

I am pleased to present the annual report of China Foods Holdings Limited (the "Company" / "China Foods") and its subsidiaries (together the "Group") for the year ended 31 December 2000.

RESULTS

Consolidated turnover for the year ended 31 December 2000 was HK\$1,297,922,000, representing a 66.0% growth compared to 1999. Profit attributable to shareholders amounted to HK\$90,432,000, increased by 3.8% compared to the preceding year. Earnings per share for the year were 13.7 HK cents (1999: 13.2 HK cents).

DIVIDENDS

The Directors recommend a final dividend of 4 HK cents per share for the year ended 31 December 2000. Together with the interim dividend of 3 HK cents per share already paid during the year, the total dividend for 2000 would be 7 HK cents per share (1999: 7 HK cents per share). Subject to shareholders' approval at the Annual General Meeting to be held on 18 May 2001, the recommended final dividend will be paid on 25 May 2001 to shareholders whose names appear on the Register of Members on 18 May 2001.

Zhou Mingchen
Chairman

BUSINESS REVIEW

In 2000, the global economy gradually improved whereas competition in the Mainland's food and beverage product market intensified.

During the year, turnover of the Group's food trading business amounted to HK\$778,502,000 and the Group's profit also witnessed a growth. To further secure the profitability of the food trading operation, the Group commenced the trading of raw sugar and white sugar, alongside the existing trading of maize. The Group is also set to develop trading operation of other cereals, oils and foodstuffs.

For the edible oils refining business, turnover and profit of the Group were affected by the quota scheme for imported crude oils imposed by the Chinese government. To secure the Group's profitability, the Group had been reviewing its sales strategy. For instance, Eastbay Oils and Fats Industries (Guangzhou) Co., Ltd. ("EOFI"), a subsidiary engaged in edible oils refining, launched a series of consumer packs of edible oils under the "Fortune" brand. EOFI also committed to improve manufacturing technology, so as to enhance the profitability of the Group's edible oils business.

The Group is engaged in the wine-making and beverage business through China Great Wall Wine Co., Ltd. ("Great Wall Wine"), in which the Group holds a 25% stake. During the year, Great Wall Wine continued to increase production of red wine and contributed a profit after tax of HK\$5,591,000 to the Group. Upon expansion of production lines, Management believes that earning potential will be enhanced.

With regard to the flour milling business, the Group focused on improving product quality during the year and achieved a stable profit contribution. The competition in the market is always intense. Management is confident that as long as the Group can provide the best products to consumers at the best price, our market share can continuously expand and our profitability will be raised.

PROSPECTS

China's admission to the World Trade Organization ("WTO") would speed up the integration of the Mainland and global markets. Amid the stabilizing economic conditions in the Asia-Pacific region and consistent improvement of the Mainland economy, the Group has been equipping itself to undertake further restructuring moves in conjunction with China National Cereals, Oils & Foodstuffs Import & Export Corporation ("COFCO"), the Group's ultimate holding company.

In January 2000, the Company announced the proposed acquisition of the entire issued share capital of COFCO Oils & Fats Holdings Limited ("COFCO Oils & Fats") and COFCO Wines & Spirits Holdings Limited from its parent company, COFCO (Hong Kong) Limited ("COFCO HK"). The Company also proposed to change its name to COFCO International Limited to better reflect its flagship status for food and beverage business under the corporate umbrella of COFCO. The Company also entered into another sale and purchase agreement with COFCO HK. Pursuant to which, the Company will procure COFCO Oils & Fats to acquire a 40% equity interest in Great Ocean Oil & Grain Industries (Fang Cheng Gang) Company Limited indirectly through an intermediate holding company. Upon completion of the above transactions, COFCO HK will replace Top Glory International Holdings Limited to become the controlling shareholder of the Company.

Management is aggressively equipping the Group to seize and capitalize on the opportunities arising from China's admission to WTO. Management will also devise plans to propel the Group's business development and develop the Group into one of the largest cereals, oils and foodstuffs manufacturers in the Mainland, and the region. I would like to take this opportunity to express my appreciation to shareholders for their continual support and to all employees for their diligence over the year.

Zhou Mingchen

Chairman

Beijing, 6 April 2001