /(reversal of) impairment of inventories	8,959	(7,426)
	<u>13,469,507</u>	<u>12,723,534</u>
(b) Other items		
Depreciation of property, plant and equipment	638,175	530,649
Depreciation of right-of-use assets	67,638	63,091
Amortisation of intangible assets	7,807	6,486
	<u>713,620</u>	<u>600,226</u>
Total depreciation and amortisation	713,620	600,226
Amounts capitalised in inventories	(32,554)	(38,120)
	<u>681,066</u>	<u>562,106</u>
Employee benefit expense, including directors' and chief executive's emoluments		
Wages, salaries and bonuses	2,132,630	2,189,248
Employer's contribution to a retirement benefit scheme (note)	293,303	267,306
	<u>2,425,933</u>	<u>2,456,554</u>
Total	2,425,933	2,456,554
Advertising and promotion fee	1,539,658	1,490,574
Petrol and freight charges	863,109	846,332
Expenditure on power	346,448	307,433
Labor service expenditures	168,439	140,340
Auditor's remuneration	3,900	3,300
Impairment of property, plant and equipment	579	6,034
Net impairment losses on financial assets	3,825	2,300
	<u>1,539,658</u>	<u>1,490,574</u>

Note: There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Other income and other gains-net

An analysis of other income and other gains/(losses) is as follows:

	2022 RMB'000	2021 RMB'000
Other income		
Government grants (note)	89,393	95,154
Processing income, net	33,265	31,546
Income of sale of by-products and scrap items	21,008	22,045
Cost of sale of by-products and scrap items	(6,431)	(8,824)
Interest income	18,827	30,893
Others	6,347	31,804
	<u>162,409</u>	<u>202,618</u>
Other gains - net		
(Losses)/gains on disposal of property, plant and equipment	(5,290)	2,780
Gains on disposal of assets classified as held for sale	-	13,420
Impairment of property, plant and equipment	(579)	(6,034)
Donations	(16,050)	(6,036)
Foreign exchange differences, net	(488)	1,964
Others	(1,357)	(17,369)
	<u>138,645</u>	<u>191,343</u>

Note : 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 in the consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

7 Finance costs

	2022 RMB'000	2021 RMB'000
Interest on bank borrowings	-	148
Interest on lease liabilities	3,508	4,340
	<u>3,508</u>	<u>4,488</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 Income tax expense

	2022 RMB'000	2021 RMB'000
Current income tax on profits for the year	413,066	350,027
Deferred income tax credit	(9,044)	(1,855)
	<hr/>	<hr/>
Income tax expense	404,022	348,172
	<hr/> <hr/>	<hr/> <hr/>

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

The provision for PRC current income tax is based on a statutory income tax rate of 25% of the assessable income of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC, except for certain entities of the Group in the PRC are taxed at preferential income tax rate of 15% and 9% through the year 2022. According to Announcement [2022] No. 11 of the Tibetan Government "The Measures for the Implementation of Enterprise Income Tax Policies of Tibet Autonomous Region (Interim) ", Tibet COFCO Coca-Cola Commerce & Trade Limited income tax rate is 9% through the year 2022, the preferential tax rate of 9% extends from 1 January 2022 to 31 December 2025. Zhongke Enterprise Management (Tianjin) Ltd., is recognized as high-tech enterprises, the income tax rate is 15% through the year 2022, the preferential tax rate of 15% extends from 3 December 2021 to 3 December 2024. According to Announcement [2020] No. 31 of Finance and Taxation "Notice of the General Administration of Taxation of the Ministry of Finance on the Preferential Policy of Enterprise Income Tax of Hainan Free Trade Port" and the Enterprise Income Tax Law of the People's Republic of China and its Implementation Regulations , COFCO Yuexiang Club (Hainan) Digital Technology Ltd. and COFCO ZhishangTechnology Ltd. income tax rate is 15% through the year 2022, the preferential tax rate of 15% extends from 1 January 2022 to 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 Income tax expense (Continued)

The tax charge for the year can be reconciled to the profit before income tax per consolidated statement of profit or loss as follows:

	2022		2021	
	RMB'000	% of PBT	RMB'000	% of PBT
Profit before income tax ("PBT")	1,614,448		1,422,855	
Tax at the statutory tax rates	403,612	25.0	355,714	25.0
Preferential tax rates on the profits of certain subsidiaries	(1,725)	(0.1)	-	-
Tax effect of share of profit of associates	(7,474)	(0.5)	(7,362)	(0.5)
Tax effect of utilisation of previously unrecognised temporary differences	(1,674)	(0.1)	(3,768)	(0.3)
Tax effect of expenses not deductible for tax purpose	9,555	0.6	8,557	0.7
Utilisation of tax losses previously not recognised	(2,054)	(0.1)	(6,969)	(0.5)
Tax losses not recognised	3,782	0.2	2,000	0.1
Income tax expense and effective tax rate for the year	404,022	25.0	348,172	24.5

The share of tax attributable to associates amounting to RMB 7,474,000 (2021: RMB 7,362,000) is included in "share of net profit of associates accounted for using the equity method" in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 Earnings per share

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	2022	2021
Profit for the year attributable to owners of the Company (RMB'000)	<u>659,836</u>	<u>572,415</u>
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	<u>2,797,223,396</u>	<u>2,797,223,396</u>
Basic earnings per share (RMB cents)	<u>23.59</u>	<u>20.46</u>

There is no dilutive instrument held or issued by the Group, diluted earnings per share is therefore the same as basic earnings per share for the respective years.

10 Trade receivables

	2022 RMB'000	2021 RMB'000
Trade receivables	374,082	340,889
Allowance for credit loss	(14,047)	(13,143)
	<u>360,035</u>	<u>327,746</u>

The Group gives credit term to key customers, which granted with credit term ranging from 7 to 90 days upon delivery. While for other customers, payment in advance or payment on delivery is normally required. The Group seeks to maintain strict control over its outstanding receivables and has a credit control commissioner to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables 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 trade receivable balances.

The following is an ageing analysis of trade receivables, net of allowance for credit loss, presented based on the date of the delivery of goods:

	2022 RMB'000	2021 RMB'000
Within 6 months	352,902	324,404
6 to 12 months	7,133	3,342
	<u>360,035</u>	<u>327,746</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 Trade and bills payables

	2022	2021
	RMB'000	RMB'000
Trade payables	674,780	445,408
Bills payable	15,200	29,484
	689,980	474,892

The following is an ageing analysis of trade and bills payables presented based on the delivery date.

	2022	2021
	RMB'000	RMB'000
Within 3 months	621,999	461,587
3 to 12 months	65,685	13,229
Over 1 years	2,296	76
	689,980	474,892

The trade 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 RMB 2,916,000 (2021: RMB 18,737,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 Dividends

	2022 RMB'000	2021 RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2021 final - HK 12.5 cents (2020: final – HK 10.6 cents in respect of the year ended 31 December 2020) per ordinary share	<u>297,051</u>	<u>248,953</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2022 of HK 13.3 cents (2021: HK 12.5 cents) per ordinary share, in an aggregate amount of HKD 372,031,000, equivalent to approximately RMB 327,275,000 (2021: HKD 349,653,000, equivalent to RMB 297,051,000), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation from retained profits for the year ended 31 December 2022.

13 Subsequent Events

On 15 July 2022, COFCO Beverages (CCBMH) Limited (“CBL”, an indirectly 65%-owned subsidiary of the Company), Coca-Cola Bottlers Manufacturing Holdings Limited (“CCBMH”) and other relevant parties entered into a master agreement, pursuant to which it has been conditionally agreed that CBL shall procure the COFCO Coca-Cola Beverages (China) Investment Limited (“CBL Purchaser”, another indirectly 65%-owned subsidiary of the Company) to purchase from CCBMH, and CCBMH shall sell to the CBL Purchaser, the equity interests in several associates with an aggregate consideration of approximately RMB 544,396,000. The above transaction was completed in early 2023, the Company was in the process of evaluating related financial impacts.

MANAGEMENT DISCUSSION AND ANALYSIS

CURRENT STATUS

China Foods exclusive franchise to manufacture, market and distribute products under the Coca-Cola series encompasses 19 provincial-level administrative regions, covering approximately 50% of mainland China's population. The Company provides consumers with 10 major types of beverages namely sparkling drinks, juices, water, milk drinks, energy drinks, tea, coffee, functional nutrition drinks, sports drinks and plant-based protein drinks under 24 brands.

The Company has approximately 10,000 salespersons to serve over 2.6 million customers. Our marketing network reaches 100% of the cities, 100% of the counties and more than 60% of the towns within our operating regions, with the controllable business, being customer orders served directly by our sales representatives, accounting for nearly 90% of the overall business.

Apart from operating the Coca-Cola series products business, the Company has been developing its smart retail business and new retail business in recent years, both of which have achieved remarkable results during the year. In the future, we will continue to explore the development potential of both above businesses and proactively develop sales channels with the vision of becoming the largest full-service beverage supplier and digital retail platform in the PRC.

DEVELOPMENT STRATEGY

In 2022, trends such as healthy living, channel sinking and digital transformation will continue to impose a profound impact on the domestic beverage industry. China Foods will implement its total beverage strategy by focusing on the satisfaction of the ever-growing expectation of the people for a better life. Under the direction of high-quality development, it will be firmly committed in the business approach of improving quality, enhancing efficiency, innovation, system, openness and green, and take a better business portfolio, strong network coverage, flexible and efficient new business development and leading digital construction as key dimensions, to drive high-quality growth in performance. During the year, we will remain focused on “Market-Oriented, Globalisation, Risk Containment and Business Optimisation”, renew our commitment in the enterprise spirit “Work! Work hard! Win!”, and promote the realisation of the development goals of “High Quality and Sustainability”. The details of operation concepts are set out below:

- *Improving quality:* Place emphasis on resource investment, guide the differentiated development of various business segments, continue to make efforts to upgrade its product mix, and focus on promoting the layout of the entire channel in order to achieve optimisation of business portfolio.
- *Enhancing efficiency:* Improve the level of diversification and differentiation of marketing execution management, and promote more precise and efficient marketing execution strategies in segmentation; promote supply chain integration and digitalisation of production and logistics, focus on efficiency improvement, and gradually improve the standardization, centralization and flexibility of the supply chain system with standardized process construction. Establish a central planning centre for central co-ordination; set up a flexible and efficient business unit to stimulate new business vitality.

MANAGEMENT DISCUSSION AND ANALYSIS

DEVELOPMENT STRATEGY (CONTINUED)

- *Innovation:* Seize the trend of digitalization in the industry and build up our capabilities in digital marketing, digital supply chain and digital governance; carry out digital transformation of the whole chain, develop digital marketing projects, and set up big data center, gain deep insight into consumer needs and consumption scenarios through big data technology to establish a client-oriented Business-end operation platform “Coke GO” and a consumer-oriented Consumer-end operation platform “Joy Club”. At the same time, develop digital factory projects, so as to provide intelligent support for production and operation decision-making.
- *System:* In order to actively respond to market challenges, the Company’s system will be upgraded in all aspects, such as development mode, system mechanisms, concepts capabilities, and cultural soft power, and continuously optimize the organizational structure to adapt the changes in the external operating environment and the internal needs of the Company’s long-term development; establish a contribution-based talent incentive and training mechanism as well as focus on youthfulness and increase the proportion of young cadres selected to provide sufficient manpower resources for strategic development.
- *Openness:* Adapt to the new era of consumer demand with model innovation and enhance the overall competitiveness of the value chain; explore and design innovative business models for key strategic projects and build an ecosystem layout.
- *Green:* Adopt a sustainable development model to enhance safety, quality and environmental protection and achieve low-carbon green development.

INDUSTRY ENVIRONMENT

In 2022, China's domestic economy remained challenging under the impact of a complex and volatile international environment and adverse conditions such as frequent outbreaks of domestic pandemic. Fortunately, under the national measures for the optimisation of prevention and control in due time, China recorded a year-on-year growth of 3.0% in GDP, which broke through the RMB 120 trillion, which marked for the first time and comfortably ranked second in the world. Affected by the epidemic, the pressure on consumption recovery was obvious, but the domestic consumption expenditure still accounted for more than half of the total GDP of the whole year, which played an important supporting role for the economic development. Such domestic large circulation is expected to remain the major driving force for the domestic economic growth in the future. The actual growth rate of consumer spending for the whole year dropped slightly year-on-year. While the per capita consumption expenditure of nationwide residents, after deducting price factors, dropped slightly 0.2% year-on-year, and the overall sales of the non-alcohol ready-to-drink industry remained stable.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

Below is a summary comparison of 2022 and 2021 annual results:

	For the year ended 31 December 2022 (RMB million)	For the year ended 31 December 2021 (RMB million)	Change
Revenue	20,967.8	19,784.4	+6.0%
Sales volume			-2.0%
Gross profit margin			+0.1 percentage points

In 2022, although the sales volume of China Foods recorded a year-on-year decrease due to the impact of the frequent outbreak of domestic pandemic, its revenue grew by 6% year-on-year, benefited from overall price growth of products and continuous optimisation of product and packaging structure. During the year, affected by factors such as easing monetary policies in various countries and strong domestic demand of the PRC, the prices of bulk commodities in international market increased to a certain extent. The gross profit margin of the Company was slightly lower than that of the corresponding period last year. However, since the management actively implemented a series of optimisation and integration measures (such as central planning center, supply integration and production and logistics digitization projects) to improve efficiency, which effectively reduced the ratio of selling and administrative expenses, the operating margin was improved. At the same time, the Company continued to pay attention to the management of capital expenditure and operating cash flow, in order to control risks.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS (CONTINUED)

Business development by beverage category was as follows:

Sparkling drinks

The growth in the category of sparkling drinks slowed down during the year due to the impact of the pandemic. During the year, “Coca-Cola Peach Coke” joined as new member of the Company’s traditional sparkling drinks. The product adopts a new peach-flavored formula with a unique and refreshing taste, and has been launched in a romantic pink-packaging. Several new products have been added to the sugar-free series during the year: “Sprite Lemon Mint Flavor, Sugar Free” - a brand new Sprite sugar-free formula infused with real mint essence, plus the original “Sprite Lemon Flavor, Sugar Free” and “Sprite Fiber+”. Such Sprite sugar-free series provided consumers with more choices, and their annual sales were satisfactory. In the future, we will continue to invest in the Sprite sugar-free products by introducing more packages to fit various consumer scenarios, in addition to various promotional activities, so as to enhance consumers' drinking experience; “Coca-Cola Sugar-Free Vanilla Coke” - which preserves the taste of vanilla Coca-Cola, but features sugar-free and fat-free; and “Fanta Baobab & Tamarind Soda” - a perfect fusion of baobab fruit and tamarind, which creates a novel, unique fruity taste with an eye-catching color of Barbie pink. Fanta sugar-free flavored products were launched on a pilot basis in the second half of the year, and the sugar-free soda product portfolio was further improved. Also, the “AH!HA!” sparkling water that was marketed last year launched two new flavors in this year, being Strawberry White Chocolate and Waxberry White Wine, to satisfy young consumers who prefer to taste a fresh delicacy.

During first half of the year, the limited product “Starlight”, which was originated from the concept of the space, and another limited product “Byte”, which was originated from the concept of metaverse, were released on the Coca-Cola Global Innovation Platform, “Coca-Cola Creations” in China. In the second half of the year, we have also launched a limited sugar-free soft drink named “Soul Blast” jointly with popular comics brand, which effectively increased online exposure by becoming a influencer-marketing product. In order to create a richer immersive experience, Coca-Cola launched AR (Augmented Reality) games in the year. As long as consumers scan the code on the can of Coca Cola “Byte”, they can unlock the Metaverse AR game experience. This strengthened the interaction between products and consumers.

During the year, the market share of our sparkling drinks maintained a high market share of more than 50% in our operating regions, continuously surpassing our major competitors’ products.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS (CONTINUED)

Business development by beverage category was as follows (continued):

Juices

The domestic juice industry maintained its recovery momentum of last year. The revenue from “Minute Maid Pulpy Orange Juice” recorded a significant increase, and the sales of new products achieved satisfactory results, driving the Company’s revenue from the juices segment to achieve double-digit growth.

During the year, Minute Maid sparkling juice series were launched. The products feature sugar-free and fat-free, and have real fruit juice infused with sparkling to create a refreshing new taste. Three flavors of peach, grape and apple are available, added by zinc, niacin and other ingredients to supplement the daily nutrition intake. They are delicious sweet and sour, healthy and free of burden.

During the year, the market share of our juice products in terms of sales revenue in the Company’s operating regions was basically unchanged, maintaining our leading position in the industry.

Water

Affected by the domestic pandemic, the revenue from water products declined. During the year, we newly launched Chun Yue Pineapple-flavored Water, which is infused with real fruit juice on the basis of zero sugar, zero fat and zero energy. The fruit juice and water are of best ratio, enabling consumers to drink every sip with a light fruity aroma. During the year, a new apple-flavored of “Chun Yue Soda Water” has also been launched, continuing to enrich the taste of its products to meet the diverse needs of consumers. Amid the normalcy under the pandemic, during the year, we will continue to develop home consumption scenarios, seize the opportunities of home consumption, and meet the business opportunities for consumers water consumption at home through e-commerce and community partners, thus promoting the growth of large-package revenue. At the same time, cooperation between water stations and community partners will be strengthened, so as to meet consumers' daily water consumption needs at home.

In the future, we will maintain our focus on promoting the mainstream water brand “Chun Yue” products, as well as promoting domestic water among the customers continuously. At the same time, we will explore the strategy of high-end aquatic products, and strive to enhance the profitability of aquatic products and drive the overall profit. As the Company’s water segment remains in the painful updating and upgrading phase, the market share during the year decreased slightly.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS (CONTINUED)

Business development by beverage category was as follows (continued):

Ready-to-drink coffee

During the year, the Company initially launched its “COSTA” oat coffee, which is rich in dietary fiber, low sugar and zero lactose. Its target consumers are middle-income and high-income white-collar workers in first- and second-tier cities. Through marketing activities such as free drinks in key channels, store promotions and O2O activities, the Company’s ready-to-drink coffee achieved double-digit growth, higher than the industry average, with its market share continuing to rise. COSTA remained the second largest brand of ready-to-drink coffee in key markets, achieving remarkable results.

Ready-to-drink teas

During the year, the Company launched the “COSTA” light milk tea beverage for the first time. The product features low-sugar and low-fat, especially suitable for the new generation of urban consumers who are concerned about health, with a total of three flavors of white peach oolong, grape jasmine and lychee black tea available on the market. It has achieved outstanding results in the year. Together with the “Fuze” sugar-free lemon tea, which was launched last year and achieved a satisfactory increase, the revenue from the tea segment recorded a remarkable increase during the year.

Business development by development channels was as follows:

The Company keeps expanding its customer base and adjusting customer structure, and has achieved significant increase in the number of customers it serves. During the year, we strengthened our partner development efforts, expanded our point-of-sale coverage and increased our point-of-sale penetration, and continued to increase the proportion of controllable revenue, further strengthening our core strengths.

Modern channel: Vigorously develop multi-packaging, through the listing of new high-margin products, to gradually improve the gross profit margin and profitability of the product category; seize the sales opportunities of “community supermarkets” and develop sales potential;

Traditional channel: Achieve satisfactory growth in revenue through channel optimisation and the promotion of the “Coke GO” platform, which improves the efficiency of business visits and enhances point-of-sale services;

New retail channel: complete the D2C (Direct to Consumer) store layout of the mainstream channel to reach the end consumers directly; to complete the distribution network layout, warehouse-saving distribution with the capability of third-party logistics to the factory to pick up and deliver goods, the revenue has been significantly improved.

Eating and drinking channel: The channel maintained a rapid growth throughout the year, as sales volume increased and the number of new active and serving customers increased significantly.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS (CONTINUED)

Outlook

Achievements were made in the PRC government's efficient overall planning for epidemic prevention, as well as economic and social development in 2022. Based on the analysis of recent data, it is likely that the economic has reached the bottom of the abyss, as pandemic surge has passed the peak in China. As the epidemic situation continues to evolve, policy effectiveness releases, market confidence is gradually returning. Coupled with the recovery of normal production and living conditions, as well as the expansion of offline consumption scenes, consumption is expected to be gradually normalized. These factors lay a solid foundation for a sustainable economic recovery in 2023. It is expected that the economic growth in 2023 will surpass that of 2022.

It is expected that in 2023, the demand for crude oil will turn to be strong, international oil prices will rebound. Hence, polyethylene terephthalate (PET) prices will continue to be at high levels as affected by the rising oil prices. Domestic supply of white sugar is short of demand, and the import cost is increased due to the impact of the increase in international sugar prices. While the price of the can is still closely related to the price of international aluminum, which both continues to be at high levels of prices. Due to the fundamental influence of domestic corn supply and demand, price of fructose is easier to rise than fall. In 2023, it is expected that the prices of major raw materials will remain high, and pressures will be further imposed on the gross profit of the Company. The management will continue to actively promote key strategies such as product structure upgrade, business portfolio optimisation, and supply chain integration to reduce the pressure on profits from high raw material costs. In early 2023, the Company, together with The Coca-Cola Company and Swire Pacific Limited, completed the acquisition of the non-sparkling beverage production business of the tripartite joint venture in our franchise area. The transaction is expected to help improve the synergy between production and sales, establish a more efficient supply chain network, and effectively reduce the production and management costs of the Company's non-sparkling beverages, thus further improving the overall profit margin. The management is confident of full-year revenue and profit growth and our results can maintain a stable growth in 2023.

FINANCIAL REVIEW

REVENUE

In 2022, although the sales volume of China Foods registered a slight decline due to the impact of the pandemic, the revenue achieved a year-on-year growth of 6.0%, driven by increased product prices and continuous optimisation of product and packaging structures.

GROSS PROFIT MARGIN

The gross profit margin of the Company was generally level with that of the previous year.

OTHER INCOME AND OTHER GAINS-NET

Other income and other gains-net recorded a year-on-year decrease of 27.5%, which was mainly due to the decline in interest income and the increase in external donations during the year.

DISTRIBUTION AND SELLING EXPENSES RATIO/ ADMINISTRATIVE EXPENSES RATIO

During the year, the Company effectively reduced the distribution and selling expenses ratio and the administrative expenses ratio through the improvement in efficiency.

FINANCE COSTS

There was no significant change in finance costs.

INCOME TAX EXPENSE

Income tax expense amounted to RMB 404 million, representing an increase of 16.0%, which was in line with the profit growth.

LIQUIDITY AND FINANCIAL RESOURCES

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

- Reallocating financial resources within the Group;
- Procuring cost-efficient funding for the Group;
- Managing financial risks, including interest rate and foreign exchange rate risks; and
- Targeting yield enhancement opportunities.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES (CONTINUED)

The treasury function regularly and closely monitors its overall cash and debt positions, reviews its funding costs and maturity profiles to facilitate timely refinancing. Cash pooling is applied in Mainland China for the more efficient utilisation of cash. Also, the treasury function formulated financial risk management procedures, which are subject to periodic review by the senior management of the Company.

In the consolidated statement of financial position as at 31 December 2022, the Group's unpledged cash and cash equivalents totaled approximately RMB 1,037 million (31 December 2021: approximately RMB 1,592 million). Net current liabilities were approximately RMB 1,297 million (31 December 2021: RMB 1,619 million).

Having considered the (i) forecast cash flow from operating activities of continuing operation, (ii) existing financial resources and gearing level of the Group, and (iii) existing banking facilities available to the Group, the directors believe that the Group's financial resources are sufficient to fund its debt payments, day-to-day operations, contracted capital expenditures as at 31 December 2022.

CAPITAL STRUCTURE

As at and for the year ended 31 December 2022, the total number of issued shares of the Company remained unchanged at 2,797,223,396. In the consolidated statement of financial position as at 31 December 2022, the Group had no interest-bearing bank borrowings (31 December 2021: Nil).

As at 31 December 2022, the Group had no other borrowings (31 December 2021: Nil). As of 31 December 2022, net assets attributable to owners of the parent were approximately RMB 5,520 million (31 December 2021: approximately RMB 5,157 million), and net cash position of the Group (unpledged cash and cash equivalents less interest-bearing bank and other borrowings) was approximately RMB 1,037 million and the gearing ratio was nil (31 December 2021: approximately RMB 1,592 million and the gearing ratio (ratio of borrowing position of the Group to equity attributable to owners of the parent) of nil).

CONTINGENT LIABILITIES AND ASSETS PLEDGED

As at 31 December 2022, the Group has no significant contingent liabilities nor assets pledged (other than certain bills payable) (31 December 2021: Nil).

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).

Although the Group has not used any financial instruments for hedging purposes, the treasury function of the Group actively and closely monitors foreign exchange rate exposure. The foreign exchange risk exposure at the operational level is not significant.

HUMAN RESOURCES

As at 31 December 2022, the Group employed 19,243 staff in Mainland China and Hong Kong (31 December 2021: 19,189). 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 pension insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance and housing fund contributions in compliance with the requirements of the laws of China.

The Group firmly believe that talent is the most valuable asset and the basis for its sustainable development of a corporation. The Group has established comprehensive policies and systems for employee recruitment, labour contracts, remuneration and benefits, attendance management, training and development, performance appraisal, disciplinary policies, protection of employee interests, etc, in order to protect the basic interests of employees, eliminate discrimination by nationality, age and gender, etc, and prohibit the employment of child labour and any form of forced labour.

The Group also adheres to the talent development concept of “contributor-oriented”, and provides employees with a solid career development platform and a comprehensive training system. It has formulated relevant management systems and regulations such as the Training and Management System, and provides various training on management skills and professional skills for employees at all levels through the internet and in the form of video conferences, live broadcasts and online college to improve personal knowledge and skills, which secures joint development of the Group as well as its employees.

The Company and its subsidiaries have no share option scheme.

FINAL DIVIDEND

On 29 March 2023, the Board recommended the payment of a final dividend of RMB 0.117, equivalent to HK 13.3 cents, (2021: RMB 0.102, equivalent to HK 12.5 cents) per ordinary share for the year ended 31 December 2022, subject to the approval obtained at the annual general meeting to be held on Tuesday, 6 June 2023 (the “2023 AGM”). The proposed final dividend for the year ended 31 December 2022 will be distributed on or around Friday, 7 July 2023 to shareholders of the Company (the “Shareholders”) whose names appear on the Shareholders’ register of the Company on Friday, 16 June 2023 (the “Record Date”).

The implementation of the “Notice Regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management” issued by the State Administration of Taxation of PRC (the “SAT”) on 22 April 2009 (the “Notice”) commenced on 1 January 2008 and 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 final dividend for 2022. The withholding and payment obligation lies with the Company.

FINAL DIVIDEND (CONTINUED)

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 final dividend for 2022 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 final dividend for 2022 after deducting enterprise income tax of 10%. The Company will not withhold and pay the enterprise income tax in respect of the final dividend for 2022 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, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, 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 Wednesday, 14 June 2023.

SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD READ THE ABOVE CAREFULLY. IF THE STATUS OF THE SHAREHOLDERS IN THE REGISTER OF MEMBERS NEEDS TO BE AMENDED ACCORDINGLY, PLEASE ENQUIRE ABOUT THE RELEVANT PROCEDURES WITH THE RESPECTIVE NOMINEES OR TRUSTEES IMMEDIATELY. THE COMPANY WILL STRICTLY WITHHOLD AND PAY THE ENTERPRISE INCOME TAX FOR ITS NON-RESIDENT ENTERPRISE SHAREHOLDERS IN ACCORDANCE WITH THE APPLICABLE LAWS AND REQUIREMENTS OF THE RELEVANT GOVERNMENT DEPARTMENTS IN THE PRC, BASED ON 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 INACCURATE INFORMATION OR DELAY IN AMENDMENT OF THE RELEVANT INFORMATION OR THE STATUS OF THE SHAREHOLDERS OR DISPUTES REGARDING THE MECHANISM OF WITHHOLDING.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' eligibility to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Thursday, 1 June 2023 to Tuesday, 6 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2023 AGM, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Wednesday, 31 May 2023.

For determining the Shareholders' entitlement to the proposed final dividend for 2022, the register of members of the Company will be closed from Thursday, 15 June 2023 to Friday, 16 June 2023, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be Tuesday, 13 June 2023. In order to qualify for the proposed final dividend for 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Wednesday, 14 June 2023.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all the applicable code provisions (the “Code Provisions”) of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year, save and except for the deviation from Code Provision C.2.1 which stipulated that the role of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Qing Lijun (the “Mr. Qing”) has assumed the roles of both the chairman of the Board and the managing director since 29 September 2022. The Board believes that it is in the interest of the Company and its shareholders for Mr. Qing to assume the responsibilities of such positions, given that Mr. Qing has extensive experience and management of the Group as an executive director and managing Director, and it will facilitate the execution of the Group’s business and boost effectiveness of its operations. The Board also considers that such arrangement will not impair the balance of power and authority between the Board and the management as the Board comprises six other experienced individuals including one executive director, two non-executive directors and three independent non-executive directors. In addition, for major transactions of the Group, the Company will consult Board committees and senior management as and when appropriate.

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.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the consolidated financial statements for the year ended 31 December 2022 and has discussed with the Company’s auditor, about auditing, internal control and financial reporting matters including the review of the accounting practices and principles adopted by the Group.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2022 as set out in this announcement of final results have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.chinafoodsltd.com). The 2022 Annual Report of the Company will be published on the above websites and dispatched to the Shareholders in due course.

By order of the Board
China Foods Limited
Qing Lijun
Chairman

Hong Kong, 29 March 2023

As at the date of this announcement, the Board comprises: Mr. Qing Lijun as the chairman of the Board and an executive director; Mr. Shen Xinwen as an executive director; Mr. Chen Zhigang and Mr. Chen Gang as non-executive directors; and Mr. Li Hung Kwan, Alfred, Mr. Mok Wai Bun, Ben and Ms. Leung Ka Lai, Ada, SBS as independent non-executive directors.