

CHINA FOODS 2008

Annual Report 年度報告 Stock code 股份代號：00506

Quality creates value



中糧
COFCO

自然之源 重塑你我

CHINA FOODS LIMITED
中國食品有限公司

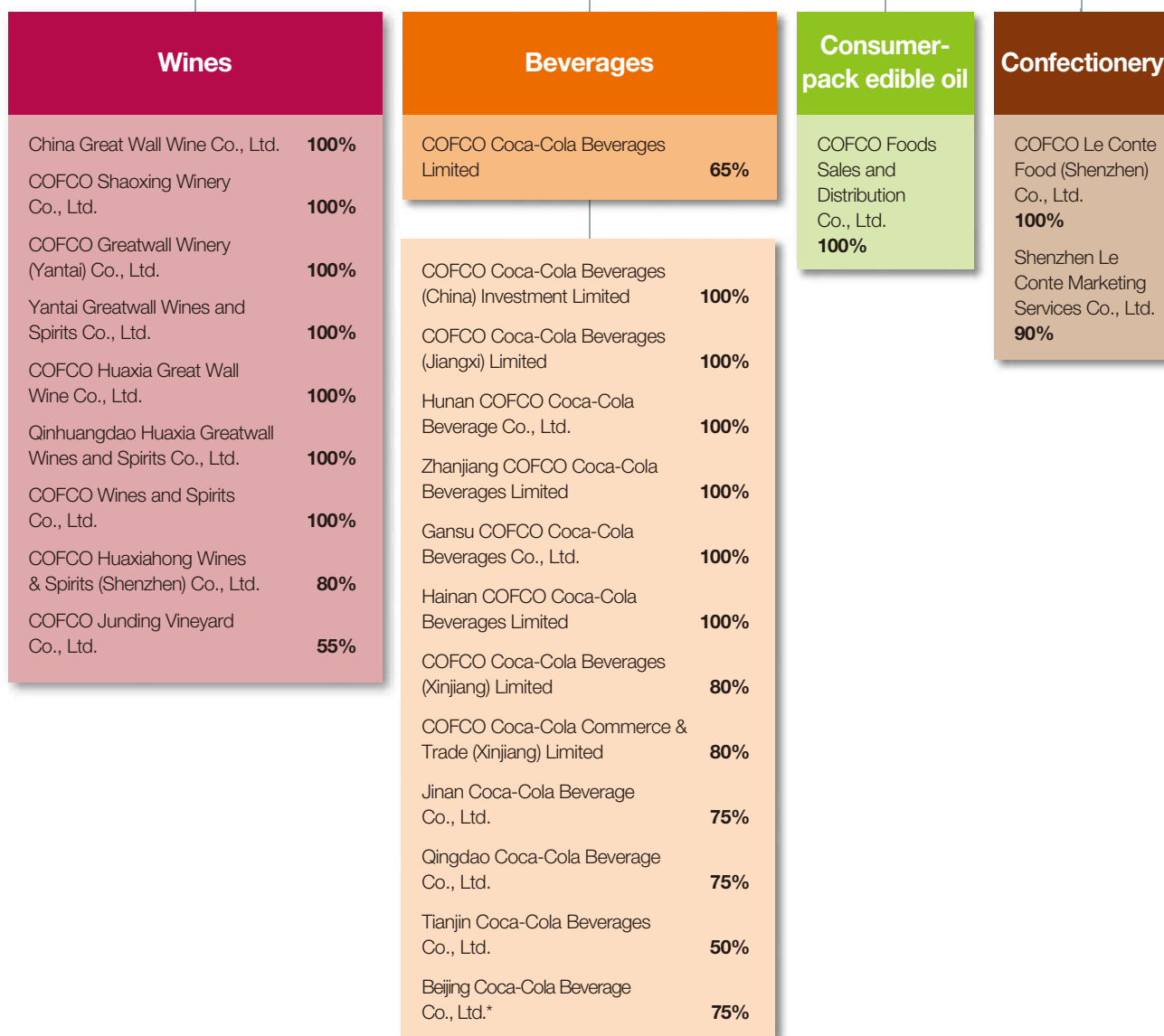
(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

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Business Structure

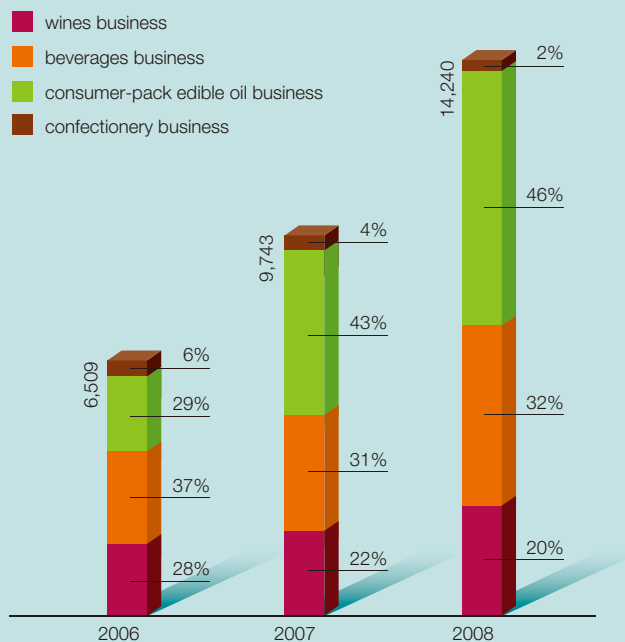
China Foods Limited



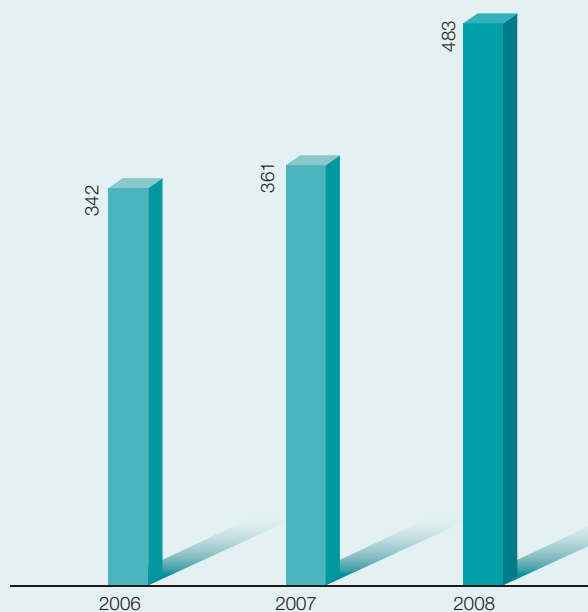
* Acquisition of a 40% interest was completed on 9 January 2009.

Financial Highlights

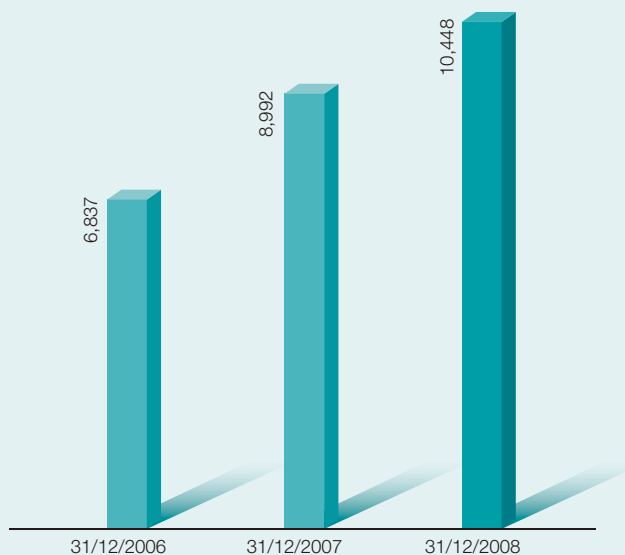
Revenues# (HK\$'million)



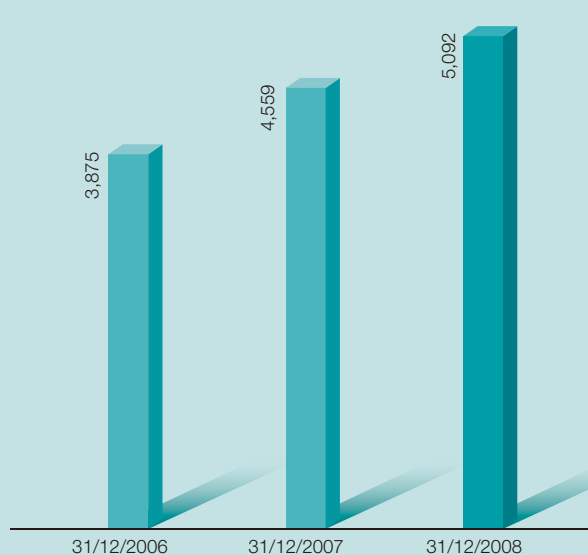
Earnings* (HK\$'million)



Total Asset@ (HK\$'million)



Equity Attributable to Equity Holders@ (HK\$'million)



2006 and 2007 balances represent revenues of the Pro Forma Group.

* 2006 and 2007 balances represent the Core Earnings of the Pro Forma Group.

@ Balance on 31/12/2006 represents the Pro Forma Group's total assets and equity attributable to equity holders of the Company. The Pro Forma Group and Core Earnings are defined in the Management Discussion and Analysis.

Highlights in 2008

1st quarter

(January – March)

- We acquired a 21% interest in the still beverages production and supply operations of The Coca-Cola Company in China.
- Tea beverage “Original Leaf” was launched.



2nd quarter

(April – June)

- The development of Chateau Sungod in Shacheng, Hebei was completed.
- Coca-Cola Zero was launched.
- The Group’s business units were gradually integrated into the SAP system.
- We participated in the formulation of the national standard for blended edible oil.
- We sponsored *Fortune Kitchen*, a television program broadcasted in Zhejiang, to promote Cereal Blended Oil, one of the key “福臨門” products.
- We launched “Beyond 2008”, a limited edition of premium wine for the Beijing 2008 Olympic Games, and we were one of the sponsors for the Dialogue between Fortune 500 and APEC SMEs and 2008 Enterprising China Summit.
- Coca-Cola bottling plants of the Group fully participated in the Olympic Torch Relay in 42 cities within our franchised territories.



3rd quarter

(July – September)



- Chateau Junding wine en primeur was launched.
- Construction of the Coca-Cola bottling plant in Jiangxi was completed.
- The confectionery unit held a meeting with its distributors and announced a new channel policy.
- The Code of Business Conducts was developed and deployed throughout the Group.
- The Company was presented by SAP China with a “SAP China Momentum Customer Award 2008” in recognition of its excellent contribution to the SAP reference program.
- During the Beijing 2008 Olympic Games, we provided a wide variety of quality “Greatwall” wines to heads of states, elites and celebrities, overseas and local reporters and spectators from around the world at venues and hotels in Beijing and the co-host cities.

4th quarter

(October – December)



- Greatwall wines were granted a “Special Contribution Award for the Beijing 2008 Olympic Games” by the International Olympic Committee.
- China Great Wall Wine Co., Ltd. received the Good Agricultural Practices certification from the China Quality Certification Centre for the second consecutive year after it became the first winery in China to receive such certification in September 2007.
- Construction of the Coca-Cola bottling plant in Xinjiang was completed.
- The number of retail points of sales directly served by the consumer-pack edible oil unit reached 50,000.
- “福臨門” seasoning sauces won the golden prize at the 2008 China International Condiments and Food Additives Expo held in Shanghai.
- Champion Cellar at the Greatwall Huaxia Vineyard in Changli, Hebei, was opened and a number of Olympic gold medalists stored Champion Wines in the cellar.
- COFCO Le Conte Food (Shenzhen) Co., Ltd. was recognized as an “Enterprise with Outstanding Quality in Guangdong” by Guangdong Quality Association.
- COFCO Wines and Spirits Co., Ltd. was awarded a “Social Responsibilities Award” for the second consecutive year at the corporate social responsibilities summit organized by *People’s Daily*.

Offer nutritious, healthy, delicious and quality food
**and realize maximum value for
shareholders, customers
and employees**

I hereby present the annual results of China Foods Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008.

RESULTS

The Group focuses its activities on branded consumer food and beverages businesses and currently operates four principal businesses being wines, beverages, consumer-pack edible oil and confectionery.

- The turnover of the Group for the year amounted to HK\$14,240 million, representing an increase of 46% compared with that of the Pro Forma Group* in the amount of HK\$9,743 million for the last year.
- Profit attributable to equity holders of the Company for the year amounted to HK\$483 million, 34% more than the Core Earnings* for the last year.
- Basic earnings per share for the year amounted to HK17.32 cents, representing an increase of 34% or HK4.42 cents per share, compared with the basic earnings per share of the Core Earnings* of HK12.9 cents for the last year.

* Definitions of the "Pro Forma Group" and "Core Earnings" for the last year are set out in the Management Discussion and Analysis.

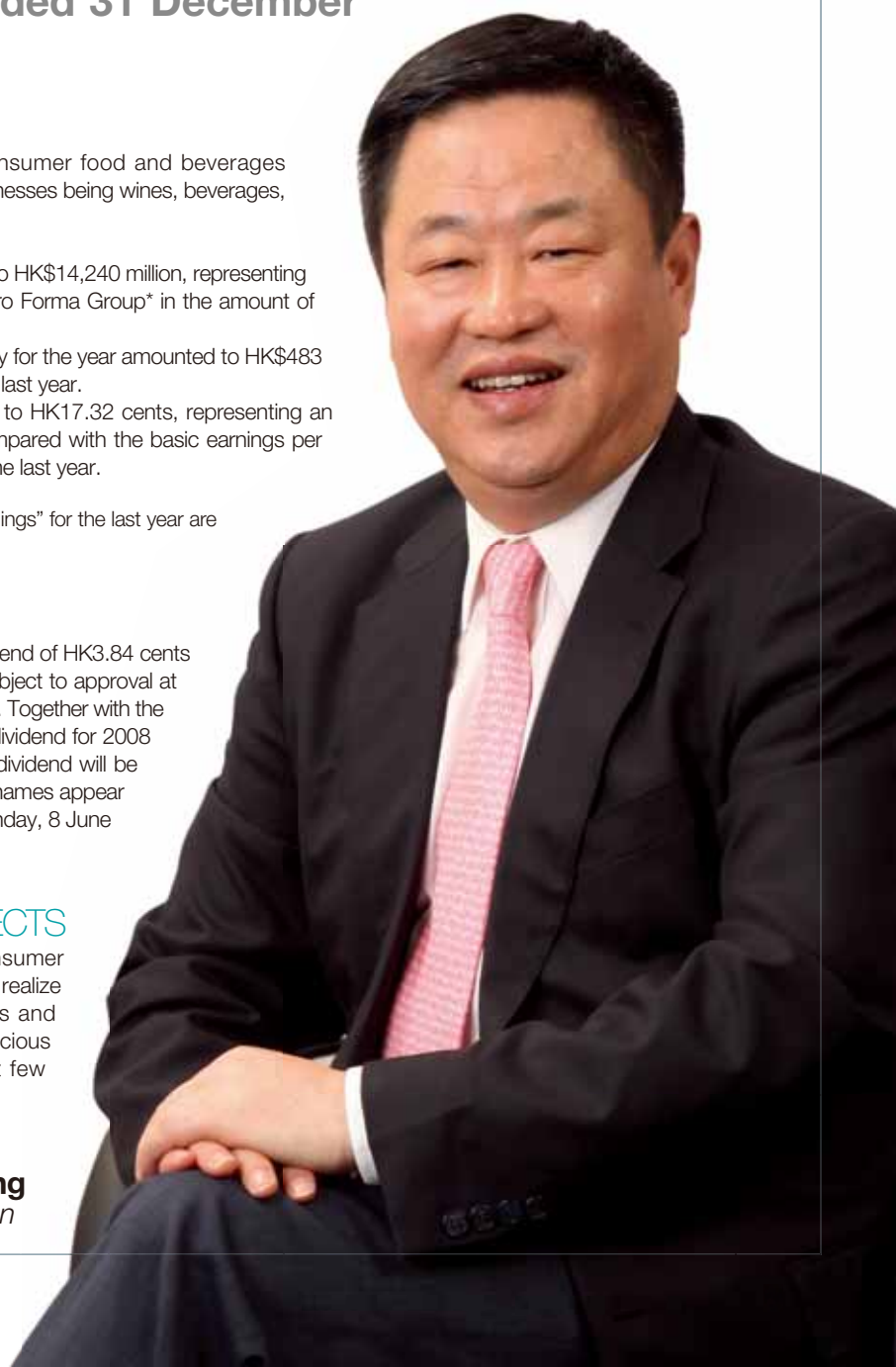
DIVIDEND

The board recommended the payment of a final dividend of HK3.84 cents per share for the year ended 31 December 2008, subject to approval at the annual general meeting to be held on 8 June 2009. Together with the interim dividend of HK2.4 cents per share, the total dividend for 2008 will be HK6.24 cents per share. The proposed final dividend will be distributed on 26 June 2009 to shareholders whose names appear on the shareholders' register of the Company on Monday, 8 June 2009.

BUSINESS REVIEW AND PROSPECTS

The Group focuses its activities on branded consumer food and beverages businesses and our goal is to realize maximum value for our shareholders, customers and employees through offering nutritious, healthy, delicious and quality food to consumers. During the past few

Ning Gaoning
Chairman



The Company will put more efforts in capitalizing the synergies of the brands and distribution channels among different businesses, with a goal to become an integrated platform to carry multiple branded consumer food and beverages businesses.

years, we have committed ourselves to brand building and the integration and expansion of distribution channels. With respect to brand building, the business model of "Greatwall" wines has successfully evolved from channel-driven to brand-driven. The gross profit margin of "Greatwall" wines has increased from 52.5% in 2007 to 57.3% in 2008, due to our efforts in sales and marketing, improvement of product mix and product innovation, research and development. Sales volume of our "Fortune" brand consumer-pack edible oil continued to increase during the year, with its market share rising from 7.8% in 2007 to 10% in 2008. Our "Fortune" brand took a step forward in expanding its brand coverage by extending to the seasoning sauces category during the year. Despite the unsatisfactory performance of the confectionery business in 2008, "Le Conte" chocolate secured its position as the second largest chocolate brand in the PRC market and its market value shall not be neglected. During the year, we restructured the management team of the confectionery business. The new management team has introduced various reforms in brand repositioning and sales and distribution channel management with a goal to put our business on the track of healthy growth and sustainable development.

Distribution channels are crucial in the food and beverages industry. Over the past few years, in view of the fact that there was significant room for further improvement in the existing distribution channels of our businesses, we have dedicated ourselves to the extension and consolidation of the respective distribution channels of our businesses. We have integrated the three independent distribution channels of our wines business into one, and have established a new sales platform through which we could enjoy a higher degree of control over our sales and marketing activities. In order to set up a more sophisticated and professional management structure for our distribution channels, we have considerably increased the number of staff in our sales team from more than 300 in 2007 to more than 600 in 2008. In 2008, our beverages business fostered cooperation with local distributors in order to penetrate the markets in third-tiers cities, towns and villages. Such an initiative enabled the beverages business to further extend the coverage of our multi-channel retail network. In 2008, we distributed seasoning sauces through the existing sales channels of our consumer-pack edible oil business, which demonstrated the advantage of an integrated sales platform.

In the coming years, brand building and distribution network extension will remain as our core strategies. The Company, with various consumer products businesses, will put more efforts in capitalizing the synergies of the brands and distribution channels among different businesses, with a goal to become an integrated platform to carry multiple branded consumer food and beverages businesses.

Notwithstanding the rapid development of the domestic food and beverages industry, a series of food safety incidents in recent years have rung the alarm bells for operators in the food business and highlighted food and beverages quality and safety as the foundation of sustainable development of an enterprise or even the whole industry. As a food and beverages producer, we always place great emphasis on the quality and safety of our products. In view of the food safety law recently promulgated by the Chinese legislature, we will be firmly committed to food quality and safety and further strengthen our quality management and risks control over every operation process ranging from purchases, production, logistics, storage to sales to ensure that we consistently offer quality and safe food and beverages to consumers.

The Chinese economy is currently affected by the global financial crisis. It is clearly understood that domestic consumption is ultimately the essential driving force of social and economic growth, and that the current crisis will accelerate the transformation of China's economy the sustainable development of which is driven by domestic consumption demand. In my opinion, the Company is well positioned to benefit from this macro-economic trend given that it is engaged in consumer food and beverages businesses in China, which is undeniably the best market in the world in terms of sustainable growth potential. We expect that the Company could capitalize its advantages through professional management and enhance the value of the Company and its shareholders.

On behalf of the board, I would like to take this opportunity to express our sincere appreciation of Mr. Tan Man Kou, former independent non-executive director and chairman of the audit committee, for his dedicated professionalism and invaluable contribution to the Company during his tenure.

Last but not least, I would like to express my gratitude on behalf of the board to the shareholders for their support to and trust in the management team. I would also like to thank our staff for fulfilling their responsibilities and their unremitting efforts to push forward the business of the Group.

Ning Gaoning

Chairman

Hong Kong, 9 April 2009

Management Discussion and Analysis



- The turnover of the Group for the year was HK\$14,240 million, representing an increase of 46% over the last year.
- Profit attributable to equity holders of the Company for the year amounted to HK\$483 million, 39% less than that for the last year.
- Basic earnings per share for the year were HK17.32 cents, representing a decrease of 39% compared with HK28.36 cents per share for the last year.
- The board recommended the payment of a final dividend of HK3.84 cents per share for the year to shareholders whose names appear on the register of members on Monday, 8 June 2009.

During 2007, the Company declared a special interim dividend to distribute the Company's entire interest in the issued share capital of China Agri-Industries Holdings Limited ("CAIH"), for the purpose of a separate listing of the shares of CAIH on the main board of The Stock Exchange of Hong Kong Limited. The separate listing was completed on 21 March 2007 (the "Spin-off"). The results announcement for the year ended 31 December 2007 covers the financial results of CAIH up to 21 March 2007.

On the basis that the Spin-off was completed on 1 January 2007, the comparison of financial results of the Group during the year with the financial results of the continuing businesses of the Group (the "Pro Forma Group") for the last year are as follows:

- The turnover of the Group for the year amounted to HK\$14,240 million, representing an increase of 46% compared with that of the Pro Forma Group in the amount of HK\$9,743 million for the last year.
- According to the results announcement for the year ended 31 December 2007, core earnings of the Pro Forma Group attributable to equity holders of the Company, after deducting the net impact of (i) the gain on the disposal of equity interests in certain Coca-Cola bottlers amounting to HK\$395 million and (ii) sharing this gain with minority interests in these Coca-Cola bottlers amounting to HK\$138 million, and excluding the expenses for stamp duty in connection with the Spin-off, were HK\$361 million (the "Core Earnings"). Profit attributable to equity holders of the Company for the year amounted to HK\$483 million, 34% more than the Core Earnings for the last year.
- Basic earnings per share for the year amounted to HK17.32 cents, representing an increase of 34%, or HK4.42 cents per share, compared with the basic earnings per share of the Core Earnings of HK12.9 cents for the last year.

Qu Zhe
Managing Director



Wines Business

Harvest on Quality

The Group's wines business is principally engaged in the production, marketing and sale of wines under the "Greatwall" and "長城" brands in China. It is a vertically integrated business spanning the entire value chain from management of vineyards, wine-making, marketing and sale to brands management and development. The Group currently owns three wineries and two chateaus in Yantai, Shacheng and Changli.

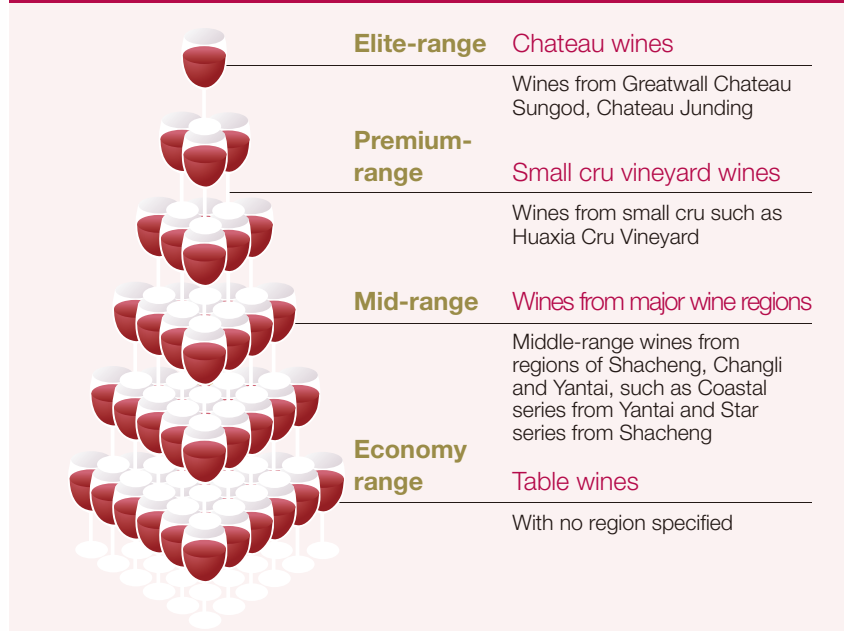
During the year, the sales volume of "Greatwall" wines increased by 11.3% from 94,019 tonnes in 2007 to 104,682 tonnes. The turnover of the business was HK\$2,790 million, representing an increase of 30.4% over the last year. The gross profit margin increased to 57.3% from 52.5% in 2007, which was attributable to the enhancement of the product mix and the increase in product prices.

As a result of our effort to refine our product portfolio over the past years, a well-defined products structure was established during the year. Our full range of products was categorized according to their production regions, grape species and wine-making methods. The primary purpose of this new products structure is to help consumers understand our products from a product positioning and quality perspective, and to enable us to undertake more precise brand building and marketing activities.

Based on the new products structure, we modified our wine labels to enable consumers to have a better understanding of the characteristics of the wines including the grade, production year and grape species. Our promotion strategy on high-end products has enhanced brand awareness and resulted in an increase in the overall sales. Sales of high-end wines increased by 38% over the last year, which was a much greater growth rate compared with the overall sales growth. As the exclusive supplier of wines for the Beijing 2008 Olympic Games, we achieved a great success in Olympics-related marketing activities. "Greatwall" wines were granted a "Special Contribution Award for the Beijing 2008 Olympic Games" by the International Olympic Committee.



Consumer-focused Product Structure





Net Profit Growth

42%

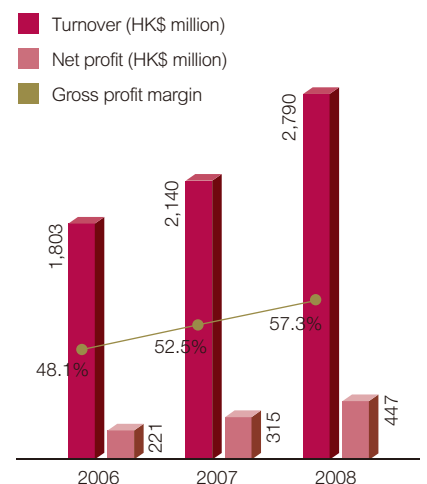
Following the successful development of Chateau Junding, Chateau Sungod was completed as another elite-range chateau during the year. We expect that chateau wines will further improve our product portfolio and enhance our brand image in the future.

To capitalize on our distribution channels, we commenced an imported wines agency business during the year. We imported wines from various renowned regions around the world including France, Chile and Italy. Wines from different regions with different flavor profiles complement our existing product mix. We expect that imported wines will become another source of our future growth.

During the year, our channel consolidation achieved considerable progress. The sales platform in Beijing was successfully replicated in the north-western, south-western, and north-eastern regions of China as well as the Guangdong region. The number of sales personnel increased from more than 300 in 2007 to more than 600. These new sales platforms enabled us to reduce the reliance on distributors and improve the efficiency of our sales network and enhance our control over retail points of sales. According to ACNielsen, as at 31 December 2008, the market share of "Greatwall" and "長城" wines in the supermarkets and hypermarkets in 16 major cities in the PRC was 37.7%, securing a No.1 ranking in the wines category.

Under the global financial crisis, asset valuation has become more rational. We will seize suitable merger and acquisition opportunities to facilitate faster growth of our business.

Continuous Stable Growth Trend in Turnover and Gross Profit Margin



Beverages Business

Growth through excellence in execution and consolidation

The Group's Coca-Cola beverages bottling group is one of the three principal Coca-Cola beverages bottling groups in the PRC. We currently operate a total of ten bottling plants and hold minority interests in another seven bottling plants. The ten bottling plants of the Group are engaged in the production and bottling and sale and distribution of Coca-Cola sparkling beverages and the sale and distribution of Coca-Cola still beverages such as fruit juices, water and tea in twelve provinces, autonomous regions and four other cities in the PRC under franchise agreements with The Coca-Cola Company. Details of the scope of Coca-Cola beverages sale and distribution territories of the Group are set out on page 11 of this annual report.

During the year, the consolidated turnover of the business was HK\$4,574 million, representing an increase of 52% over the last year, and accounting for 32% of the Group's turnover. This strong growth reflects our dedication to business development and management improvement, as well as the positive contributions by the two bottlers in Shandong attributable to their successful integration into our bottling group since November 2007. In addition to the further development of still beverages, we continue to see significant growth in sparkling beverages. On the basis that the two bottlers in Shandong were integrated into our bottling group and a bottler in Jilin was disposed of in January 2007, our sparkling beverages sales volume would have increased by 16% on a year-on-year basis, and together with juice and tea beverages, the volume growth rate of non-water beverages would be 21%. It is the third consecutive year for us to top the non-water beverages growth rankings among the three principal Coca-Cola beverages bottling groups in the PRC.

Our strong performance in this business underscores our continued efforts during the year to develop our distribution network, concentrate on revenue management, improve our product mix and launch new products. Our marketing activities in support of the sponsorship of the Beijing 2008 Olympic Games have strengthened the awareness of the Coca-Cola brands in the PRC, which is expected to benefit the continuous growth of our business in the future. In respect of new products launch, we launched in the first half of 2008 the

Total Sales

6.4

billion bottles

+52% Growth in turnover



sparkling beverage Coca-Cola Zero, which was well-received in our market with the sales outperforming the launch budget. In addition, the market response was also very positive to the tea beverage "Original Leaf" after its launch. We will continue to promote "Original Leaf" and expect it to be another successful still beverage brand in addition to the fruit juice beverage "Minute Maid".

In respect of the development of our distribution network, we continued to develop high value customers based on our multi-channel strategy, and target, in particular, our execution on restaurant and school channels, while continued to improve our customer service quality and focus on store execution. In addition, we fostered business with distributors at the county, town and village level through cooperative arrangements, which brought about notable contribution to our growth.

Our execution of acquisition and investment strategies during the last couple of years has laid a solid foundation for our future growth. At the end of 2008, our new bottling plants in Jiangxi

and Xinjiang commenced production. This enabled us to directly meet the demand of, and better serve, customers in the respective markets in Jiangxi and Xinjiang, and effectively reduce transportation costs arising from allocating products from other markets.

Pursuant to a share sale and purchase master agreement entered into between COFCO Coca-Cola Beverages Limited ("COFCO Coca-Cola") and Coca-Cola China Industries Limited in August 2007 (the "Share Transfer Master Agreement"), we completed the first phase transaction under the Share Transfer Master Agreement in October 2007 by disposing of our 100% interest in a bottler in Jilin and minority interests in five other bottlers, and acquiring the majority interests in two bottlers in Shandong. In January 2009, we completed the second phase transaction under the Share Transfer Master Agreement by acquiring a 40% interest in a bottler in Beijing, and accordingly our interest in the bottler in Beijing increased to 75% from 35%. Details of the Share Transfer Master Agreement were disclosed in a circular of the Company dated 27 August 2007. The completion of the Share Transfer Master Agreement enabled our business to cover a contiguous bloc of territory with approximately 215 million people in Northern China, including Tianjin, Hebei, Inner Mongolia, Beijing, and Shandong.

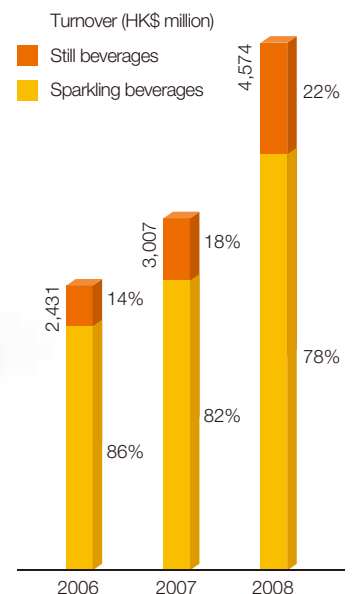
After COFCO Coca-Cola completed the acquisition of a 21% interest in Coca-Cola Bottlers Manufacturing Holdings Limited in February 2008, we acquired a stake in the business of The Coca-Cola Company in the production and supply of Coca-Cola still beverages in the PRC, and we received satisfactory equity returns for 2008. Details of the acquisition were disclosed in a circular of the Company dated 21 February 2008.

Looking forward, we will continue to expand our distribution network, strengthen cost control, improve management tools, and at the same time accelerate talent development in order to meet our business expansion needs. We will strive to maintain our leading position in the sparkling beverages categories while aim to achieve a leading position in the still beverages categories by continuing to expand our market share in the still beverages categories, such as fruit juices and tea beverages.

Franchised Sale and Distribution Territories of the Group



Turnover of Sparkling and Still Beverages



Consumer-pack Edible Oil Business

The consumer-pack edible oil business is engaged principally in the distribution and sale of consumer-pack edible oil in the PRC under the “福臨門” brand. During the year, the sales volume of the business was 531,340 tonnes, an increase of 23.2% over the last year, and the revenue was HK\$6,512 million, an increase of 56.6% over the last year. Due to the decrease in the raw material costs in the second half of 2008, the business was restored to profitability in the second half of the year.

For Your Family's Health

Due to our efforts in the expansion and penetration of sales channels, according to ACNielsen, our retail points of sales coverage increased from 57% in 2007 to 70%. The market share of consumer-pack edible oil under the “福臨門” brand increased from 7.8% in 2007 to 10%. During the year, we leveraged on the market awareness of the “福臨門” brand and launched a series of “福臨門” seasoning sauces. Sales of these new products amounted to HK\$24.40 million. Our “福臨門” seasoning sauces won the golden prize at the 2008 China International Condiments and Food Additives Expo.



+23%
Increase in
sales volume



Sales Volume of “福臨門”
Consumer-pack Edible Oil
('000 tonnes)



Confectionery Business

Strengthen foundation Embrace challenges

The Group produces and distributes chocolates and confectionery products in China under the “金帝” and “Le Conte” brands. During the year, due to adverse impact from the severe snowstorm and the melamine scandal, overall sales declined by 16.5% to HK\$365 million compared with the last year. Though the overall sales for the year were not satisfactory, sales showed signs of growth after the restoration of consumers’ confidence in chocolate products during the year-end peak season.

A new management team was appointed during the year. The management is undertaking a series of reforms and adopting measures for improvement, including repositioning brands, optimizing product portfolio and adjusting distributor policies in order to improve management systems and enhance management efficiency.



LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008, the Group’s equity attributable to equity holders of the Company stood at HK\$5,092 million, representing an increase of 12% compared with that as at 31 December 2007. As at 31 December 2008, the Group’s unpledged cash and bank deposits totalled approximately HK\$1,547 million (31 December 2007: approximately HK\$1,397 million), and the Group’s net current assets were approximately HK\$1,556 million (31 December 2007: approximately HK\$1,763 million).

Based on the above and the current bank and other borrowings and banking facilities available to the Group, the management believes that the Group’s financial resources are sufficient for its debt repayments, day-to-day operations and capital expenditures.

The Group’s monetary assets, liabilities and transactions are principally denominated in Renminbi, Hong Kong dollars, United States dollars and Pounds Sterling. The management is of the view that the current mild changes in the exchange rate of Renminbi do not have any material effect on the Group and the exchange rate risk exposure of the Group is limited.

CAPITAL STRUCTURE

During the year, there were no changes to the share capital of the Company. As at 31 December 2008, the total number of issued shares of the Company was 2,791,383,356.

As at 31 December 2008, the Group had no significant borrowings apart from certain bank loans and loans from a fellow subsidiary totalling HK\$248 million (31 December 2007: HK\$392 million). All the Group’s bank borrowings carried interest rates ranging between 4.54% and 6.48% (31 December 2007: between 3.00% and 6.50%) per annum, while other borrowings carried interest rates ranging from 5.04% to 6.57% (31 December 2007: from 5.02% to 5.83%) per annum.

As at 31 December 2008, net assets attributable to equity holders of the Company were HK\$5,092 million (31 December 2007: HK\$4,559 million) and net cash of the Group (unpledged cash and bank deposits less interest-bearing bank and other borrowings) was HK\$1,299 million (31 December 2007: HK\$1,005 million).

CONTINGENT LIABILITIES AND ASSETS PLEDGED

As at 31 December 2008, the Group had no material contingent liabilities.

As at 31 December 2008, certain bank loans of the Group were secured by charges over certain investment properties, property, plant, equipment and time deposits of the Group with net book value of approximately HK\$88 million (31 December 2007: HK\$107 million).

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2008, the Group employed approximately 11,500 staff in mainland China and Hong Kong (31 December 2007: 11,000). 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 are set out in note 3.3 "Employee benefits" under "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES" to the financial statements in this annual report.

The Company adopted a share option scheme on 21 November 2006 (the "Option Scheme") for a term of ten years and the purpose of the Option Scheme is to reward eligible employees of the Group (including executive directors and non-executive directors of the Company) based on individual merits.

As at 31 December 2007, a total of 20,477,600 options of the Company remained outstanding. During the year, no options were granted pursuant to the terms of the Option Scheme, while a total of 1,769,600 options were cancelled. Accordingly, as at 31 December 2008, the total number of outstanding options of the Company was 18,708,000. Share options granted under the Option Scheme are valid for seven years, exercisable in five years after 24 months from the date on which they are granted subject to the satisfaction of certain requirements under the Option Scheme.

CHANGE IN THE STRUCTURE OF THE GROUP

During the year, COFCO Coca-Cola Beverages Limited ("CBL"), a subsidiary of the Company, completed the acquisition of a 21% interest in Coca-Cola Bottlers Manufacturing Holdings Limited on 21 February 2008. Details of the acquisition were set out in a circular of the Company dated 21 February 2008.

During the year, COFCO Wines and Spirits Co., Ltd. ("COFCO Wines"), a wholly owned subsidiary of the Company, and Longhua Group Company Limited established a joint venture company in Shandong, i.e., Shandong COFCO Junding World Famous Chateaus Club Co., Ltd. ("Junding Chateaus Club"), in which COFCO Wines holds a 55% equity interest. Junding Chateaus Club is engaged in the import, export, sale and storage of wines and spirits and related products.

On 9 January 2009, CBL completed the acquisition from Coca-Cola China Industries Limited ("CCCI") of a 40% interest in Beijing Coca-Cola Beverage Co., Ltd. pursuant to a share transfer master agreement entered into between CBL and CCCI on 6 August 2007. Details of the acquisition were set out in a circular of the Company dated 27 August 2007.

CORPORATE GOVERNANCE

The board is of the view that the Company complied with the principles and code provisions set out in the Code on Corporate Governance Practices (the "Code") contained 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, except for (i) the deviation from code provision E.1.2 of the Code as explained in the Company's interim report for the six months ended 30 June 2008; and (ii) the insufficient number of independent non-executive directors during the period from 14 August to 13 November 2008. Due to a vacancy left following the decease of Mr. Tan Man Kou, an independent non-executive director, there were only two independent non-executive directors. Mr. Li Hung Kwan, Alfred, the third independent non-executive director, was appointed on 13 November 2008 in compliance with Rule 3.10 of the Listing Rules which requires that the board should include at least three independent non-executive directors.

Details regarding the Company's work in corporate governance during the year are disclosed in the corporate governance report on pages 21 to 34 of this annual report.

CHANGES IN THE PRC FOOD SAFETY REGULATIONS

The Company's business is subject to various laws and regulations in the PRC including the PRC Food Safety Law (the "Food Safety Law"), which was passed by the PRC legislature in February 2009 and shall take effect on 1 June 2009. The Food Safety Law provides for certain new measures meant to tighten the supervision and regulation of the PRC food industry.

In light of the recent changes in the PRC food safety regulations, we will dedicate ourselves to managing more rigorously our operation processes involving procurement, production, logistics and transportation, storage and distribution, strengthen our food safety regulations training, enhance employee awareness of social responsibilities, and improve our management process and procedures, to ensure that we comply with the new regulatory requirements in our operations and serve our customers with safe, nutritious, healthy and quality food products. While the new requirements may result in the increase in compliance costs and financial and other operational obligations for our operations in the future, we, as always, are committed to strictly complying with applicable laws and regulations which will enable us to secure competitive advantages in the PRC food industry with sustainable development.

PROSPECTS

To conclude, the wines and beverages businesses continued to deliver strong performance for the year, while the consumer-pack edible oil business achieved a turnaround in its performance by the end of the year after experiencing turbulent trading conditions. The year was most difficult for the confectionery business due to external factors beyond our control, but we believe that the worst is now behind us.

In 2009 we continue to face a tough macroeconomic environment, which poses both challenges and opportunities. We must work harder to achieve better results. For our wines business, we will continue to execute our brand and channel strategies, as we believe the future of the business is in enticing consumers to buy higher quality offerings. For our beverages business, we are confident that rapid growth will persist for the next few years as our franchised distribution and sale territories possess enormous growth potential and our beverages team has strong execution capability. For our consumer-pack edible oil business, we will focus on volume growth and achieve economies of scale while continue to enhance our brand image and to extend into new products. For our confectionery business, with the new management team's effort, we expect to see a recovery and growth in sales in 2009.

The Company target to realize synergies in the sales channels of our different business units. In 2009 we will form a marketing and sales department at the company level to implement this strategy. We believe that, with improvement in brand management capability and realization of synergies in sales channels, the Company will be well positioned to become an effective platform to carry a wide range of consumer food and beverages products in the future.

Qu Zhe

Managing Director

Hong Kong, 9 April 2009

Directors and Senior Management Profile



Mr. Zhang Zhentao

Mr. Qu Zhe

Mr. Ning Gaoning

Mr. Mak Chi Wing, William

Ms. Luan Xiuju

NING GAONING

Mr. Ning, 50, was appointed as an executive director and chairman of the board in January 2005. Mr. Ning is also the chairman of COFCO Limited ("COFCO"), COFCO (Hong Kong) Limited ("COFCO (HK)") and a non-executive director and chairman of China Agri-Industries Holdings Limited, a company listed in Hong Kong. Mr. Ning graduated from Shandong University in China with a Bachelor of Arts degree in Economics and from the University of Pittsburgh in the United States with a Master of Business Administration degree in Finance. Mr. Ning is also a non-executive director of Lippo China Resources Limited, a company listed in Hong Kong, an independent director of Hua Yuan Property Co. Ltd, a company listed in Shanghai, and a director of Smithfield Foods, Inc., a company listed in New York. Mr. Ning has over 20 years of experience in corporate management, investment and corporate finance, business restructurings and governmental relations.

QU ZHE

Mr. Qu, 46, was appointed as an executive director in August 2000 and was re-designated as the managing director in January 2006. Mr. Qu is also a member of the remuneration committee of the board. Mr. Qu is a director of certain members of the Group. Mr. Qu graduated from Shanghai Institute of Foreign Trade and from Sino-European International Management Institute with a degree of Executive Master of Business Administration. Mr. Qu joined COFCO in 1986 and is currently an assistant to the president of COFCO. He has more than 20 years of experience in foreign trade, business management and investment and worked in North America for years.

MAK CHI WING, WILLIAM

Mr. Mak, 47, was appointed as an executive director and a deputy general manager of the Company in October 2006. Mr. Mak is also the chief financial officer of COFCO (HK). Mr. Mak graduated from the University of British Columbia in Canada with a Bachelor of Commerce degree in Finance. Mr. Mak is a member of each of the Institute of Management Accountants, Institute of Internal Auditors, Association of Certified Fraud Examiners, Information Systems Audit and Control Association and an international affiliate of the Hong Kong Institute of Certified Public Accountants. Prior to joining COFCO (HK) in May 2006, Mr. Mak had worked with Philips Electronics for over 15 years. Mr. Mak has extensive corporate governance experience.

ZHANG ZHENTAO

Mr. Zhang, 46, was appointed as an executive director in March 2007. Mr. Zhang is currently the general manager of the strategy department of the Company. Mr. Zhang was the general manager of COFCO Foods Sales and Distribution Co., Ltd., a wholly-owned subsidiary of the Company. Mr. Zhang graduated from Zhongnan University of Economics and Law with a Bachelor of Arts degree in Business Administration and from Peking University with a Master's degree in Business Administration. Mr. Zhang joined COFCO in 1984 and has more than 20 years of experience in oil trade and management.

LUAN XIUJU

Ms. Luan, 44, was appointed as an executive director in March 2007. Ms. Luan has been the chief executive officer of COFCO Coca-Cola Beverages Limited, a 65% subsidiary of the Company, since 2003. She is a director of certain members of the Group. Ms. Luan graduated from Renmin University of China with a Bachelor of Arts degree and Master of Arts degree in Economics. Ms. Luan joined COFCO in 1989 and has extensive experience in beverage production, trade and management.



Mr. Ma Jianping

Ms. Wu Wenting

Mr. Stephen
Edward Clark

Mr. Li Hung Kwan,
Alfred

Mr. Yuen Tin Fan,
Francis

MA JIANPING

Mr. Ma, 45, was appointed as an executive director in March 2007 and was re-designated as a non-executive director on 1 March 2008. Mr. Ma was a deputy general manager of the Company from June 2003 to February 2008 and was a director of certain members of the Group. Mr. Ma graduated from University of International Business and Economics in Beijing with a degree of Executive Master of Business Administration. Mr. Ma joined COFCO in 1986 and is currently the director of the strategy department of COFCO and a director of COFCO Property (Group) Co., Ltd., a company listed in Shenzhen. Mr. Ma has extensive experience in corporate finance, investment, strategic planning and management and worked in Japan for over 5 years.

WU WENTING

Ms. Wu, 45, was appointed as a non-executive director in March 2007. Ms. Wu graduated from Beijing Technology and Business University with a Bachelor of Arts degree in Economics and from Central University of Finance and Economics with a Master of Arts degree in Professional Accounting. Ms. Wu joined COFCO in 1992 and is currently the director of the internal audit department of COFCO. Ms. Wu has extensive experience in auditing and financial management.

STEPHEN EDWARD CLARK

Mr. Clark, 59, was appointed as an independent non-executive director in January 2005 and is currently the chairman of the audit committee and a member of the remuneration committee of the board. Mr. Clark is currently a joint managing director of The Anglo Chinese Investment Company, Limited, a member of each of the Takeovers and Mergers Panel and the Takeovers Appeal Committee of the Securities and Futures Commission, a director of the Hong Kong Securities Institute and an alternate member of the Listing Committee of The Stock Exchange of Hong Kong Limited. Mr. Clark holds a first class joint honors degree of Bachelor in History and History of Art from the University of Nottingham in England and a degree of Master in Business Administration from the University of Witwatersrand, Johannesburg, South Africa. Mr. Clark has extensive experience in corporate finance.

LI HUNG KWAN, ALFRED

Mr. Li, 56, was appointed as an independent non-executive director in November 2008 and is currently a member of the audit committee of the board. Mr. Li is currently the vice chairman of My Top Home (China) Holdings Limited. Mr. Li was a member of each of the Takeovers and Mergers Panel of the Securities and Futures Commission and the Listing Committee of The Stock Exchange of Hong Kong Limited and an expert member of the Finance Committee of the Kowloon Canton Railway Corporation and the chief finance officer and an executive director of Hang Lung Development Company Limited, a company listed in Hong Kong. Mr. Li holds Bachelor of Arts degrees in Economics and Sociology from The University of Hong Kong. Mr. Li is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of Institute of Chartered Accountants of Scotland. Mr. Li has more than 30 years of experience in finance and accounting.

YUEN TIN FAN, FRANCIS

Mr. Yuen, 56, has been an independent non-executive director since 1993 and is currently the chairman of the remuneration committee and a member of the audit committee of the board. Mr. Yuen is currently a non-executive director of Kee Shing (Holdings) Limited, a company listed in Hong Kong, a deputy chairman of Pacific Century Regional Development Limited, a company listed in Singapore and an independent director of China Pacific Insurance (Group) Co., Ltd., a company listed in Shanghai. Mr. Yuen holds a Bachelor of Arts degree in Economics from the University of Chicago and is currently a member of the university's board of trustees. Mr. Yuen is also the chairman of the board of trustees of Hong Kong Centre for Economic Research, a member of Shanghai People's Political Consultative Conference and a member of the board of trustee of Fudan University in Shanghai. Mr. Yuen was a former chief executive of The Stock Exchange of Hong Kong Limited from 1988 to 1991. He has extensive experience in investment banking and business.

Senior Management



Mr. Wu Fei Mr. Chen Gang Mr. Tang Hong Mr. Chen Debiao Mr. Man Kwok Leung Ms. Luo Qizhi Mr. He Hui

WU FEI

Mr. Wu, 38, has been the general manager of the wines and spirits business unit of the Company since February 2007. Mr. Wu graduated from University of International Business and Economics in Beijing with a Bachelor of Arts degree in Business Administration. Mr. Wu joined COFCO in 1992 and has held various management positions in the wines and spirits business unit of the Company since 1999. Mr. Wu has over 16 years of experience in corporate management and wines business.

CHEN GANG

Mr. Chen, 38, has been the general manager of consumer-pack edible oil business unit of the Company since April 2008. Mr. Chen graduated from Peking University with a Bachelor of Arts degree in Law in 1994. Mr. Chen joined COFCO in 1994 and prior to joining the Group, he was a deputy general manager of the oilseeds processing unit of China Agri-Industries Holdings Limited, a company listed in Hong Kong, and was the general manager of the confectionery business unit of the Company from April to November 2008. Mr. Chen has over 11 years of experience in oilseeds processing, oil trade and management.

TANG HONG

Mr. Tang, 41, has been the general manager of the confectionery business unit of the Company since November 2008. Mr. Tang graduated from University of International Business and Economics in Beijing with a Bachelor of Arts degree in English and from Leeds University with a degree of Executive Master of Business Administration. Mr. Tang joined COFCO in January 1991. Prior to joining the Group, Mr. Tang was a deputy general manager of COFCO Xinjiang Tunhe Co., Ltd., a company listed in Shanghai. Mr. Tang has extensive experience in corporate management and sales and distribution of foods.

CHEN DEBIAO

Mr. Chen, 37, has been the general manager of the finance department of the Company since October 2006. Mr. Chen graduated from University of International Business and

Economics with a Bachelor of Arts degree in Economics and also holds a Master of Arts degree in Finance from the University of New South Wales in Australia. Mr. Chen joined COFCO in 1993 and has over 15 years of experience in accounting and financial management.

MAN KWOK LEUNG

Mr. Man, 33, has been the financial controller of the Company since May 2004. Mr. Man holds a Bachelor of Arts degree in Professional Accountancy from the Chinese University of Hong Kong and is a member of each of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Man has extensive experience in auditing and financial management.

LUO QIZHI

Ms. Luo, 41, has been the head of the legal department of the Company since January 2005. Ms. Luo is qualified in the State of New York and the PRC, and holds master's degrees from each of Stanford Law School in the United States and the Law School of Xiamen University in China.

HE HUI

Mr. He, 37, has been the general manager of the human resources department of the Company since March 2007. Mr. He joined COFCO Coca-Cola Beverages (China) Investment Limited, a subsidiary of the Company, as the director of its human resources and administration department in May 2005. Mr. He graduated from Beijing Institute of Machinery (now known as Beijing Information Science & Technology University) with a Bachelor of Arts degree in Management Information System and studied graduate-level courses in human resources management in Peking University. Mr. He has nearly 14 years of experience in human resources management with over ten years in Fortune 500 companies. Prior to joining the Group, Mr. He was the general manager of the human resources and administration in Vanda Group (China), a subsidiary of Hutchison Whampoa.

Social Responsibility Report

A basic way to demonstrate our care for the society is to provide nutritious, healthy, delicious and quality food to the consumers. Besides, we actively undertake various social support projects and plans, and encourage our employees to reciprocate the society.

1. SUPPORT OF EDUCATION IN INDIGENT AREAS

We believe that knowledge could help change destiny and escape from poverty. The Company has been a pioneer in supporting education in indigent areas in China. By the end of 2008, our Coca-Cola bottlers had built a total of 13 Project Hope primary schools in China.

Building educational facilities is only a first step, as education requires long-term commitment. We have continued to devote time and efforts to enhance the quality of education at our Project Hope primary schools. In 2008, we sponsored a Canadian teacher to a Project Hope primary school in Inner Mongolia where he shared practical English teaching skills with local English teachers. To enable students to learn via the internet, we helped establish internet centers in three Project Hope primary schools in 2008. We also invited 30 students and teachers from two Project Hope primary schools in Inner Mongolia to visit the Beijing 2008 Olympic Games venues and facilities.

2. CARING FOR THE DISADVANTAGED

An integral element of our corporate culture is to care for the disadvantaged. In 2008, we expressed our care and concerns for those in need through various activities such as on-site visits and gifts distribution. For instance, we visited a children's village in Hebei province where nearly 100 children with various illnesses spent Christmas Day with our staff. In June 2008, the wines unit took part in the World Famous Wines Charity Auction to raise funds for schools affected by the earthquake in Sichuan province. The wines unit also organised a series of charity sales of our Chateau Junding wines. The consumer-pack edible oil unit donated 6,500 barrels of edible oil to low-income families in Beijing.

3. ENERGY-SAVING AND ENVIRONMENTAL PROTECTION

We endeavor to implement specific measures to save energy and protect the environment in our commercial activities and operations. The Company has adopted energy-saving and environmental protection as key performance index for senior management. The Company promotes throughout the Group energy-saving and environmental protection as part of our corporate culture, with a goal to prevent pollution, reduce energy and materials consumption and minimize wastage.



An internet center in a Project Hope primary school built by our beverages unit



Students and teachers from two Project Hope primary schools in Inner Mongolia visiting the National Stadium in Beijing

4. POST-EARTHQUAKE RELIEF FOR SICHUAN

Shortly after the deadly earthquake in Sichuan province, we formed a disaster relief team headed by our managing director. A team of 47 staff members was dispatched to the earthquake stricken areas in Sichuan province to deliver to the local people urgent relief materials, including food, drinks and rain gears. The Company actively encouraged its staff to participate in blood donations and fund raising activities, and a total of RMB2,000,000 was raised. The Company also expressed care and concerns for its staff and their families in the affected areas, and provided them with prompt support and help.

5. SUPPORT THE OLYMPIC GAMES

During the Beijing 2008 Olympic Games, the Company sent a total of 342 volunteers to provide catering, logistics and venues management services. In Qingdao, the co-host city for Olympic sailing events, our Coca-Cola bottler in Qingdao participated in the campaign for removing the massive algae in the sea off Qingdao, and donated drinks to the campaign volunteers, which was highly commended by the Qingdao government.

6. STAFF DEVELOPMENT

We provide our staff with comfortable working environment, and provide on-the-job training to improve staff's professional skills and management capabilities. In 2008 the Company provided nearly 100 staff members with a series of training programs such as leadership development, sales management, supply chain management and safe production. The Company formulated the Code of Business Conducts and Staff Behavior Principles with a view to reinforcing our core values of "integrity, enthusiasm, professionalism, teamwork, tolerance and innovation". During 2008, the Company also organized a series of activities to enhance its staff's sense of belonging and team solidarity.



A leadership development training session for managers of the Group



Our disaster relief team in the earthquake regions in Sichuan



Corporate Culture Manual of the Company

Corporate Governance Report

INTRODUCTION

The board of directors of the Company (the “board”) firmly believes that a good and solid corporate governance framework is essential to the healthy and sustainable growth of the Company and ultimately the enhancement of long-term shareholders’ value. The board strives to adhere to corporate governance principles and adopt sound corporate governance practices in line with legal and commercial standards, focusing on areas such as internal control, accountability to shareholders, open communication and fair disclosure.

CORPORATE GOVERNANCE CODE

The Company adopts as its corporate governance code the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). In the view of the board, the Company complied with the principles and code provisions set out in the Code throughout the year ended 31 December 2008, except for the deviation from code provision E.1.2 of the Code which is explained below in details.

EVOLUTION OF THE CORPORATE GOVERNANCE PRACTICES

Key areas of improvement in the corporate governance practices of the Company and its subsidiaries (the “Group”) over the past two years are summarized below:

- A clear “tone from the top” was set with well-defined mission, vision, core competence, corporate values and ethical direction, including emphasis on and commitment to food safety throughout the value chain of the Group;
- A clear strategic direction was set and deployed to operation via key management performance targets, and strategy execution was monitored by the executive directors and senior management;
- A corporate governance improvement roadmap was developed based on industry best practices, which serves as a blueprint for continuous improvement;
- A code of business conducts was developed and deployed throughout the Group;
- Internal control structure was strengthened by the establishment of internal audit, compliance and risk management and control functions, and the adoption of the internal control integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission;
- Significant investment was made in SAP system to improve overall accuracy, timeliness and transparency of management information to enable fact-based decision making;
- Management was actively involved in the formulation and deployment of corporate governance improvement actions through interactive training programs and regular meetings;
- The Group actively undertakes its social responsibilities through providing financial aids to Hope Primary Schools, organizing disaster relief programs and charitable auctions, and supporting or participating in community activities in China.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE YEAR

Key corporate governance practices of the Company during the year are summarised below. For easy reference, the summary adopts the paragraph references in the Code.

Code ref. Corporate governance practices of the Company

A. DIRECTORS

A.1 *The board*

A.1.1 The Company adopts the practice of holding regular board meetings at least four times a year. The information on the number of full board meetings attended by each director during the year is set out below. Figures in brackets indicate the maximum number of meetings held during the year when an individual was a board member.

| | Attendance |
|--|------------|
| Executive directors | |
| Ning Gaoning (<i>chairman</i>) | 1/(4) |
| Qu Zhe (<i>managing director</i>) | 4/(4) |
| Mak Chi Wing, William | 4/(4) |
| Zhang Zhentao | 2/(4) |
| Luan Xiuju | 4/(4) |
| Non-executive directors | |
| Ma Jianping | 3/(4) |
| Wu Wenting | 3/(4) |
| Independent non-executive directors | |
| Stephen Edward Clark | 4/(4) |
| Li Hung Kwan, Alfred [#] | 1/(1) |
| Tan Man Kou [*] | 0/(2) |
| Yuen Tin Fan, Francis | 4/(4) |

[#] Appointed on 13 November 2008

^{*} Deceased on 14 August 2008

A.1.2 In each of the notices for regular board meetings or board committee meetings, directors are advised that they may request inclusion of matters in the agenda for such meetings.

A.1.3 Notices for regular board meetings or board committee meetings are sent to directors at least fourteen days prior to such meetings. For ad hoc meetings, reasonable notices are given.

A.1.4 All board members have access to the advice and services of the company secretary.

A.1.5 Minutes books are kept by the company secretary and are open for inspection during office hours on reasonable notice by any director.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE YEAR (CONTINUED)

Code ref. **Corporate governance practices of the Company (continued)**

A. DIRECTORS (continued)

A.1 The board (continued)

A.1.6 Minutes of the board and board committee meetings have recorded in sufficient detail the matters considered by the board and board committees, decisions reached, including any concerns raised by directors or dissenting views expressed. Draft and final versions of minutes of the board and/or board committee meetings (as the case may be) are sent to directors for their comment and records respectively, in both cases within a reasonable time after the meeting.

A.1.7 All directors are advised that, if necessary, they have access to external professional advice at the Company's expense.

A.1.8 Important matters are usually dealt with by way of written resolutions so that all directors including independent non-executive directors can note and comment on or enquire about, as appropriate, the matters before approval.

A director must declare his/her interest in matters or transactions to be considered and approved by the board, if applicable.

If a substantial shareholder or a director has a conflict of interest in a matter or transaction which the board has determined to be material, the independent non-executive directors shall take an active role and make independent judgement on issues relating to such matter or transaction.

A.1.9 During the year, the Company arranged appropriate insurance for directors and officers of the Group.

A.2 Chairman and chief executive officer

A.2.1 The chairman's and the managing director's roles are clearly defined to ensure their independence.

The chairman takes lead in formulating overall strategies and policies of the Company, and ensures effective performance by the board of its functions, including compliance with good corporate governance practices.

The managing director, supported by other board members and senior management, is responsible for managing the day-to-day business of the Company. He is accountable to the board for the implementation of the Company's overall strategies as well as coordination of overall business operations.

A.2.2 The chairman encourages and facilitates active contribution of directors in board activities and constructive relations between executive and non-executive directors.

A.2.3 With the support of executive directors and management, the chairman ensures that board papers including supporting documents with complete and reliable information are sent to directors at least three days before board or board committee meetings.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE YEAR (CONTINUED)

Code ref. Corporate governance practices of the Company (continued)

A. DIRECTORS (continued)

A.3 Board composition

A.3.1 Composition of the board, by category of directors (currently including five executive directors, two non-executive directors and three independent non-executive directors), is disclosed in all corporate communications of the Company.

During the year, from 14 August to 13 November 2008, due to a vacancy left by a deceased independent non-executive director, there were only two independent non-executive directors. A third independent non-executive director was appointed on 13 November 2008 in compliance with Rule 3.10 of the Listing Rules which requires that the board should include at least three independent non-executive directors.

The board currently includes three independent non-executive directors, namely, Messrs. Stephen Edward Clark, Li Hung Kwan, Alfred and Yuen Tin Fan, Francis.

The Company has received annual confirmation of independence from the three independent non-executive directors in accordance with Rule 3.13 of the Listing Rules. The board has assessed their independence and concluded that all the independent non-executive directors are independent according to the guidelines set out in Rule 3.13 of the Listing Rules.

A.4 Appointments, re-election and removal

A.4.1 Formal appointment letters are signed by non-executive directors and independent non-executive directors of the Company. According to the appointment letters, non-executive directors and independent non-executive directors are appointed for a period of three years from the date of his/her appointment, subject to re-election.

A.4.2 Pursuant to the Company's bye-laws, each director (including those appointed for specific terms) shall be subject to retirement by rotation at least once every three years, i.e., the term of appointment of each director is effectively three years.

Each director appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after his/her appointment in accordance with the Code.

Pursuant to bye-law 111(A) of the Company's bye-laws, Messrs. Yuen Tin Fan, Francis and Mak Chi Wing, William having been in office for three years since their last re-election, shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company (the "2009 AGM"). The circular for the 2009 AGM contains detailed information on the re-election of directors including biographies of all directors subject to re-election to ensure that shareholders make informed decisions.

A.5 Responsibilities of directors

A.5.1 The Company ensures that every newly appointed director has a proper understanding of the operations and business of the Group and that he or she is fully aware of his or her responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company. The Company sponsors directors to attend professional development seminars where necessary.

During the year, a newly appointed director received from the senior management of the Company briefings on the operations and business of the Group before his appointment and a package containing information on directors' responsibilities and duties and other requirements was provided upon his appointment.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE YEAR (CONTINUED)

Code ref. **Corporate governance practices of the Company (continued)**

A. DIRECTORS (continued)

A.5 Responsibilities of directors (continued)

A.5.2 The board currently comprises three independent non-executive directors who bring strong independent judgment, knowledge and experience to the board's deliberations.

The independent non-executive directors take an active role in board meetings and make independent judgment on issues relating to matters or transactions of a material nature. They will take lead where potential conflicts of interest arise. They are also members of board committees and devote sufficient amount of time and attention to the affairs of the Group.

The board also comprises two non-executive directors with one of them bringing accounting and internal audit knowledge and experience and the other bringing corporate finance and management experience to the board.

A.5.3 Each director is committed that he or she can give sufficient time and attention to the affairs of the Company. Details of each director's attendance at board meetings during the year are set out in A.1.1 above.

A.5.4 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. Upon specific enquiries of all directors, each of them confirmed that he/she complied with the required standards set out in the Model Code throughout the year ended 31 December 2008.

The Company has also adopted a code for securities transactions by relevant employees (the "Employees Trading Code") based on the Model Code concerning dealings by relevant employees in the securities of the Company. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are required to comply with the Employees Trading Code in respect of their dealings in the securities of the Company. The terms of the Employees Trading Code are no less than exacting than the required standards set out in the Model Code. No non-compliance reports were received from any such employees during the year ended 31 December 2008.

A.6 Supply of and access to information

A.6.1 Board papers including supporting documents were sent to the directors at least three days before board or board committee meetings during the year.

A.6.2 The company secretary, the financial controller and other senior management of the Group attend all board and board committee meetings, as appropriate, to report on corporate governance, statutory compliance, and accounting and financial matters. Queries raised and clarification sought by the directors during the meetings are dealt with in a timely manner, and further information is provided, if necessary.

A.6.3 All directors have access to board papers and related materials. Details set out in A.2.3 and A.6.2 above.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE YEAR (CONTINUED)

Code ref. Corporate governance practices of the Company (continued)

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

B.1 *The level and make-up of remuneration and disclosure*

B.1.1 The Company established a remuneration committee in April 2005 with specific written terms of reference which set out its authority and duties. The role of the remuneration committee is to review and make recommendations to the board on the Company's policy and structure for remuneration of directors and senior management.

The remuneration committee is currently composed of two independent non-executive directors, namely, Mr. Stephen Edward Clark and Mr. Yuen Tin Fan, Francis and one executive director, namely, Mr. Qu Zhe. Mr. Yuen acts as chairman of the remuneration committee.

The information on the remuneration committee meetings attended by its members during the year is set out below. Figures in brackets indicate the maximum number of remuneration committee meetings held during the year when an individual was a remuneration committee member.

| Remuneration committee | Attendance |
|---|------------|
| Yuen Tin Fan, Francis (<i>chairman</i>) | 1/(1) |
| Stephen Edward Clark | 1/(1) |
| Qu Zhe | 1/(1) |

B.1.2 The remuneration committee may consult with the chairman and managing director of the Company regarding proposals for the remuneration of other executive directors. Where necessary, the remuneration committee may have access to external professional services at the Company's expenses.

During the year, the remuneration committee reviewed the following matters:

- the remuneration policy and appraisal system for all executive directors and senior management;
- the remuneration packages and recommendations for salary review of all executive directors and senior management for the year 2008;
- recommendations to the board for its approval on director's fees for non-executive directors and independent non-executive directors and payment thereof for the year 2008.

B.1.3 The terms of reference of the remuneration committee closely follow the requirements of the Code.

B.1.4 The terms of reference of the remuneration committee are published on the Company's website www.chinafoodsltd.com.

B.1.5 The human resources department of the Company provides administrative support to the remuneration committee, and implements the approved remuneration packages and other human resources related decisions. The Company will pay for all professional advice and other services as required by the remuneration committee.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE YEAR (CONTINUED)

Code ref. Corporate governance practices of the Company (continued)

C. ACCOUNTABILITY AND AUDIT

C.1 Financial reporting

C.1.1 Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.

C.1.2 The directors acknowledge their responsibilities for preparing all information and representations contained in the financial statements of the Company for the year ended 31 December 2008. The directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the board and the management with an appropriate consideration to materiality. As at 31 December 2008, the directors, having made appropriate enquiries, were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the directors have prepared the financial statements of the Company on a going concern basis.

During the year, the Company announced its annual and interim results within four months and three months respectively after the dates on which relevant financial periods ended as required under Rules 13.49(1) and (6) of the Listing Rules.

A statement by the external auditor about its reporting responsibilities is included in its report on pages 105 to 106 of this annual report.

C.1.3 The board is committed to presenting a balanced, clear and understandable assessment of the Company's affairs to its shareholders and the public pursuant to all statutory requirements.

C.2 Internal controls

C.2.1 By reference to the framework recommended by the Committee of Sponsoring Organizations of the Treadway Commission, the Company conducts regular review of the Group's internal control system. Management is primarily responsible for the design, implementation, and maintenance of internal controls, with the board and the audit committee overseeing the actions of management and monitoring the effectiveness of the controls that have been put in place.

During the year, the internal control system of the Group was strengthened by the establishment of the risk management and control function. The internal control structure of the Group now consists of three functions, namely, internal audit function, compliance function, and risk management and control function.

The internal audit department, reporting directly to audit committee and the managing director, expresses an independent and objective opinion on the quality of the internal control system of the Group. The internal audit department conducts risk-based audits on the business operations of the Group in accordance with the annual audit plan approved by the audit committee. Management has responded positively to the recommendations from both internal auditors and external auditors for further and continuous improvement in the Group's internal control system.

Compliance function works with management of the Group on compliance with relevant legal and regulatory requirements, and implementation of corporate values and ethical standards throughout the Group.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE YEAR (CONTINUED)

Code ref. **Corporate governance practices of the Company (continued)**

C. ACCOUNTABILITY AND AUDIT (continued)

C.2 Internal controls (continued)

The risk management and control function works closely with management of the Group to develop a systematic risk management process, and to refine policies and procedures to continuously improve the Group's internal control system.

Furthermore, during the past two years, the Company made significant investment in the SAP system with a view to enhancing the efficiency of operational processes of the Group and improving segregation of duties and internal controls of the Group.

C.2.2 The audit committee was tasked by the board to review and consider the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget. Details are set out in C.3.1 below.

C.3 Audit committee

C.3.1 The role of the audit committee is to assist the board in fulfilling its corporate governance and oversight responsibilities in relation to financial reporting, internal control, risk management and external audit functions.

There were an insufficient number of audit committee members during the period from 14 August to 13 November 2008. Due to a vacancy left following the decease of Mr. Tan Man Kou, the ex-chairman of the audit committee with professional qualification as required under Rule 3.10(2) of the Listing Rules, there were only two members on the audit committee. Mr. Li Hung Kwan, Alfred, who is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of The Institute of Chartered Accountants of Scotland, was appointed as a member of the audit committee on 13 November 2008 and Mr. Stephen Edward Clark, an independent non-executive director and a member of the audit committee, was appointed as the chairman of the audit committee with effect from 13 November 2008 in compliance Rule 3.21 of the Listing Rules which requires that the audit committee should include at least three members, at least one of whom is an independent non-executive director with appropriate professional qualification or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The audit committee currently consists of three independent non-executive directors, namely, Messrs. Stephen Edward Clark, Li Hung Kwan, Alfred and Yuen Tin Fan, Francis. All of them have extensive experience in the accounting, financial and commercial sectors. Mr. Clark acts as chairman of the audit committee.

Minutes of the audit committee meetings have been recorded by the company secretary in sufficient detail the matters considered by the audit committee, decisions reached, including any concerns raised by its members or dissenting views expressed. Draft and final versions of minutes of the audit committee meetings are sent to its members for their comment and records respectively, in both cases within a reasonable time after the meeting.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE YEAR (CONTINUED)

Code ref. Corporate governance practices of the Company (continued)

C. ACCOUNTABILITY AND AUDIT (continued)

C.3 Audit committee (continued)

C.3.1 The role of the audit committee is to assist the board in fulfilling its corporate governance and oversight responsibilities in relation to financial reporting, internal control, risk management and external audit functions.
(continued)

The information on the audit committee meetings attended by its members during the year is set out below. Figures in brackets indicate the maximum number of audit committee meetings held during the year when an individual was an audit committee member.

| Audit committee | Attendance |
|--|------------|
| Stephen Edward Clark (<i>chairman</i>) | 3/(3) |
| Tan Man Kou* (<i>chairman</i>) | 1/(2) |
| Yuen Tin Fan, Francis | 3/(3) |
| Li Hung Kwan, Alfred# | 0/(0) |

* Deceased on 14 August 2008

Appointed on 13 November 2008

The work performed by the audit committee during the year is summarized below:

- met with the external auditors to discuss the general scope of their audit work;
- reviewed external auditors' management letter and management's response;
- reviewed its terms of reference;
- reviewed the financial statements for the year ended 31 December 2007 and the annual results announcement, with a recommendation to the board for approval;
- reviewed connected transactions;
- recommended to the board a proposal to the shareholders to re-appoint Ernst & Young as the Company's external auditors for the year 2008;
- reviewed and approved the appointment of external auditors for providing non-audit services to the Group;
- discussed with management on the effectiveness of the Group's internal control and risk management systems;

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE YEAR (CONTINUED)

Code ref. Corporate governance practices of the Company (continued)

C. ACCOUNTABILITY AND AUDIT (continued)

C.3 Audit committee (continued)

C.3.1 The role of the audit committee is to assist the board in fulfilling its corporate governance and oversight responsibilities in relation to financial reporting, internal control, risk management and external audit functions.
(continued)

- approved the appointment of the director of internal audit department;
- reviewed and approved the internal audit plan for the year 2008;
- reviewed the adequacy of resources, qualifications and experience of staff of the internal audit department;
- reviewed the interim financial statement for the six month ended 30 June 2008 and the interim results announcement, with a recommendation to the board for approval;
- reviewed the internal audit results and discussed areas for further improvement in the Company's internal control system; and
- reviewed and recommended to the board for approval of the audit fee proposal for the Group for the year 2008.

At a meeting of the audit committee held on 3 April 2009, the audit committee reviewed and assessed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget, and made its reports and recommendations to the board on 9 April 2009.

C.3.2 No member of the audit committee is a former partner of the existing auditing firm of the Company.

C.3.3 The terms of reference of the audit committee closely follow the requirements of the Code.

In light of the amendments to the Listing Rules in November 2008 including the expansion of code provisions in the Code regarding internal control, the terms of reference of the audit committee were amended and updated accordingly to include the duty of the audit committee to review the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget.

C.3.4 The terms of reference of the audit committee are published on the Company's website www.chinafoodsltd.com.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE YEAR (CONTINUED)

Code ref. Corporate governance practices of the Company (continued)

C. ACCOUNTABILITY AND AUDIT (continued)

C.3 Audit committee (continued)

C.3.5 The audit committee was satisfied with the audit and non-audit service fees, process and effectiveness, independence and objectivity of the Company's auditors Ernst & Young. The board agrees with the audit committee's proposal for the reappointment of Ernst & Young as the Company's auditors for the year 2009. The recommendation will be put forward for the approval of shareholders at the 2009 AGM.

During the year, the major remuneration paid or to be payable to Ernst & Young includes the following:

| Services rendered | Fees paid/payable HK\$'000 |
|--------------------|-------------------------------|
| Audit services | 3,173 |
| Non-audit services | 900 |
| Total | 4,073 |

C.3.6 The audit committee has unrestricted access to personnel, records, external auditors and senior management, as appropriate, in the discharge of its functions.

The audit committee is authorized by the board to investigate any activity within its terms of reference, and is tasked with recommending to the board appropriate actions based on its investigations.

The senior management of the Group is required to provide adequate and timely support to the audit committee to discharge its duties. The Company will pay for all professional advice and other services as required by the audit committee.

D. DELEGATION BY THE BOARD

D.1 Management functions

D.1.1 The board, led by the chairman, is responsible for the leadership and control of the Company, formulation of overall strategies and policies, evaluation of the performance of the Group and management, and approval of matters or transactions of a material nature or those requiring disclosure under the Listing Rules.

Management, under the leadership of the managing director, is responsible for the business and day-to-day operations of the Group and implementation of the strategies and policies set by the board. Each of the executive directors is delegated individual responsibility for overseeing and monitoring the operations of specific business units or functional divisions in accordance with their respective areas of expertise.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE YEAR (CONTINUED)

Code ref. **Corporate governance practices of the Company (continued)**

D. DELEGATION BY THE BOARD (continued)

D.1 Management functions (continued)

D.1.2 The major responsibilities of the board include:

- reviewing and approving operational strategies and plans of the Group;
- setting and monitoring key business and financial objectives of the Group;
- monitoring the performance of the management;
- reviewing and approving policies for major activities, such as major acquisitions, investments, divestments, disposal of assets or any significant capital expenditure of the Group;
- ensuring a sound and effective internal control system; and
- reviewing and approving sound corporate governance policies, including setting an ethical tone for the Group.

The board has delegated certain authority and responsibilities to the audit committee and the remuneration committee, which are clearly set out in the written terms of reference of these committees.

The board has delegated to management the authority and responsibilities to manage the business and day-to-day operations of the Group, and the board plans to complete a review of the delegation arrangements in 2009 to ensure that they are appropriate to the needs of the Group.

D.2 Board committees

D.2.1 Two board committees, namely, remuneration committee and audit committee, have been established with specific terms of reference as mentioned in B.1.1, B.1.3, C.3.1 and C.3.3 above.

D.2.2 Board committees report to the board their decisions and recommendations at board meetings or such other occasions as appropriate.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY DURING THE YEAR (CONTINUED)

Code ref. **Corporate governance practices of the Company (continued)**

E. COMMUNICATION WITH SHAREHOLDERS

E.1 Effective communication

E.1.1 Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual directors.

E.1.2 The chairman of the board was unable to attend the annual general meeting of the Company in 2008 as he had other engagement. The directors present at the meeting elected Mr. Qu Zhe, the managing director of the Company, to chair the meeting in accordance with bye-law 73 of the Company's bye-laws.

During the year, chairmen and/or members of the audit committee and remuneration committees attended the annual general meeting of the Company in 2008. Where transactions were subject to independent shareholders' approval, members of the independent board committees attended all general meetings for the approval of such transactions.

E.2 Voting by poll

E.2.1 It is the Company's practice to include in all circulars of the Company, among others, details of procedures for voting by poll and the rights of shareholders to demand a poll at general meetings of the Company.

During the year, as a good corporate governance practice, the chairman of the general meetings demanded voting by poll on all resolutions proposed at such meetings. Tricor Progressive Limited, the branch share registrar of the Company, was engaged as scrutineers to ensure the votes were properly counted.

E.2.2 During the year, representatives of Tricor Progressive Limited, the branch share registrar of the Company, were appointed as scrutineers to monitor and count the poll votes cast at all general meetings of the Company, and poll results were announced at the adjourned general meetings, posted on the websites of the Company and the Stock Exchange on the same day following the general meetings.

E.2.3 During the year, the chairman of the general meetings explained detailed procedures for conducting a poll, which were set out in the circulars of the Company containing notices of general meetings, and answered questions from shareholders.

INVESTOR RELATIONS

The Company endeavors to build up a long-term mutual trust with its shareholders and investors through open and timely communications. Our policy is to make timely, accurate, fair and consistent disclosures.

The Company has established an investor relations department to communicate with investors through various channels, such as an investor relations hotline, the investor relations website www.chinafoodsltd.com/ir and two regular results briefings for analysts each year.

INVESTOR RELATIONS (CONTINUED)

During the year, our key activities in investor relations include:

- The management held a two-day non-transaction roadshow in Hong Kong after the interim results announcement in September 2008;
- We participated in “Hong Kong/China Olympics Consumer Corporate Day” in June 2008 and “China Investment Frontier Conference 2008” in November 2008, both organized by Goldman Sachs;
- In April 2008, we organized a factory visit with JP Morgan Chase and invited fund managers from Europe and the United States to visit the Coca-Cola beverages bottler in Beijing; and
- We held briefing seminars with more than a hundred worldwide investors to enhance mutual understanding.

GOING FORWARD

It is recognized that improvement in corporate governance is a continuous effort. Looking ahead, the main tasks in this area for the coming year include:

- Governance structure – the Company will further refine its governance and control structure to ensure roles, responsibilities and authorities are clear and appropriate for the effective execution of its strategies;
- Risk management – the Company will seek to develop a systematic risk management process to identify, evaluate and manage key risks faced by the Company;
- Processes, policies and procedures – the Company will continue to review and refine key operational, financial and compliance processes, policies and procedures to ensure adequate checks and balances are in place; and
- Deployment – the Company will continue to deploy and to reinforce its corporate values and ethical direction as a foundation for good corporate governance.

Report of the Directors

The directors are pleased to present their report and the audited financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Currently, the Company through its subsidiaries and associates companies operates four principal businesses being wines, beverages, consumer-pack edible oil and confectionery.

RESULTS AND DIVIDENDS

The Group’s profit for the year ended 31 December 2008 and the state of affairs of the Company and the Group as of that date are set out in the financial statements on pages 107 to 209.

An interim dividend of HK2.4 cents per share was paid on 13 November 2008. The directors recommend the payment of a final dividend of HK3.84 cents per share for the year to shareholders on the register of members on Monday, 8 June 2009, subject to the approval by the shareholders at the forthcoming annual general meeting. This recommended final dividend will be paid out of the Company’s contributed surplus.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 210. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Company and the Group during the year are set out in notes 16 and 17 to the financial statements, respectively.

SHARE CAPITAL

There were no movements in the Company’s share capital during the year. Details of the Company’s share capital are set out in note 32 to the financial statements.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 21 November 2006 (the “Scheme”). The following are the principal terms of the Scheme:

1. Purpose of the Scheme

To attract, retain and motivate senior management personnel and key employees of the Company, and provide eligible participants with an opportunity to acquire proprietary interests in the Company and to encourage eligible participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

2. Participants of the Scheme

Participants of the Scheme include (i) any executive or non-executive directors of any members of the Group; (ii) any senior executives, key technical staff, professional staff, managers, employees of any members of the Group; or (iii) any other individuals as may be proposed by the board. For the avoidance of doubts, participants do not include independent non-executive directors.

SHARE OPTION SCHEME (CONTINUED)

3. Total number of shares available for issue under the Scheme

The total number of shares which may be issued upon the exercise of all options granted under the Scheme and all other share option schemes of the Company must not exceed 10% of the number of shares in issue from time to time. As at 31 December 2008, a total of 18,708,000 shares (representing approximately 0.67% of the issued share capital of the Company) may be issued by the Company if all options which were granted under the Scheme have been exercised.

4. Maximum entitlement of each participant under the Scheme

The total number of shares issued and to be issued upon exercise of the options granted to any grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue (the "Individual Limited") at the relevant time. Any further grant of options in excess of the Individual Limited shall be subject to shareholders' approval with such grantee and his associates abstaining from voting.

5. Period within which the shares must be taken up under an option

The directors may in their absolute discretion determine the period during which an option may be exercised, save that in any event such period of time shall not exceed a period of seven years commencing on the date of acceptance of the option and expiring on the last date of such seven-year period, subject to early termination thereof as provided in the Scheme.

6. Minimum period for which an option must be held before it can be exercised

An option must be held for a minimum period of two years from the date of grant before it can be exercised. In addition, an option shall be subject to the following vesting schedule:

| Periods | Percentage of an option which may be exercised |
|---|--|
| – Upon and after the second anniversary of the grant but no later than the third anniversary of the grant | 33% |
| – Upon and after the third anniversary of the grant but no later than the fourth anniversary of the grant | 67% |
| – Upon and after the fourth anniversary of the grant | 100% |

7. Time of acceptance and the amount payable on acceptance of the option

The offer of an option made pursuant to the Scheme may be accepted within 28 days from the date of the offer and the amount payable on acceptance of the option is HK\$1.

8. Basis for determining the exercise price

The exercise price shall be determined by the board and shall be the higher of (a) the closing price of the shares as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the offer; (b) the average closing prices of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of the offer; or (c) the nominal value of a share.

9. Duration of the Scheme

The Scheme is valid until 20 November 2016.

SHARE OPTION SCHEME (CONTINUED)

10. Movement of share options

Details of the movements in the share options during the year ended 31 December 2008 are as follows:

| Name or category of participant | Number of share options | | | | | Date of grant of share options | Exercise period of share options | Price of Company's share | | |
|---------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|---------------------|--------------------------------|----------------------------------|---|----------------------------------|-------------------------------------|
| | At 1 January 2008 | Granted during the year | Exercised during the year | Cancelled during the year | At 31 December 2008 | | | Exercise price of share options HK\$ | At grant date of options HK\$ | At exercise date of options HK\$ |
| Directors | | | | | | | | | | |
| Mr. Ning Gaoning | 880,000 | - | - | - | 880,000 | 27.09.2007 | 27.09.2009 – 26.09.2014 | 4.952 | 4.95 | - |
| Mr. Qu Zhe | 880,000 | - | - | - | 880,000 | 27.09.2007 | 27.09.2009 – 26.09.2014 | 4.952 | 4.95 | - |
| Mr. Mak Chi Wing, William | 800,000 | - | - | - | 800,000 | 27.09.2007 | 27.09.2009 – 26.09.2014 | 4.952 | 4.95 | - |
| Mr. Ma Jianping | 800,000 | - | - | - | 800,000 | 27.09.2007 | 27.09.2009 – 26.09.2014 | 4.952 | 4.95 | - |
| Mr. Zhang Zhentao | 700,000 | - | - | - | 700,000 | 27.09.2007 | 27.09.2009 – 26.09.2014 | 4.952 | 4.95 | - |
| Ms. Luan Xiuju | 700,000 | - | - | - | 700,000 | 27.09.2007 | 27.09.2009 – 26.09.2014 | 4.952 | 4.95 | - |
| Ms. Wu Wenting | 700,000 | - | - | - | 700,000 | 27.09.2007 | 27.09.2009 – 26.09.2014 | 4.952 | 4.95 | - |
| Other employees | | | | | | | | | | |
| In aggregate | 15,017,600 | - | - | (1,769,600) | 13,248,000 | 27.09.2007 | 27.09.2009 – 26.09.2014 | 4.952 | 4.95 | - |
| | 20,477,600 | - | - | (1,769,600) | 18,708,000 | | | | | |

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 34(b) to the financial statements and in the consolidated summary statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2008, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda, amounted approximately to HK\$5,741,636,000. By a special resolution passed by the shareholders of the Company at the annual general meeting held on 19 May 2008, the entire amount of HK\$3,660,432,312.09 standing to the credit of the share premium account of the Company as at 31 December 2007 was cancelled, with the credit arising therefrom being transferred to the contributed surplus account of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for approximately 9% of the total sales for the year, with the largest customer accounting for approximately 3%. The five largest suppliers of the Group accounted for approximately 72% of the Group's total purchases for the year, with the largest supplier accounting for approximately 53%.

Apart from the Company's ultimate holding company, COFCO Limited ("COFCO"), which is one of the Group's five largest suppliers, none of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the other four largest suppliers or the five largest customers of the Group.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Ning Gaoning
Mr. Qu Zhe
Mr. Mak Chi Wing, William
Mr. Zhang Zhentao
Ms. Luan Xiuju

Non-executive directors:

Mr. Ma Jianping (*executive director prior to 1 March 2008 and re-designated as non-executive director on 1 March 2008*)
Ms. Wu Wenting

Independent non-executive directors:

Mr. Stephen Edward Clark
Mr. Li Hung Kwan, Alfred (*appointed on 13 November 2008*)
Mr. Tan Man Kou (*deceased on 14 August 2008*)
Mr. Yuen Tin Fan, Francis

The non-executive directors and independent non-executive directors are appointed with specific terms. All directors are subject to retirement by rotation every three years as required by bye-law 111(A) of the Company's bye-laws. In accordance with bye-law 111(A) of the Company's bye-laws, Messrs. Mak Chi Wing, William and Yuen Tin Fan, Francis will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and senior management of the Group are set out on pages 16 to 18 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' REMUNERATION

The board of directors is authorized by the shareholders to fix the directors' remuneration at general meetings. The directors' emoluments are determined by the board of directors based on the recommendations of the remuneration committee of the board with reference to market conditions, directors' duties, responsibilities and performance and the results of the Group pursuant to the bye-laws of the Company.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2008, the interests and short positions of the directors and their associates in the shares and underlying shares of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or were deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (together, "Discloseable Interests") were as follows:

(a) Discloseable Interests in the shares and underlying shares of the Company

| Name of director | Nature of interest | Number of shares held | Total number of shares | Approximate percentage of issued share capital (Note 3) |
|---------------------------|--------------------|-----------------------|------------------------|---|
| Mr. Ning Gaoning | Beneficial owner | 880,000 (Note 2) | 880,000 | 0.03% |
| Mr. Qu Zhe | Beneficial owner | 670,000 (Note 1) | 1,550,000 | 0.06% |
| | Beneficial owner | 880,000 (Note 2) | | |
| Mr. Mak Chi Wing, William | Beneficial owner | 800,000 (Note 2) | 800,000 | 0.03% |
| Mr. Ma Jianping | Beneficial owner | 800,000 (Note 2) | 800,000 | 0.03% |
| Mr. Zhang Zhentao | Beneficial owner | 700,000 (Note 2) | 700,000 | 0.03% |
| Ms. Luan Xiuju | Beneficial owner | 700,000 (Note 2) | 700,000 | 0.03% |
| Ms. Wu Wenting | Beneficial owner | 700,000 (Note 2) | 700,000 | 0.03% |

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

(a) Discloseable Interests in the shares and underlying shares of the Company (continued)

Notes:

1. Long positions in the shares of the Company, other than pursuant to equity derivatives such as share options, warrants or convertible bonds.
2. Long positions in the underlying shares of the Company under share options granted to directors pursuant to a share option scheme of the Company.
3. The percentages are calculated based on the total number of shares of the Company in issue as at 31 December 2008, i.e., 2,791,383,356 shares.

(b) Discloseable Interests in the shares and underlying shares of an associated corporation, China Agri-Industries Holdings Limited ("CAIH")

| Name of director | Nature of interest | Number of shares held | Total number of shares | Approximate percentage of issued share capital (Note 2) |
|------------------|--------------------|-----------------------|------------------------|--|
| Mr. Ning Gaoning | Beneficial owner | 700,000 (Note 1) | 700,000 | 0.02% |

Notes:

1. Long positions in the underlying shares of CAIH under share options granted to Mr. Ning Gaoning pursuant to a share option scheme of CAIH.
2. The percentage is calculated based on the total number of shares of CAIH in issue as at 31 December 2008, i.e., 3,593,906,356 shares.

Save as disclosed herein, as at 31 December 2008, none of the directors or their associates had any other Discloseable Interests.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The interests and short positions of substantial shareholders (as defined in the Listing Rules) in the shares and underlying shares of the Company as at 31 December 2008, as recorded in the register of interests required to be kept under Section 336 of the SFO, were as follows:

(a) Aggregate long positions in the shares and underlying shares of the Company

The Company had been notified of the following substantial shareholders' interests in the shares and underlying shares as at 31 December 2008:

| Substantial shareholders | Notes | Capacity and nature of interest | Number of shares held | Approximate percentage of aggregate interests in issued share capital* |
|--|------------------|--|-----------------------------|--|
| Wide Smart Holdings Limited ("Wide Smart") | (1) | Directly beneficially owned | 1,922,550,331 | 68.87% |
| COFCO (BVI) No. 108 Limited ("COFCO BVI") | (1) | Directly beneficially owned | 140,000,000 | 5.02% |
| COFCO (Hong Kong) Limited ("COFCO (HK)") | (1) (1) & (2) | Directly beneficially owned Through controlled corporations | 10,138,000 2,062,550,331 | 0.36% 73.89% |
| COFCO Limited ("COFCO") | (1) & (3) | Through controlled corporations | 2,072,688,331 | 74.25% |

Notes:

- (1) Long positions in the shares of the Company.
- (2) COFCO (HK) is deemed to be interested in 2,062,550,331 shares in aggregate held by Wide Smart and COFCO BVI since COFCO (HK) is entitled to control the exercise of or exercise one-third or more of the voting power at general meetings of Wide Smart and COFCO BVI.
- (3) COFCO is deemed to be interested in 2,072,688,331 shares in aggregate held by Wide Smart, COFCO BVI and COFCO (HK) since COFCO is entitled to control the exercise of or exercise one-third or more of the voting power at general meetings of Wide Smart, COFCO BVI and COFCO (HK).

* The percentages are calculated based on the total number of shares of the Company in issue as at 31 December 2008, i.e., 2,791,383,356 shares.

Mr. Ning Gaoning, being an executive director and the chairman of the board, is also the chairman of COFCO, a director of Wide Smart and the chairman of COFCO (HK). Mr. Qu Zhe, being the managing director, is also an assistant to president of COFCO. Mr. Mak Chi Wing, William, being an executive director, is also the chief financial officer of COFCO (HK). Mr. Ma Jianping, being a non-executive director, is also the director of the strategy department of COFCO. Ms. Wu Wenting, being a non-executive director, is also the director of the internal audit department of COFCO.

(b) Aggregate short positions in the shares and underlying shares of the Company

As at 31 December 2008, the Company had not been notified of any short positions being held by any substantial shareholder in the shares or underlying shares of the Company.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Save as disclosed herein, as at 31 December 2008, the Company had not been notified of any persons other than the substantial shareholders above who had long positions or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register of interests required to be kept under Section 336 of the SFO.

Save as disclosed herein, as at 31 December 2008, the directors are not aware of any director being a director or employee of the entities which had interests or short position in shares or underlying shares of the Company as disclosed above.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Group, in the ordinary and usual course of business, conducted various transactions with certain connected persons of the Company including COFCO, the ultimate controlling shareholder of the Company, and its associates (collectively referred to as the "COFCO Group"). These transactions constitute connected transactions or continuing connected transactions which need to be disclosed in this annual report pursuant to the requirements under the Listing Rules.

CONNECTED TRANSACTIONS

1. On 16 May 2008, the Company and COFCO entered into an agreement (the "Master License Further Extension Agreement") to further extend the exercise period of the Company's option to acquire any or all of the trade marks related to "Greatwall", "長城", "CHINA CLUB" and "華夏俱樂部" (the "Wine Trade Marks") as set out in the master license agreement entered into between the Company and COFCO on 16 May 2001 and as supplemented and amended by an agreement between the parties dated 15 May 2006. Pursuant to the Master License Further Extension Agreement, the exercise period of the option is extended to 16 May 2009 and the parties have also agreed that the Company shall be entitled to terminate its option to acquire the Wine Trade Marks without any damages, penalty or other compensation whatsoever by notice in writing to COFCO at any time on or before 16 May 2009. The further extension of the said option period and the right to terminate the option was granted by COFCO at a nominal consideration of HK\$10.

On the same date, the Company and Grand Silver Holdings Limited ("Grand Silver Holdings"), a wholly-owned subsidiary of COFCO (HK), the Company's substantial shareholder, entered into an agreement (the "Option Further Extension Agreement") to extend the option period to acquire from Grand Silver Holdings its beneficial interest in 6,000 shares of Grand Silver Services Limited (the "Option Shares") pursuant to an option agreement entered into between Grand Silver Holdings and the Company on 16 May 2001 and subsequently modified by a deed entered into between Grand Silver Holdings and the Company on 1 November 2001 and as supplemented and amended by an agreement entered into between the parties dated 15 May 2006. Pursuant to the Option Further Extension Agreement, the exercise period of the option is extended to 16 May 2009 and the parties have also agreed that the Company shall be entitled to terminate its option to acquire the Option Shares without any damages, penalty or other compensation whatsoever by notice in writing to Grand Silver Holdings on or before 16 May 2009. The further extension of the said option period and the right to terminate the Option Agreement was granted by Grand Silver Holdings at a nominal consideration of HK\$10.

As the premium paid by the Company for the extension of the option periods is nominal, each of the transactions under the Master License Further Extension Agreement and the Option Further Extension Agreement constituted a de minimis connected transaction for the Company. Details of the Master License Further Extension Agreement and the Option Further Extension Agreement were disclosed in an announcement of the Company dated 16 May 2008.

CONNECTED TRANSACTIONS (CONTINUED)

2. On 19 September 2008, COFCO Wines and Spirits Co., Ltd. (“COFCO Wines”), a wholly-owned subsidiary of the Company, and COFCO Junding Vineyard Co., Ltd. (“COFCO Junding”), an associate of a substantial shareholder of a subsidiary of the Company, entered into two framework agreements (the “Framework Agreements”), pursuant to which COFCO Wines has agreed to provide guarantees to COFCO Junding for its redemption obligations under two wine products related investment schemes launched by COFCO Junding and independent third parties. The aggregate maximum amount of liabilities of COFCO Wines (including any damages and expenses) under the Framework Agreements will not exceed RMB166,700,000. Details of the Framework Agreements and the transactions contemplated thereunder were disclosed in an announcement of the Company dated 24 September 2008.
3. On 19 November 2008, COFCO Foods Management Co., Ltd. (“COFCO Foods Management”), a wholly-owned subsidiary of the Company, entered into an entrusted loan agreement with a commercial bank in the PRC, pursuant to which COFCO Foods Management shall, through the bank, provide a short-term entrusted loan of RMB110,000,000 to COFCO Junding at an interest rate of 6.03% per annum for a period of six months from the date of the entrusted loan agreement (the “Entrusted Loan Agreement”). In consideration of the entrusted loan, Longhua Group Co., Ltd. which holds a 45% equity interest in COFCO Junding has agreed to provide a guarantee to COFCO Foods Management for 45% of the entrusted loan amount, i.e. RMB49,500,000, as well as the applicable interest. Details of the Entrusted Loan Agreement and the transactions contemplated thereunder were disclosed in an announcement of the Company dated 19 November 2008.
4. On 17 December 2008, COFCO Le Conte (Shenzhen) Co., Ltd. (“COFCO Le Conte”), a wholly-owned subsidiary of the Company, entered into two purchase agreements with Shanghai Tiangong Cocoa Foods Co., Ltd. (“Shanghai Tiangong”), a non-wholly owned subsidiary of COFCO, in relation to the purchase of an aggregate of 230 tonnes cocoa butter from Shanghai Tiangong for the production of confectionery products at an aggregate transaction value of RMB10,539,000 (the “Purchase Agreements”). Details of the Purchase Agreements and the transactions contemplated thereunder were disclosed in an announcement of the Company dated 17 December 2008.

CONTINUING CONNECTED TRANSACTIONS

1. On 8 October 2006, the Company and COFCO entered into an agreement, pursuant to which the COFCO Group will provide sugar as raw materials and bottle crowns as packaging materials to the Group for its production and bottling of Coca-Cola beverages and the Group will provide Shaoxing wine to the COFCO Group for export (the “Mutual Supply Agreement”). Details of the Mutual Supply Agreement and the transactions contemplated thereunder were disclosed in an announcement of the Company dated 8 October 2006 (the “October Announcement”) and a circular of the Company dated 28 October 2006 (the “October Circular”).

The expected annual transaction value of bottle crowns and sugar to be provided by the COFCO Group to the Group for the year ended 31 December 2008 was subsequently revised to RMB113,100,000 and approved by the independent shareholders of the Company. Details of the revision were disclosed in an announcement of the Company dated 6 August 2007 (the “August Announcement”) and a circular of the Company dated 27 August 2007 (the “August Circular”).

For the year ended 31 December 2008, the total amount paid by the Group in respect of bottle crowns and sugar under the Mutual Supply Agreement was approximately RMB22,013,000.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

2. On 8 October 2006, COFCO Foods Sales and Distribution Co., Ltd. ("COFCO Foods"), a wholly-owned subsidiary of the Company, and China Agri-Industries Limited, an associate of COFCO (HK), entered into a supply and packing agreement, pursuant to which certain associates of China Agri-Industries Limited will supply and pack bulk edible oil, under the instructions of COFCO Foods from time to time, into consumer-pack edible oil products which will be labelled using trademarks owned by or licensed for use by COFCO Foods (the "Supply and Packaging Agreement"). Details of the Supply and Packaging Agreement and the transactions contemplated thereunder were disclosed in the October Announcement and the October Circular.

The expected annual transaction value of edible oil to be purchased by COFCO Foods from the associates of China Agri-Industries Limited for the year ended 31 December 2008 was subsequently revised to RMB7,000,000,000 and approved by the independent shareholders of the Company. Details of the revision were disclosed in an announcement of the Company dated 14 April 2008 and a circular of the Company dated 2 May 2008.

For the year ended 31 December 2008, the total amount paid by COFCO Foods under the Supply and Packaging Agreement was approximately RMB5,409,041,000.

3. On 8 October 2006, COFCO Wines & Spirits Holdings Limited, a wholly-owned subsidiary of the Company, entered into an agreement with COFCO, pursuant to which COFCO Wines & Spirits Holdings Limited and its subsidiaries (the "COFCO Wines & Spirits Group") will continue to sell wine products to the COFCO Group (the "Wine Products Sale and Purchase Agreement"). It was expected that the annual transaction value in respect of the wine products to be sold by the COFCO Wines & Spirits Group to the COFCO Group for the year ended 31 December 2008 would not exceed HK\$63,000,000. Details of the Wine Products Sale and Purchase Agreement and the transactions contemplated thereunder were disclosed in the October Announcement and the October Circular.

For the year ended 31 December 2008, the total revenue of the COFCO Wines & Spirits Group in respect of the wine products sold to the COFCO Group was approximately RMB9,037,000 (equivalent to approximately HK\$9,941,000).

4. On 8 October 2006, the Company announced that bottlers of the Group had entered into concentrate purchase agreements (the "Concentrate Purchase Agreements") with Coca-Cola (China) Beverages Ltd. ("Coca-Cola China"), a subsidiary of The Coca-Cola Company ("TCCC") which is the ultimate controlling shareholder of Coca-Cola Holdings (Asia) Limited, a substantial shareholder of a subsidiary of the Company. Details of the Concentrate Purchase Agreements and the transactions thereunder were disclosed in the October Announcement and the October Circular.

The expected annual transaction value of concentrate to be purchased by bottlers of the Group from Coca-Cola China for the year ended 31 December 2008 was subsequently revised to RMB922,600,000 and approved by the independent shareholders of the Company. Details of the revision were disclosed in the August Announcement and the August Circular.

For the year ended 31 December 2008, the total amount paid by bottlers of the Group for the purchase of concentrate was approximately RMB699,800,000.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

5. On 8 December 2006, COFCO Coca-Cola Beverages (China) Investment Limited (“COFCO Coca-Cola”), a non wholly-owned subsidiary of the Company, entered into a tenancy agreement with Beijing COFCO Plaza Development Co., Ltd. (“COFCO Plaza Company”), a wholly-owned subsidiary of COFCO, for the lease of certain office premises in COFCO Plaza in Beijing (the “COFCO Coca-Cola Tenancy Agreement”), pursuant to which, the amount of annual rentals and management fees for the year ended 31 December 2008 would not exceed RMB3,200,000. Details of the COFCO Coca-Cola Tenancy Agreement and the transactions contemplated thereunder were disclosed in an announcement of the Company dated 8 December 2006 (the “2006 Announcement”).

For the year ended 31 December 2008, the total amount of the rentals and management fees paid by COFCO Coca-Cola under the COFCO Coca-Cola Tenancy Agreement was RMB3,151,000.

6. On 8 December 2006, the Company announced that bottlers of the Group had entered into beverage base purchase agreements (the “Beverage Base Purchase Agreements”) with Tianjin Jin Mei Beverage Company Limited (“Jinmei”), a non-wholly owned subsidiary of TCCC. Details of the Beverage Base Purchase Agreements and the transactions contemplated thereunder were disclosed in the 2006 Announcement and a circular of the Company dated 13 December 2006 (the “2006 Circular”).

The expected annual transaction value of the beverage base to be purchased by bottlers of the Group from Jinmei for the year ended 31 December 2008 was subsequently revised to RMB87,500,000 and approved by the independent shareholders of the Company. Details of the revision were disclosed in the August Announcement and the August Circular.

For the year ended 31 December 2008, the total amount paid by bottlers of the Group for the purchase of beverage base was approximately RMB73,834,000.

7. Tianjin Coca-Cola Beverages Co., Ltd. (“Tianjin Bottler”), a deemed subsidiary of the Company, and Tianjin Shifa Zijiang Packaging Co., Ltd. (“Zijiang”) entered into a packaging materials purchase agreement in August 2001 (the “Zijiang Packaging Materials Purchase Agreement”) and a supplementary agreement in August 2006 and a further supplemental agreement on 7 November 2006. Tianjin Shifa Group Co., Ltd. (“Tianjin Shifa”) holds a 35% equity interest in Tianjin Bottler, accordingly, Tianjin Shifa is a connected person of the Company. Since Tianjin Shifa also holds a 40% equity interest in Zijiang, Zijiang is a connected person of the Company.

The expected annual transaction value of the packaging materials to be purchased by Tianjin Bottler from Zijiang for the year ended 31 December 2008 would not exceed RMB141,700,000. Details of the Zijiang Packaging Materials Purchase Agreement and the transactions contemplated thereunder were disclosed in the October Announcement, the October Circular and the 2006 Announcement.

For the year ended 31 December 2008, the total amount paid by Tianjin Bottler for the purchase of packaging materials from Zijiang was approximately RMB52,794,000.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

8. On 6 August 2007, each bottler of the Group entered into a still beverages purchase agreement with Coca-Cola Bottlers Manufacturing (Dongguan) Co. Ltd. (“Coca-Cola (Dongguan)”), an associate of TCCC, for the purchase of still beverages from Coca-Cola (Dongguan) (the “Still Beverages Purchase Agreements”).

The expected annual transaction value for the still beverages to be purchased by bottlers of the Group from Coca-Cola (Dongguan) for the year ended 31 December 2008 would not exceed RMB877,100,000. Details of the Still Beverages Purchase Agreements and the transactions contemplated thereunder were disclosed in the August announcement and the August Circular.

For the year ended 31 December 2008, the total amount paid by bottlers of the Group for the purchase of still beverages from Coca-Cola (Dongguan) was approximately RMB651,464,000.

9. On 4 February 2008, Global Lander Limited, a wholly-owned subsidiary of the Company, entered into a tenancy agreement with Bapton Company Limited, a wholly-owned subsidiary of COFCO (HK), for the lease of certain office premises in Top Glory Tower in Hong Kong for a period of two years commencing from 1 January 2008 and expiring on 31 December 2009 (the “Global Lander Tenancy Agreement”). The amount of the annual rentals and management fees, excluding government rates and services charges, for each of the years ending 31 December 2008 and 2009 will not exceed HK\$1,232,631. Details of the Global Lander Tenancy Agreement and the transactions contemplated thereunder were disclosed in an announcement of the Company dated 4 February 2008 (the “February Announcement”). The Global Lander Tenancy Agreement was subsequently terminated on 21 July 2008. During the year ended 31 December 2008, the aggregate amount of rentals and management fees paid under the Global Lander Tenancy Agreement was HK\$616,315.5.
10. On 4 February 2008, COFCO Foods entered into a tenancy agreement (the “COFCO Foods Tenancy Agreement”) with COFCO Plaza Company for the lease of certain office premises in COFCO Plaza in Beijing for a period of one year commencing from 1 January 2008 and expiring on 31 December 2008. The aggregate amount of rentals and management fees for the year ended 31 December 2008 would not exceed RMB2,900,000. Details of the COFCO Foods Tenancy Agreement and the transactions contemplated thereunder were disclosed in the February Announcement. During the year ended 31 December 2008, the aggregate amount of rentals and management fees paid under the COFCO Foods Tenancy Agreement was RMB2,834,000.
11. On 4 February 2008, COFCO Wines entered into a tenancy agreement (the “COFCO Wines Tenancy Agreement”) with COFCO Plaza Company for the lease of certain office premises in COFCO Plaza in Beijing for a period of one year commencing from 1 January 2008 and expiring on 31 December 2008. The aggregate amount of rentals and management fees for the year ended 31 December 2008 would not exceed RMB3,200,000. Details of the COFCO Wines Tenancy Agreement and the transactions contemplated thereunder were disclosed in the February Announcement. During the year ended 31 December 2008, the aggregate amount of rentals and management fees paid under the COFCO Wines Tenancy Agreement was RMB3,073,841.91.
12. On 4 February 2008, COFCO Foods Management entered into a tenancy agreement (the “COFCO Foods Management Agreement”) with COFCO Plaza Company for the lease of certain office premises in COFCO Plaza in Beijing for a period of one year commencing from 1 January 2008 and expiring on 31 December 2008. The aggregate amount of rentals and management fees for the year ended 31 December 2008 would not exceed RMB540,000. Details of the COFCO Foods Management Agreement and the transactions contemplated thereunder were disclosed in the February Announcement. The COFCO Foods Management Agreement was subsequently terminated in April 2008 and the aggregate amount of rentals and management fees paid was RMB140,316.05.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

13. On 31 October 2008, COFCO Foods entered into an agreement with COFCO Innovative Foods Co., Ltd (formerly known as Beijing Ke De Fu Trading Co., Ltd.) (“COFCO Innovative”), a wholly-owned subsidiary of COFCO, in relation to the purchase of seasoning products from COFCO Innovative (the “Seasoning Products Purchase Agreement”). The term of the Seasoning Products Purchase Agreement expired on 31 December 2008. Pursuant to the Seasoning Products Purchase Agreement, COFCO Innovative shall be responsible for certain costs incurred in relation to the distribution and sales of the seasoning products (the “Distribution and Sales Costs”). Such Distribution and Sale Costs shall be first paid by COFCO Foods and then reimbursed by COFCO Innovative.

The expected annual transaction value of seasoning products to be purchased and the expected aggregate amount of the Distribution and Sales Costs to be incurred for the year ended 31 December 2008 would not exceed RMB25,000,000 and RMB16,000,000, respectively. Details of the Seasoning Products Purchase Agreement and the transactions contemplated thereunder were disclosed in an announcement of the Company dated 31 October 2008.

For the year ended 31 December 2008, the total amount paid by COFCO Foods for the purchase of seasoning products and total amount of the Distribution and Sales Costs incurred under the Seasoning Products Purchase Agreement was approximately RMB23,505,000 and RMB9,061,000, respectively.

14. On 21 November 2008, COFCO Wines & Spirits Holdings Limited, a wholly-owned subsidiary of the Company, entered into an agreement with COFCO Junding in relation to the purchase of wine products from COFCO Junding by the COFCO Wines & Spirits Group (the “Junding Wine Products Purchase Agreement”). The term of the Junding Wine Products Purchase Agreement commenced from 21 November 2008 and will expire on 31 December 2009.

The expected annual transaction value for the wine products to be purchased by the COFCO Wines & Spirits Group from COFCO Junding for each of the years ending 31 December 2008 and 2009 will not exceed RMB15,000,000 and RMB60,000,000, respectively. Details of the Junding Wine Products Purchase Agreement and the transactions contemplated thereunder were disclosed in an announcement of the Company dated 21 November 2008.

During the year ended 31 December 2008, the total amount paid by the COFCO Wines & Spirits Group for the purchase of wine products was approximately RMB14,792,000.

15. On 21 November 2008, the Company entered into a purchase agreement with China Agri-Industries Holdings Limited (“China Agri”) for a term of three years commencing from 1 January 2009 and expiring on 31 December 2011 (the “China Agri Purchase Agreement”). Pursuant to the China Agri Purchase Agreement, China Agri and its associates (the “China Agri Group”) shall supply bulk edible oil and other raw materials and products and provide logistics and other related services to the Group. Pursuant to the China Agri Purchase Agreement, the expected annual transaction value in respect of the supply of edible oil and other raw materials and products and provision of related services for each of the years ending 31 December 2009, 2010 and 2011 will not exceed approximately RMB12,786,000,000, RMB16,590,000,000 and RMB21,160,000,000, respectively. Details of the China Agri Purchase Agreement and the transactions contemplated thereunder were disclosed in an announcement of the Company on 21 November 2008 and a circular of the Company dated 12 December 2008 (the “December Circular”).

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

16. On 28 November 2008, the Company entered into a packaging materials purchase agreement with CPMC Holdings Limited (“CPMC”), a wholly-owned subsidiary of COFCO (HK), for a term of three years commencing from 1 January 2009 and expiring on 31 December 2011 (the “CPMC Purchase Agreement”). Pursuant to the CPMC Purchase Agreement, CPMC and its subsidiaries (the “CPMC Group”) shall supply packaging materials (including miscellaneous cans and crown caps) and related parts to the Group for the production of confectionery products and the production and bottling of beverage products. Pursuant to the CPMC Purchase Agreement, the expected annual transaction value in respect of the supply of packaging materials (including miscellaneous cans and crown caps) for each of the years ending 31 December 2009, 2010 and 2011 will not exceed approximately RMB21,900,000, RMB26,600,000 and RMB31,100,000, respectively. Details of the CPMC Purchase Agreement and the transactions contemplated thereunder were disclosed in an announcement of the Company on 1 December 2008 (the “December Announcement”) and the December Circular.
17. On 28 November 2008, the Company entered into a sugar purchase agreement with COFCO for a term of three years commencing from 1 January 2009 and expiring on 31 December 2011 (the “Sugar Purchase Agreement”). Pursuant to the Sugar Purchase Agreement, certain members of the COFCO Group shall supply sugar to the Group for the production and bottling of beverage products. Pursuant to the Sugar Purchase Agreement, the expected annual transaction value in respect of the supply of sugar for each of the years ending 31 December 2009, 2010 and 2011 will not exceed approximately RMB161,000,000, RMB194,000,000 and RMB233,000,000, respectively. Details of the Sugar Purchase Agreement and the transactions contemplated thereunder were disclosed in the December Announcement and the December Circular.
18. On 28 November 2008, the Company entered into a wine products sale agreement with COFCO for a term of one year commencing from 1 January 2009 and expiring on 31 December 2009 (the “Wine Products Sale Agreement”). Pursuant to the Wine Products Sale Agreement, certain members of the Group shall continue to supply wine products to the COFCO Group. The expected annual transaction value in respect of the sale of wine products for the year ending 31 December 2009 will not exceed approximately RMB20,000,000. Details of the Wine Products Sale Agreement and the transactions contemplated thereunder were disclosed in the December Announcement.
19. On 28 November 2008, COFCO Foods entered into a seasoning products purchase agreement with COFCO Innovative for a term of one year commencing from 1 January 2009 and expiring on 31 December 2009 (the “2009 Seasoning Products Purchase Agreement”). Pursuant to the 2009 Seasoning Products Purchase Agreement, COFCO Foods shall purchase seasoning products from COFCO Innovative, and COFCO Innovative shall be responsible for certain costs incurred in relation to the distribution and sales of such seasoning products (the “Costs”). Such Costs shall be first paid by COFCO Foods and then reimbursed by COFCO Innovative. The expected annual transaction value and annual amount of the Costs in respect of the purchase of seasoning products for the year ending 31 December 2009 will not exceed approximately RMB114,000,000 and RMB40,000,000, respectively. Details of the 2009 Seasoning Products Purchase Agreement and the transactions contemplated thereunder were disclosed in the December Announcement.
20. On 28 November 2008, the Company entered into a tenancy agreement with COFCO Plaza Company for a term of one year commencing from 1 January 2009 and expiring on 31 December 2009 (the “COFCO Plaza Tenancy Agreement”). Pursuant to the COFCO Plaza Tenancy Agreement, COFCO Coca-Cola, COFCO Wines, COFCO Foods and COFCO Foods Management shall continue to rent certain premises in COFCO Plaza in Beijing for office use, and enter into separate tenancy agreements with COFCO Plaza Company in accordance with the principles, terms and conditions of the COFCO Plaza Tenancy Agreement, all for a term of one year commencing from 1 January 2009 and expiring on 31 December 2009. Pursuant to the COFCO Plaza Tenancy Agreement, the expected aggregate amount of the rentals and management fees, excluding public utilities charges, to be payable by the Group to COFCO Plaza Company for the year ending 31 December 2009 will not exceed approximately RMB10,000,000. Details of the COFCO Plaza Tenancy Agreement and the transactions contemplated thereunder were disclosed in the December Announcement.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

21. On 28 November 2008, the Company entered into a beverage base purchase agreement with Jinmei for three years commencing from 1 January 2009 and expiring on 31 December 2011 (the “2009 Beverage Base Purchase Agreement”). Pursuant to the 2009 Beverage Base Purchase Agreement, bottlers of the Group shall purchase beverage base from Jinmei at prices determined by Coca-Cola Beverages (Shanghai) Company Limited (“Coca-Cola (Shanghai)”), a wholly-owned subsidiary of TCCC. The expected annual transaction value in respect of the purchase of beverage base for each of the years ending 31 December 2009, 2010 and 2011 will not exceed approximately RMB127,000,000, RMB153,000,000 and RMB183,000,000, respectively. Details of the 2009 Beverage Base Purchase Agreement and the transactions contemplated thereunder were disclosed in the December Announcement and the December Circular.
22. On 28 November 2008, the Company entered into a concentrate purchase agreement with Coca-Cola (Shanghai) for three years commencing from 1 January 2009 and expiring on 31 December 2011 (the “2009 Concentrate Purchase Agreement”). Pursuant to the 2009 Concentrate Purchase Agreement, bottlers of the Group shall purchase concentrate from Coca-Cola (Shanghai) at prices determined by Coca-Cola (Shanghai). The expected annual transaction value in respect of the purchase of concentrate for each of the years ending 31 December 2009, 2010 and 2011 will not exceed approximately RMB1,500,000,000, RMB1,800,000,000 and RMB2,150,000,000, respectively. Details of the 2009 Concentrate Purchase Agreement and the transactions contemplated thereunder were disclosed in the December Announcement and the December Circular.
23. On 28 November 2008, the Company entered into a still beverages purchase agreement with Coca-Cola (Dongguan) for three years commencing from 1 January 2009 and expiring on 31 December 2011 (the “2009 Still Beverages Purchase Agreement”). Pursuant to the 2009 Still Beverages Purchase Agreement, Coca-Cola (Dongguan) and its associates (the “Coca-Cola (Dongguan) Group”) shall supply still beverages to bottlers of the Group for distribution and resale within designated areas in the PRC. The expected annual transaction value in respect of the purchase of still beverages for each of the years ending 31 December 2009, 2010 and 2011 will not exceed approximately RMB1,900,000,000, RMB2,900,000,000 and RMB4,300,000,000, respectively. Details of the 2009 Still Beverages Purchase Agreement and the transactions contemplated thereunder were disclosed in the December Announcement and the December Circular.
24. On 25 November 2008, Tianjin Bottler and Zijiang renewed the term of the Zijiang Packaging Materials Purchase Agreement for a term of two years and ten months commencing from 1 January 2009 and expiring on 31 October 2011 (the “2009 Zijiang Packaging Materials Purchase Agreement”). Pursuant to the 2009 Zijiang Packaging Materials Purchase Agreement, Zijiang shall supply packaging materials and provide conversion services to Tianjin Bottler. The expected annual transaction value in respect of the purchase of packaging materials for each of the years ending 31 December 2009 and 2010 and the aggregate transaction value for the ten months ending 31 October 2011 will not exceed approximately RMB170,000,000, RMB204,000,000 and RMB209,000,000, respectively. Details of the 2009 Zijiang Packaging Materials Purchase Agreement and the transactions contemplated thereunder were disclosed in the December Announcement and the December Circular.
25. On 24 February 2009, COFCO Le Conte entered into a cocoa butter purchase agreement with Shanghai Tiangong for a term commencing from 24 February 2009 and expiring on 31 December 2011 (the “Cocoa Butter Purchase Agreement”). Pursuant to the Cocoa Butter Purchase Agreement, COFCO Le Conte shall purchase cocoa butter for the production of confectionery products from Shanghai Tiangong. The expected annual transaction value in respect of the purchase of cocoa butter for each of years ending 31 December 2009, 2010 and 2011 will not exceed approximately RMB30,000,000, RMB35,000,000 and RMB40,000,000, respectively. Details of the Cocoa Butter Purchase Agreement and the transactions contemplated thereunder were disclosed in an announcement of the Company dated 24 February 2009.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

26. On 11 March 2009, COFCO Foods entered into a honey products purchase agreement with COFCO Innovative for a term commencing on 11 March 2009 and expiring on 31 December 2009 (the "Honey Products Purchase Agreement"). Pursuant to the Honey Products Purchase Agreement, COFCO Foods shall purchase honey products from COFCO Innovative, and COFCO Innovative shall be responsible for certain costs incurred in relation to the distribution and sales of such honey products. The expected annual transaction value in respect of the purchase of honey products for the year ending 31 December 2009 will not exceed RMB10,000,000. Details of the Honey Products Purchase Agreement and the transactions contemplated thereunder were disclosed in an announcement of the Company dated 11 March 2009.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The independent non-executive directors have reviewed the above continuing connected transactions numbered 1 to 14 for the year ended 31 December 2008 and confirmed that these continuing connected transactions were:

1. entered into in the ordinary and usual course of business of the Company;
2. either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
3. in accordance with the terms of respective agreements governing the transactions that are fair and reasonable and in the interests of the Company and shareholders of the Company as a whole.

In accordance with Rule 14A.38 of the Listing Rules, the Company engaged the auditors of the Company to perform certain agreed-upon procedures on the continuing connected transactions in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have reported to the board of directors of the Company that the transactions:

1. have been approved by the board of directors of the Company;
2. have been entered into in accordance with the relevant agreements governing such transactions; and
3. have not exceeded the caps disclosed in the relevant announcements.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

No directors of the Company are considered to have interests in any business which is likely to compete directly or indirectly with that of the Group.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

AUDITORS

Ernst & Young will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Qu Zhe

Managing Director

Hong Kong

9 April 2009

Independent Auditors' Report

獨立核數師報告



To the shareholders of China Foods Limited (Incorporated in Bermuda with limited liability)

We have audited the financial statements of China Foods Limited set out on pages 107 to 209, which comprise the consolidated and company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

致中國食品有限公司全體股東 (於百慕達註冊成立的有限公司)

本核數師已審核中國食品有限公司列載於第107頁至第209頁的財務報告，當中包括於2008年12月31日的綜合及公司資產負債表以及截至該日止年度的綜合收入報表、綜合股本變動報表及綜合現金流量表，以及主要會計政策之概要及其他說明附註。

董事就財務報告所承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則以及香港公司條例的披露規定，編製及真實公平地呈列該等財務報告。此項責任包括設計、實施及維護與編製及真實公平地呈列財務報告相關的內部監控，以使財務報告不存在不論因欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策及按情況作出合理的會計估計。

核數師的責任

本核數師的責任乃根據吾等的審核，對該等財務報告發表意見。本核數師的報告僅按照1981年百慕達公司法第90條向閣下整體作出，且並無其他目的。本核數師不會就本報告內容向任何其他人士負上或承擔責任。

本核數師按照香港會計師公會頒佈的香港核數準則進行審核。該等準則規定本核數師須遵守操守規範，並規劃及執行審核，以合理保證該等財務報告不存在重大錯誤陳述。

AUDITORS' RESPONSIBILITY (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

9 April 2009

核數師的責任(續)

審核涉及執行程序以獲取有關財務報告所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估財務報告不論因欺詐或錯誤而導致存在重大錯誤陳述的風險。在作出該等風險評估時，核數師考慮與該公司編製及真實公平地呈列財務報告相關的內部監控，以設計適合於有關情況使用的審核程序，但並非為對公司的內部監控效能發表意見。審核亦包括評價所採用的會計政策是否合適，及董事作出的會計估計是否合理，以及評價財務報告的整體呈列方式。

本核數師相信吾等獲取的審核憑證為充足及適當，為本核數師的審核意見提供基礎。

意見

本核數師認為該等財務報告真實公平地顯示 貴公司及 貴集團於2008年12月31日之財務狀況及 貴集團截至該日止年度之溢利及現金流量，並已按照香港財務報告準則及香港公司條例之披露規定而妥為編製。

安永會計師事務所

執業會計師

香港
中環
金融街8號
國際金融中心
2期18樓

2009年4月9日

Consolidated Income Statement

綜合收入報表

Year ended 31 December 2008

截至2008年12月31日止年度

| | Notes 附註 | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|--|--------------------------|----------------------------------|----------------------------------|
| CONTINUING OPERATIONS REVENUE | 持續經營業務收入 | | |
| | 6 | 14,240,283 | 9,743,011 |
| Cost of sales | 銷售成本 | (10,741,784) | (7,317,697) |
| Gross profit | 毛利 | 3,498,499 | 2,425,314 |
| Other income and gains | 其他收入及收益 | 177,934 | 566,984 |
| Selling and distribution costs | 銷售費用及分銷成本 | (2,543,377) | (1,669,313) |
| Administrative expenses | 行政支出 | (451,247) | (396,380) |
| Other expenses | 其他支出 | (19,093) | (9,252) |
| Finance costs | 融資成本 | (31,382) | (33,078) |
| Share of profits of associates | 應佔聯營公司溢利 | 124,996 | 49,167 |
| PROFIT BEFORE TAX | 除稅前溢利 | 756,330 | 933,442 |
| Tax | 稅項 | (136,251) | (135,792) |
| PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS | 持續經營業務之年度溢利 | 620,079 | 797,650 |
| DISCONTINUED OPERATIONS | 已終止經營業務 | | |
| Profit for the year from discontinued operations | 已終止經營業務之年度溢利 | - | 239,769 |
| | | 620,079 | 1,037,419 |
| Attributable to: | 應佔方： | | |
| Equity holders of the Company | 本公司股本持有人 | 483,427 | 791,686 |
| Minority interests | 少數股東權益 | 136,652 | 245,733 |
| | | 620,079 | 1,037,419 |
| DIVIDENDS | 股息 | 174,182 | 6,359,760 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | 本公司普通股股本持有人應佔每股盈利 | | |
| | 15 | | |
| Basic: | 基本： | | |
| - For profit for the year | - 年度溢利 | HK17.32 cents 港仙 | HK28.36 cents 港仙 |
| - For profit from continuing operations | - 持續經營業務之溢利 | HK17.32 cents 港仙 | HK21.35 cents 港仙 |
| Diluted: | 攤薄： | | |
| - For profit for the year | - 年度溢利 | N/A 不適用 | HK28.35 cents 港仙 |
| - For profit from continuing operations | - 持續經營業務之溢利 | N/A 不適用 | HK21.34 cents 港仙 |

Consolidated Balance Sheet

綜合資產負債表

31 December 2008
2008年12月31日

| | Notes 附註 | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|--|-------------------|----------------------------------|----------------------------------|
| NON-CURRENT ASSETS | 非流動資產 | | |
| Property, plant and equipment | 物業、廠房及設備 | 2,434,472 | 2,082,579 |
| Investment properties | 投資物業 | 69,884 | 58,000 |
| Prepaid land premiums | 預付土地金 | 156,502 | 119,265 |
| Deposits for purchase of items of property, plant and equipment | 購買物業、廠房及設備 之按金 | 33,157 | 12,653 |
| Goodwill | 商譽 | 1,409,342 | 1,332,857 |
| Other intangible assets | 其他無形資產 | 36,639 | 17,179 |
| Interests in associates | 於聯營公司之權益 | 411,951 | 156,233 |
| Available-for-sale investments and related advances | 可供出售投資及相關墊款 | 211,355 | 213,455 |
| Deferred tax assets | 遞延稅項資產 | 31,365 | 25,435 |
| Biological assets | 生物資產 | 86,643 | 72,070 |
| Total non-current assets | 非流動資產總值 | 4,881,310 | 4,089,726 |
| CURRENT ASSETS | 流動資產 | | |
| Inventories | 存貨 | 2,628,857 | 1,968,321 |
| Accounts and bills receivable | 應收賬款及票據 | 884,499 | 997,179 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款項 | 479,338 | 494,795 |
| Due from fellow subsidiaries | 同系附屬公司欠款 | 230 | 16,770 |
| Due from the ultimate holding company | 最終控股公司欠款 | 5,994 | 4,567 |
| Due from the immediate holding company | 直系控股公司欠款 | 160 | 160 |
| Due from associates | 聯營公司欠款 | 2,771 | – |
| Tax recoverable | 可收回稅項 | 5,790 | 4,077 |
| Investments at fair value through profit or loss | 按公平值列入損益之投資 | 9,228 | 16,825 |
| Pledged time deposits | 抵押定期存款 | 3,002 | 3,477 |
| Cash and cash equivalents | 現金及現金等值項目 | 1,546,684 | 1,396,563 |
| Total current assets | 流動資產總值 | 5,566,553 | 4,902,734 |
| CURRENT LIABILITIES | 流動負債 | | |
| Accounts and bills payable | 應付賬款及票據 | 860,851 | 815,315 |
| Other payables and accruals | 其他應付款項及應計負債 | 1,983,809 | 1,350,289 |
| Due to fellow subsidiaries | 欠同系附屬公司款項 | 440,993 | 346,592 |
| Due to the ultimate holding company | 欠最終控股公司款項 | 13,731 | 12,040 |
| Due to related companies | 欠關連公司款項 | 365,898 | 279,057 |
| Due to minority shareholders of subsidiaries | 欠附屬公司少數股東款項 | – | 1,113 |
| Due to associates | 欠聯營公司款項 | 71,273 | – |
| Interest-bearing bank and other borrowings | 附息銀行貸款及其他貸款 | 247,955 | 284,960 |
| Tax payable | 應付稅項 | 26,397 | 50,484 |
| Total current liabilities | 流動負債總值 | 4,010,907 | 3,139,850 |
| NET CURRENT ASSETS | 流動資產淨值 | 1,555,646 | 1,762,884 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 資產總值減流動負債 | 6,436,956 | 5,852,610 |

| | Notes 附註 | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|---|---------------------|----------------------------------|----------------------------------|
| TOTAL ASSETS LESS CURRENT LIABILITIES | 資產總值減流動負債 | 6,436,956 | 5,852,610 |
| NON-CURRENT LIABILITIES | 非流動負債 | | |
| Interest-bearing bank borrowings | 附息銀行貸款 | 30 | 106,792 |
| Due to minority shareholders of subsidiaries | 欠附屬公司少數股東款項 | 41 | 75,047 |
| Due to the ultimate holding company | 欠最終控股公司款項 | 41 | 21,358 |
| Deferred income | 遞延收入 | | 9,183 |
| Deferred tax liabilities | 遞延稅項負債 | 31 | 6,729 |
| Total non-current liabilities | 非流動負債總額 | | 219,109 |
| Net assets | 資產淨值 | | 5,633,501 |
| EQUITY | 股本 | | |
| Equity attributable to equity holders of the Company | 本公司股本持有人應佔股本 | | |
| Issued capital | 已發行股本 | 32 | 279,138 |
| Reserves | 儲備 | 34(a) | 4,153,901 |
| Proposed final dividend | 擬派末期股息 | 14 | 125,612 |
| | | | 4,558,651 |
| Minority interests | 少數股東權益 | | |
| Total equity | 股本總值 | | 5,633,501 |

Qu Zhe
曲喆
Director
董事

Mak Chi Wing, William
麥志榮
Director
董事

Consolidated Statement of Changes in Equity

綜合股本變動報表

Year ended 31 December 2008

截至2008年12月31日止年度

| | | Attributable to equity holders of the Company | | | | | | | | | | |
|---|-------------------|---|-----------------------|----------|----------------------|---------------|-----------|-------------------------|----------|--------------------|-------------|--------------|
| | | 本公司股本持有人應佔 | | | | | | | | | | |
| | | Employee share-based compensation | | | Exchange fluctuation | | | Proposed final dividend | | Minority interests | | Total equity |
| | | Issued capital | Share premium account | reserve | Capital reserve | Reserve funds | reserve | Retained profits | dividend | Total | 少數股東權益 | 股本總值 |
| | | 已發行股本 | 股份溢價賬 | 薪酬儲備 | 資本儲備 | 儲備金 | 匯兌波動儲備 | 保留溢利 | 末期股息 | 總計 | 權益 | 總值 |
| Notes | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| At 1 January 2007 | 於2007年1月1日 | 279,138 | 3,660,432 | - | 2,482,197 | 193,282 | 275,427 | 2,863,932 | - | 9,754,408 | 1,807,721 | 11,562,129 |
| Exchange realignment | 匯兌調整 | - | - | - | - | - | 243,645 | - | - | 243,645 | 51,413 | 295,058 |
| Total income and expense for the year recognised directly in equity | 於股本直接確認之年度收入及支出總額 | - | - | - | - | - | 243,645 | - | - | 243,645 | 51,413 | 295,058 |
| Profit for the year | 年度溢利 | - | - | - | - | - | - | 791,686 | - | 791,686 | 245,733 | 1,037,419 |
| Total income and expense for the year | 年度收入及支出總額 | - | - | - | - | - | 243,645 | 791,686 | - | 1,035,331 | 297,146 | 1,332,477 |
| Contributions from minority shareholders | 少數股東出資 | - | - | - | - | - | - | - | - | - | 46,395 | 46,395 |
| Transfer from retained profits | 自保留溢利轉撥 | - | - | - | - | 30,950 | - | (30,950) | - | - | - | - |
| Equity-settled share option arrangements | 股本結算購股權安排 | 33 | - | 3,060 | - | - | - | - | - | 3,060 | - | 3,060 |
| Acquisition of subsidiaries | 收購附屬公司 | 35 | - | - | - | - | - | - | - | - | 113,636 | 113,636 |
| Release of reserves upon distribution of the Spin-off Group | 分拆集團進行分派時撥回儲備 | - | - | - | (2,902,104) | (98,147) | (281,979) | 3,282,230 | - | - | (1,180,386) | (1,180,386) |
| Special interim dividend | 特別中期股息 | 14 | - | - | - | - | - | (6,234,148) | - | (6,234,148) | - | (6,234,148) |
| Dividends to minority shareholders | 少數股東股息 | - | - | - | - | - | - | - | - | - | (9,662) | (9,662) |
| Final 2007 dividend declared | 擬派2007年末期股息 | 14 | - | - | - | - | - | (125,612) | 125,612 | - | - | - |
| At 31 December 2007 | 於2007年12月31日 | 279,138 | 3,660,432* | 3,060* | (419,907)* | 126,085* | 237,093* | 547,138* | 125,612 | 4,558,651 | 1,074,850 | 5,633,501 |

Attributable to equity holders of the Company

本公司股本持有人應佔

| | Notes | Employee share-based compensation | | Capital reserve | Reserve funds | Exchange fluctuation reserve | Retained profits | Proposed final dividend | Total | Minority interests | Total equity | |
|---|-------------------|-----------------------------------|---|-----------------|---------------|------------------------------|------------------|-------------------------|-----------|--------------------|--------------|-----------|
| | | Share premium account | Employee share-based compensation reserve | | | | | | | | | |
| | 附註 | 已發行股本 | 股份溢價賬 | 股本結算 | 資本儲備 | 儲備金 | 匯兌波動儲備 | 保留溢利 | 末期股息 | 總計 | 少數股東權益 | 股本總值 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| At 1 January 2008 | 於2008年1月1日 | 279,138 | 3,660,432 | 3,060 | (419,907) | 126,085 | 237,093 | 547,138 | 125,612 | 4,558,651 | 1,074,850 | 5,633,501 |
| Exchange realignment | 匯兌調整 | - | - | - | - | - | 232,692 | - | - | 232,692 | 52,542 | 285,234 |
| Total income and expense for the year recognised directly in equity | 於股本直接確認之年度收入及開支總額 | - | - | - | - | - | 232,692 | - | - | 232,692 | 52,542 | 285,234 |
| Profit for the year | 年度溢利 | - | - | - | - | - | - | 483,427 | - | 483,427 | 136,652 | 620,079 |
| Total income and expense for the year | 年度收入及開支總額 | - | - | - | - | - | 232,692 | 483,427 | - | 716,119 | 189,194 | 905,313 |
| Contributions from minority shareholders | 少數股東出資 | - | - | - | - | - | - | - | - | - | 4,950 | 4,950 |
| Transfer from retained profits | 自保留溢利轉撥 | - | - | - | - | 55,667 | - | (55,667) | - | - | - | - |
| Equity-settled share option arrangements | 股本結算購股權安排 | 33 | - | 10,135 | - | - | - | - | - | 10,135 | - | 10,135 |
| Cancellation of share premium | 註銷股份溢價 | 34(b) | (3,660,432) | - | 3,660,432 | - | - | - | - | - | - | - |
| Interim 2008 dividend paid | 已派2008年中期股息 | 14 | - | - | - | - | - | (66,993) | - | (66,993) | - | (66,993) |
| Final 2007 dividend paid | 已派2007年末期股息 | 14 | - | - | - | - | - | - | (125,612) | (125,612) | - | (125,612) |
| Proposed 2008 final dividend | 擬派2008年末期股息 | 14 | - | - | - | - | - | (107,189) | 107,189 | - | - | - |
| Dividends to minority shareholders | 少數股東股息 | - | - | - | - | - | - | - | - | - | (36,320) | (36,320) |
| At 31 December 2008 | 於2008年12月31日 | 279,138 | -* | 13,195* | 3,240,525* | 181,752* | 469,785* | 800,716* | 107,189 | 5,092,300 | 1,232,674 | 6,324,974 |

* These reserve accounts comprise the consolidated reserves of HK\$4,705,973,000 (2007: HK\$4,153,901,000) in the consolidated balance sheet.

* 該等儲備賬目構成綜合資產負債表中的綜合儲備4,705,973,000港元(2007年: 4,153,901,000港元)。

Consolidated Cash Flow Statement

綜合現金流量表

Year ended 31 December 2008

截至2008年12月31日止年度

| | Notes 附註 | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|--|------------------------|----------------------------------|----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | 經營業務產生之現金流量 | | |
| Profit before tax: | 稅前溢利： | | |
| From continuing operations | 持續經營業務 | 756,330 | 933,442 |
| From discontinued operations | 已終止經營業務 | 13 | 264,426 |
| Adjustments for: | 就下列項目作出調整： | | |
| Finance costs | 融資成本 | 8 | 98,044 |
| Share of profits of associates | 應佔聯營公司溢利 | (124,996) | (108,143) |
| Interest income | 利息收入 | 6 | (44,037) |
| Dividend income from available-for-sale investments | 可供出售投資之股息收入 | 6 | (41,004) |
| Dividend income from investments at fair value through profit or loss | 按公平值列入損益之投資之股息收入 | 6 | (92) |
| Fair value loss/(gain) on investments at fair value through profit or loss | 按公平值列入損益之投資之公平值虧損/(收益) | 6, 7 | 10,158 |
| Net gain arising from changes in fair value of biological assets | 生物資產公平值變動產生之淨收益 | 7 | (12,369) |
| Gain on disposal of subsidiaries | 出售附屬公司之收益 | 6 | – |
| Impairment of receivables | 應收款項減值 | 7 | 4,657 |
| Equity-settled share option expense | 股本結算購股權開支 | 7 | 10,135 |
| Amortisation of other intangible assets | 其他無形資產攤銷 | 7 | 3,312 |
| Depreciation | 折舊 | 7 | 208,698 |
| Fair value gain on investment properties | 投資物業之公平值變動產生之收益 | 6 | (4,656) |
| Loss on disposal of items of property, plant and equipment | 出售物業、廠房及設備虧損 | 7 | 4,278 |
| Impairment of items of property, plant and equipment | 物業、廠房及設備減值 | 7 | – |
| Recognition of prepaid land premiums | 確認預付土地金 | 7 | 4,654 |
| Provision against inventories | 存貨撥備 | 7 | 48,618 |
| Unrealised fair value losses of derivative instrument transactions | 衍生工具交易之未變現公平值虧損 | 7 | – |
| Government grants | 政府補助 | 6 | (28,904) |
| | | 852,777 | 964,820 |

| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|--|-----------------------|----------------------------------|----------------------------------|
| | | 852,777 | 964,820 |
| Increase in inventories | 存貨增加 | (571,362) | (1,015,519) |
| Decrease in accounts and bills receivable | 應收賬款及票據減少 | 167,070 | 54,671 |
| Decrease/(increase) in prepayments, deposits and other receivables | 預付款項、按金及其他應收款項減少/(增加) | 33,293 | (401,904) |
| Decrease/(increase) in amounts due from fellow subsidiaries | 同系附屬公司欠款減少/(增加) | 16,588 | (153,840) |
| Decrease/(increase) in amounts due from the ultimate holding company | 最終控股公司欠款減少/(增加) | (1,391) | 22,705 |
| Increase in amounts due from related companies | 關連公司欠款增加 | - | (6,112) |
| Decrease in amounts due from associates | 聯營公司欠款減少 | 3,449 | - |
| Increase/(decrease) in accounts and bills payable | 應付賬款及票據增加/(減少) | (4,714) | 197,565 |
| Increase in other payables and accruals | 其他應付款項及應計負債增加 | 368,872 | 674,444 |
| Increase/(decrease) in amounts due to fellow subsidiaries | 欠同系附屬公司款項增加/(減少) | 70,794 | (5,889) |
| Increase in amounts due to related companies | 欠關連公司款項增加 | 67,509 | 458,611 |
| Increase/(decrease) in amounts due to the ultimate holding company | 欠最終控股公司款項增加/(減少) | 918 | (9,147) |
| Increase in amounts due to associates | 欠聯營公司款項增加 | 68,192 | - |
| Decrease in amounts due to the immediate holding company | 欠直系控股公司款項減少 | - | (463) |
| Decrease in amounts due to minority shareholders of subsidiaries | 欠附屬公司少數股東款項減少 | - | (13,225) |
| Government grants received | 已收政府補助 | - | 811 |
| Cash generated from operations | 經營業務所得之現金 | 1,071,995 | 767,528 |
| Interest received | 已收利息 | 16,578 | 44,037 |
| Interest paid | 已付利息 | (44,871) | (103,794) |
| Hong Kong profits tax paid | 已付香港利得稅 | (9) | (2,457) |
| Mainland China tax paid | 已付中國稅項 | (168,061) | (156,748) |
| Net cash inflow from operating activities | 經營業務產生之現金流入淨額 | 875,632 | 548,566 |

Consolidated Cash Flow Statement (continued)

綜合現金流量表(續)

Year ended 31 December 2008

截至2008年12月31日止年度

| | Notes 附註 | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|---|----------------------------|----------------------------------|----------------------------------|
| Net cash inflow from operating activities | 經營業務產生之現金流入淨額 | 875,632 | 548,566 |
| CASH FLOWS FROM INVESTING ACTIVITIES | 投資活動產生之現金流量 | | |
| Decrease in pledged time deposits | 抵押定期存款減少 | 669 | 51,527 |
| Advances from associates | 聯營公司墊款 | - | 1,902 |
| Repayments from/(advances to) unlisted available-for-sale investments | 非上市可供出售投資 還款/(墊款) | 2,912 | (2,838) |
| Dividends from associates | 聯營公司股息 | 55,073 | 63,060 |
| Dividends received from available-for-sale investments | 已收可供出售投資 之股息 | 41,850 | 41,004 |
| Dividends received from investments at fair value through profit or loss | 已收按公平值列入損益之 投資之股息 | 92 | 164 |
| Proceeds from disposal of items of property, plant and equipment | 出售物業、廠房及設備項目 所得款項 | 18,397 | 15,625 |
| Proceeds from disposal of investments at fair value through profit or loss | 出售按公平值列入損益之 投資所得款項 | - | 105,571 |
| Purchases of investments at fair value through profit or loss | 購入按公平值列入損益之 投資 | (2,561) | (59,509) |
| Acquisition of subsidiaries | 收購附屬公司 | 35 | 52,589 |
| Acquisition of an associate | 收購一間聯營公司 | 22 | - |
| Additional investment in an associate | 於一間聯營公司之額外投資 | | - |
| Purchase of investment properties | 購入投資物業 | 17 | - |
| Disposal of subsidiaries | 出售附屬公司 | 36 | 39,585 |
| Spin-off of CAIH | 分拆中國糧油控股 | 37 | (1,291,561) |
| Purchases of items of property, plant and equipment | 購入物業、廠房及設備 | | (438,752) |
| Additions to other intangible assets | 增置其他無形資產 | 20 | (21,159) |
| Additions to prepaid land premiums | 預付土地金增加 | 18 | (24,776) |
| Decrease/(increase) in deposits for purchase of items of property, plant and equipment | 購置物業、廠房及設備項目 之按金減少/(增加) | | (20,504) |
| Additions to biological assets | 添置生物資產 | 24 | (2,204) |
| Government grants received | 政府補助收入 | | 27,870 |
| Net cash outflow from investing activities | 投資活動產生之現金流出淨額 | (557,319) | (1,851,521) |

| | Notes 附註 | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|---|--------------------------------|----------------------------------|----------------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | 融資活動產生之現金流量 | | |
| New bank loans | 新增銀行貸款 | 577,652 | 4,717,973 |
| New other loans | 新增其他貸款 | 454,361 | 971,883 |
| Repayments of bank loans | 償還銀行貸款 | (732,936) | (3,160,672) |
| Repayments of other loans | 償還其他貸款 | (471,129) | (2,479,725) |
| Increase in other payables and accruals | 其他應付款項及應計款項增加 | 164,722 | – |
| Contributions from minority shareholders | 少數股東出資 | 4,950 | 46,395 |
| Dividends paid | 已付股息 | (192,605) | – |
| Dividends paid to minority shareholders of subsidiaries | 已付附屬公司少數股東股息 | (37,466) | (8,549) |
| Increase/(decrease) in amounts due to minority shareholders of subsidiaries | 欠附屬公司少數股東款項 增加/(減少) | (6,354) | 34,668 |
| Net cash inflow/(outflow) from financing activities | 融資活動產生之現金 流入/(流出)淨額 | (238,805) | 121,973 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 現金及現金等值項目增加/ (減少)淨額 | 79,508 | (1,180,982) |
| Cash and cash equivalents at beginning of year | 年初之現金及現金等值項目 | 1,396,563 | 2,515,973 |
| Effect of foreign exchange rate changes, net | 匯率變動影響淨額 | 70,613 | 61,572 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 年終之現金及現金等值項目 | 1,546,684 | 1,396,563 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | 現金及現金等值項目結餘分析 | | |
| Cash and bank balances | 現金及銀行結餘 | 1,523,927 | 820,377 |
| Non-pledged time deposits with original maturity of less than three months when acquired | 存入時原於3個月內到期之 無抵押定期存款 | 22,757 | 576,186 |
| | | 1,546,684 | 1,396,563 |

Balance Sheet

資產負債表

31 December 2008
2008年12月31日

| | Notes 附註 | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|--|-------------|----------------------------------|----------------------------------|
| NON-CURRENT ASSETS | | | |
| Interests in subsidiaries | 21 | 6,004,584 | 5,164,849 |
| | | | |
| CURRENT ASSETS | | | |
| Prepayments, deposits and other receivables | | 4,059 | 456 |
| Investments at fair value through profit or loss | 27 | 7,204 | 14,301 |
| Due from the immediate holding company | 41 | 165 | 165 |
| Tax recoverable | | 1,715 | 1,288 |
| Cash and cash equivalents | 28 | 19,968 | 432,994 |
| Total current assets | | 33,111 | 449,204 |
| | | | |
| CURRENT LIABILITIES | | | |
| Other payables and accruals | | 3,726 | 3,793 |
| | | | |
| NET CURRENT ASSETS | | 29,385 | 445,411 |
| Net assets | | 6,033,969 | 5,610,260 |
| | | | |
| EQUITY | | | |
| Issued capital | 32 | 279,138 | 279,138 |
| Reserves | 34(b) | 5,647,642 | 5,205,510 |
| Proposed final dividend | 14 | 107,189 | 125,612 |
| Total equity | | 6,033,969 | 5,610,260 |

Qu Zhe
曲喆
Director
董事

Mak Chi Wing, William
麥志榮
Director
董事

Notes to the Financial Statements

財務報告附註

31 December 2008
2008年12月31日

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is a subsidiary of COFCO (Hong Kong) Limited (“COFCO (HK)”), a company incorporated in Hong Kong. Based on confirmation by the Company’s directors, the ultimate holding company of the Company is COFCO Limited (“COFCO”), 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”), was involved in the following principal activities:

- production, sale and trading of grape wine and other wine products;
- processing, bottling and distribution of sparkling beverages and distribution of still beverages;
- distribution of retail packaged cooking oil and other related products; and
- production and distribution of chocolate and other related products.

In 2007, pursuant to a reorganisation scheme (the “Reorganisation”), the Group spun off its interests in certain subsidiaries which are engaged in oilseed processing, wheat processing, the production and sale of brewing materials, rice trading and processing and the production and sale of biofuel and biochemicals through a separate listing on The Stock Exchange of Hong Kong Limited (the “Spin-off”). In respect of the Spin-off, the Company declared on 8 February 2007 a special interim dividend to distribute the Company’s entire interest in the issued share capital of China Agri-Industries Holdings Limited (“CAIH”). The Spin-off and the listing of the shares of CAIH were completed on 21 March 2007.

Upon the completion of the Spin-off, the Group discontinued its oilseeds processing, wheat processing, the production and sale of brewing materials, rice trading and processing, and the production and sale of biofuel and biochemicals businesses carried out by CAIH and its subsidiaries (the “Spin-off Group”).

1. 公司資料

本公司為一家於百慕達註冊成立之有限責任公司。本公司之註冊辦事處為 Clarendon House, 2 Church Street, Hamilton HM11, Bermuda。

本公司乃在香港註冊成立之中糧集團(香港)有限公司(「中糧香港」)之附屬公司。根據本公司董事的確認，本公司之最終控股公司為於中華人民共和國(「中國」)註冊的國有企業中糧集團有限公司(「中糧集團」)。

本年度內，本公司及其附屬公司(統稱「本集團」)從事下列主要業務：

- 葡萄酒及其他酒類產品的生產、銷售及買賣；
- 加工、裝瓶及分銷碳酸飲料及分銷非碳酸飲料；
- 分銷散裝烹調油及其他相關產品；及
- 生產及分銷巧克力及其他相關產品。

於2007年，根據一項重組計劃(「重組」)，本集團透過在香港聯合交易所有限公司獨立上市分拆其於若干附屬公司之權益(「分拆」)，該等附屬公司從事油籽加工、小麥加工、生產及銷售啤酒原料、大米貿易及加工，以及製造及銷售生物燃料和生化物料產品。就分拆而言，本公司於2007年2月8日宣派特別中期股息，以分派本公司於中國糧油控股有限公司(「中國糧油控股」)已發行股本之全部權益。中國糧油控股之分拆及股份上市已於2007年3月21日完成。

於完成分拆後，本集團不再從事其油籽加工、小麥加工、生產及銷售啤酒原料、大米貿易及加工，以及製造及銷售生物燃料和生化物料產品之業務，而由中國糧油控股及其附屬公司(「分拆集團」)從事該等業務。

2. BASIS OF PREPARATION

These financial statements have been 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. They have been prepared under the historical cost convention, except for investment properties, biological assets, derivative financial instruments, certain available-for-sale investments and investments at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

As the Spin-off was completed on 21 March 2007, for the presentation of the Group’s financial statements for the year ended 31 December 2007, the Spin-off Group was regarded as discontinued operations in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtain control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of certain subsidiaries from COFCO (HK) through the reorganisation scheme of the Group (the “2006 Acquisition”) is accounted for based on the principles of merger accounting in accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the HKICPA, as if the 2006 Acquisition had occurred from the date when the subsidiaries acquired through the 2006 Acquisition first came under the control as the Company and the subsidiaries acquired are all ultimately controlled by COFCO before and after the 2006 Acquisition. Further details of the 2006 Acquisition and the Reorganisation are set out in the Company’s circular date 28 October 2006.

2. 編製賬目之基準

此等財務報表乃根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」, 包括全部香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計準則以及香港公司條例之披露規定而編製, 並以歷史成本慣例為編製基準, 惟若干投資物業、生物資產、衍生金融工具、若干可供出售投資及按公平值於損益列賬之投資乃按公平值入賬則除外。此等財務報表均以港元(「港元」)列值, 且除另有說明外, 所有價值均零整至最接近之千位。

由於分拆已於2007年3月21日完成, 就呈列本集團截至2007年12月31日止年度之財務報表而言, 根據香港財務報告準則第5號「持作出售之非流動資產及已終止經營業務」, 分拆集團被視為已終止經營業務。

綜合基準

綜合財務報表包括本公司及其附屬公司截至2008年12月31日止年度之財務報表。附屬公司之業績自收購日期起綜合入賬, 收購日期即本集團取得控制權之日, 並至該控制權終止為止一直綜合入賬。本集團內公司間交易所產生之一切收入、開支、未變現收益及虧損以及集團內公司間結餘於綜合入賬時悉數對銷。

透過本集團之重組計劃向中糧香港收購若干附屬公司(「2006年收購」)乃根據香港會計師公會頒佈之會計指引第5號「共同控制合併之合併會計法」以合併會計法基準入賬, 猶如2006年收購於被收購附屬公司首次受中糧公司控制起已發生, 因為本公司及被收購之附屬公司於2006年收購前後均最終由中糧公司控制, 而2006年收購被視為共同控制業務合併。2006年收購及重組之進一步詳情載於本公司日期為2006年10月28日之通函內。

2. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

Apart from the 2006 Acquisition, the acquisition of subsidiaries is accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. Acquisitions of minority interests are accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

3.1 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

| | |
|--------------------------------|--|
| HKAS 39 and HKFRS 7 Amendments | Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> and HKFRS 7 <i>Financial Instruments: Disclosures – Reclassification of Financial Assets</i> |
| HK(IFRIC)-Int 11 | HKFRS 2 – <i>Group and Treasury Share Transactions</i> |
| HK(IFRIC)-Int 12 | <i>Service Concession Arrangements</i> |
| HK(IFRIC)-Int 14 | HKAS 19 – <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> |

The adoption of these new interpretations and amendments has had no significant effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2. 編製賬目之基準(續)

綜合基準(續)

除2006年收購外，收購附屬公司以收購會計法入賬。此法涉及將業務合併之成本分配至於收購日期已收購可識別資產及已承擔可識別負債及或然負債之公平值。收購成本以所支付資產、所發行股本工具以及所產生或承擔之負債於交易日期之公平值總和計量，另加收購直接有關之成本。附屬公司之業績自收購日期起綜合入賬，收購日期即本集團取得控制權之日，並至該控制權終止為止一直綜合入賬。

少數股東權益指並非由本集團持有之外界股東於本公司附屬公司業績及淨資產之權益。收購少數股東權益以母公司延伸法入賬，據此，代價與應佔所收購淨資產賬面值之差額確認為商譽。

3.1 新訂及經修訂香港財務報告準則之影響

本集團於本年度之財務報表中首次採納下列新詮釋及經修訂香港財務報告準則。

| | |
|----------------------------|--|
| 香港會計準則第39號及香港財務報告準則第7號(修訂) | 香港會計準則第39號 <i>金融工具：確認及計量</i> 及香港財務報告準則第7號 <i>金融工具：披露—重新分類金融資產之修訂</i> |
| 香港(國際財務報告詮釋委員會)—詮釋第11號 | 香港財務報告準則第2號— <i>集團及庫存股份交易</i> |
| 香港(國際財務報告詮釋委員會)—詮釋第12號 | <i>服務特許權安排</i> |
| 香港(國際財務報告詮釋委員會)—詮釋第14號 | 香港會計準則第19號— <i>界定利益資產的限制、最低資金要求和兩者的互相關係</i> |

採納該等新詮釋及修訂對該等財務報表概無產生重大影響，且該等財務報表所應用之會計政策概無重大變動。

3.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

| | |
|--------------------------------|---|
| HKFRS 1 and HKAS 27 Amendments | Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statement – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> ¹ |
| HKFRS 2 Amendments | Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i> ¹ |
| HKFRS 3 (Revised) | <i>Business Combinations</i> ² |
| HKFRS 8 | <i>Operating Segments</i> ¹ |
| HKAS 1 (Revised) | <i>Presentation of Financial Statements</i> ¹ |
| HKAS 23 (Revised) | <i>Borrowing Costs</i> ¹ |
| HKAS 27 (Revised) | <i>Consolidated and Separate Financial Statements</i> ² |
| HKAS 32 and HKAS 1 Amendments | Amendments to HKAS 32 <i>Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising On Liquidation</i> ¹ |
| HKAS 39 Amendment | Amendment to HKAS 39 <i>Financial Instrument: Recognition and Measurement – Eligible Hedged Items</i> ² |
| HK (IFRIC)-Int 13 | <i>Customer Loyalty Programmes</i> ³ |
| HK (IFRIC)-Int 15 | <i>Agreements for the Construction of Real Estate</i> ¹ |
| HK (IFRIC)-Int 16 | <i>Hedges of a Net Investment in a Foreign Operation</i> ⁴ |
| HK (IFRIC)-Int 17 | <i>Distribution of Non – cash Assets to Owners</i> ² |

3.2 已頒佈但尚未生效之香港財務報告準則之影響

本集團並無於該等綜合財務報告採用下列已頒佈但未生效的新訂及經修訂之香港財務報告準則：

| | |
|----------------------------|--|
| 香港財務報告準則第1號和香港會計準則第27號(修訂) | 香港財務報告準則第1號「首次採納香港財務報告準則」和香港會計準則第27號「綜合及獨立財務報表」之修訂－對附屬公司、共同控制實體或聯營公司投資的成本 ¹ |
| 香港財務報告準則第2號(修訂) | 香港財務報告準則第2號「以股份為基礎付款」之修訂－歸屬條件及註銷 ¹ |
| 香港財務報告準則第3號(經修訂) | 業務合併 ² |
| 香港財務報告準則第8號 | 經營分部 ¹ |
| 香港會計準則第1號(經修訂) | 呈列財務報表 ¹ |
| 香港會計準則第23號(經修訂) | 借貸成本 ¹ |
| 香港會計準則第27號(經修訂) | 綜合及獨立財務報表 ² |
| 香港會計準則第32號及香港會計準則第1號(修訂) | 香港會計準則第32號「金融工具：呈列」及香港會計準則第1號「呈列財務報表」之修訂－可沽售金融工具及清盤產生之責任 ¹ |
| 香港會計準則第39號(修訂) | 香港會計準則第39號「金融工具：確認和計量」之修訂－合資格套期項目 ² |
| 香港(國際財務報告詮釋委員會)－詮釋第13號 | 客戶忠誠度計劃 ³ |
| 香港(國際財務報告詮釋委員會)－詮釋第15號 | 有關興建房地產的協議 |
| 香港(國際財務報告詮釋委員會)－詮釋第16號 | 對境外業務淨投資的套期 ⁴ |
| 香港(國際財務報告詮釋委員會)－詮釋第17號 | 向擁有人分派非現金資產 ² |

3.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Apart from the above, the HKICPA has issued *Improvements to HKFRSs** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

- ¹ Effective for annual periods beginning on or after 1 January 2009
- ² Effective for annual periods beginning on or after 1 July 2009
- ³ Effective for annual periods beginning on or after 1 July 2008
- ⁴ Effective for annual periods beginning on or after 1 October 2008

* *Improvements to HKFRSs* contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HKAS 23 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3.2 已頒佈但尚未生效之香港財務報告準則之影響(續)

除上述者外，香港會計師公會亦頒佈對香港財務報告準則之改進^{*}，當中載列對多項香港財務報告準則之修訂，主要目的為刪除不一致條文及釐清措辭。儘管各項準則均個別訂有過渡條文，除香港財務報告準則第5條之修訂本於2009年7月1日或之後開始年度期間生效外，其他修訂本均於2009年1月1日或之後開始之年度期間生效。

- ¹ 於2009年1月1日或之後開始之年度期間生效
- ² 於2009年7月1日或之後開始之年度期間生效
- ³ 於2008年7月1日或之後開始之年度期間生效
- ⁴ 於2008年10月1日或之後開始之年度期間生效

* 香港財務報告準則之改進包括香港財務報告準則第5號、香港財務報告準則第7號、香港會計準則第1號、香港會計準則第8號、香港會計準則第10號、香港會計準則第16號、香港會計準則第18號、香港會計準則第19號、香港會計準則第20號、香港會計準則第23號、香港會計準則第27號、香港會計準則第28號、香港會計準則第29號、香港會計準則第31號、香港會計準則第34號、香港會計準則第36號、香港會計準則第38號、香港會計準則第39號、香港會計準則第40號及香港會計準則第41號。

本集團正在評估首次採用該等新訂及經修訂香港財務報告準則之影響。目前，本集團認為採用香港財務報告準則第8號及香港會計準則第1號(經修訂)可能導致新增或經修訂披露，以及採用香港財務報告準則第3號(經修訂)、香港會計準則第27號(經修訂)及香港會計準則第23號(經修訂)可能導致會計政策出現變動，惟此等新訂及經修訂香港財務報告準則不大可能對本集團的經營業績及財務狀況有重大影響。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

- (a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;
- (b) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or
- (c) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

3.3 主要會計政策概要

附屬公司

附屬公司指由本公司直接或間接控制其財務及經營政策以從其業務活動中獲益之公司。

附屬公司之業績按已收及應收股息計入本公司之收入報表內。本公司於附屬公司之權益按成本值扣除任何減值虧損入賬。

合營公司

合營公司指根據合約安排方式成立之公司，本集團與其他合營人士藉以進行經濟業務。合營公司以獨立實體方式運作，本集團與其他合營人士均在其中佔有權益。

合營方訂立之合營協議規定了合營各方之股本貢獻、合營期限及於合營公司解散時資產變現之基準。經營合營公司之損益及任何盈餘資產分派乃按合營方各自股本貢獻之比例或根據合營協議之條款分配。

合營公司可視作：

- (a) 附屬公司，倘本集團一方直接或間接控制合營公司；
- (b) 聯營公司，倘本集團並無單一或共同控制權，但通常直接或間接持有合營公司不少於20%之註冊股本，以及可對合營公司行使重大影響力；或
- (c) 根據香港會計準則第39號入賬之股本投資，倘本集團直接或間接持有合營公司之註冊資本不足20%，對其亦無共同控制權或重大影響力。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Associates

An associate is an entity, not being a subsidiary, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in associates except where unrealised losses provide evidence of an impairment of the asset transfers. Goodwill arising from the acquisition of associates is included as part of the Group's interests in associates.

Goodwill

Goodwill arising on the acquisition of subsidiaries and associates represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill on acquisitions for which the agreement date is on or after 1 January 2005

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

3.3 主要會計政策概要(續)

聯營公司

聯營公司並非附屬公司，而是本集團持有長期權益，且一般具有不少於20%股本投票權及對其可發揮重大影響力之公司。

本公司於聯營公司之權益以權益會計法計算所佔資產淨值扣除任何減值虧損後列於綜合資產負債表內。本集團所佔聯營公司收購後業績及儲備分別計入綜合收入報表及綜合儲備內。本集團與其聯營公司之間交易所產生之未變現損益，均按本集團於聯營公司所佔之權益比率抵銷，惟可提供證據的未變現虧損是由所轉讓資產減值導致的則除外。收購聯營公司產生之商譽列入本集團於聯營公司權益之一部分。

商譽

收購附屬公司及聯營公司所產生之商譽，指業務合併成本超出本集團於收購日期所分佔已收購之被收購公司可識別資產、負債及承擔之或然負債之公平值淨值之數額。

協議日期為2005年1月1日或之後之收購之商譽

收購所產生之商譽於綜合資產負債表中確認為一項資產，初步按成本而其後則按成本減任何累計減值虧損計量。若為聯營公司，商譽包括在其賬面值中，而不會在綜合資產負債表內列作為獨立可識別資產。

商譽之賬面值每年就減值進行檢討，或於出現任何事件或環境改變，顯示賬面值可能減少時，則進行更為頻密之檢討。為進行減值測試，因業務合併而收購之商譽自收購日期起會被分配至預期可自合併之協同效益中獲益之本集團各現金產生單位，或各組現金產生單位，而不論本集團其他資產或負債會否被轉撥至該等單位或單位組別。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (continued)

Goodwill on acquisitions for which the agreement date is on or after 1 January 2005 (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill previously eliminated against consolidated retained profits

Prior to the adoption of the HKICPA's Statement of Standard Accounting Practice 30 *Business Combinations* ("SSAP 30") in 2001, goodwill arising on acquisition was eliminated against consolidated retained profits in the year of acquisition. On the adoption of HKFRS 3, such goodwill remains eliminated against consolidated retained profits and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition of an associate (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

The excess for an associate is included in the Group's share of an associate's profit or loss in the period in which the investment is acquired.

3.3 主要會計政策概要(續)

商譽(續)

協議日期為2005年1月1日或之後之收購之商譽(續)

減值按對與商譽有關之現金產生單位(或一組現金產生單位)可收回款額進行評估釐定。倘現金產生單位(或一組現金產生單位)之可收回款額低於賬面值,則確認減值虧損。就商譽確認之減值虧損不會於隨後期間撥回。

倘商譽構成現金產生單位(或一組現金產生單位)其中一部分,而出售該單位部分業務,則於釐定出售業務盈虧時,與出售業務有關之商譽會計入業務賬面值。於該情況售出之商譽,按出售業務及保留之現金產生單位部分相對價值基準計算。

之前於綜合保留溢利內撇銷之商譽

於2001年採納香港會計師公會之會計實務準則第30號業務合併(「會計實務準則第30號」)前,因收購而產生之商譽乃於收購年度之綜合保留溢利中撇銷。於採納香港財務報告準則第3號後時,該商譽仍於綜合保留溢利中撇銷,且當商譽有關之業務全部或部分被出售或當商譽有關之現金產生單位已被減值時,並無於收入報表內確認。

超過企業合併成本之部分

本集團獲得的對被收購人的可識別資產、負債及或然負債的公平值之利益超過收購聯營公司成本之部分(曾被稱為負商譽),經過重估之後,隨即在收入報表中確認。

收購聯營公司形成的超過合併成本的部分計入本集團於收購資產當期應佔的聯營公司之損益。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, biological assets, financial assets, investment properties, and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

3.3 主要會計政策概要(續)

非金融資產(商譽除外)減值

倘有跡象顯示出現減值或須就資產進行年度減值測試(不包括存貨、遞延稅項資產、生物資產、金融資產、投資物業及商譽)，則會估計資產之可收回金額。資產之可收回金額按資產或現金產生單位之使用價值或公平值(以較高者為準)減銷售成本而計算，並就個別資產而釐定，除非有關資產並無產生現金流入，且在頗大程度上獨立於其他資產或資產類別。在此情況下，可收回金額就資產所屬之現金產生單位而釐定。

減值虧損僅於資產賬面值超逾可收回金額時確認。於評估使用價值時，估計日後現金流量按可反映現時市場評估之貨幣時間價值及資產特定風險之稅前貼現率貼現至現值。減值虧損於產生期間自收入報表扣除。

於每個報告日均會就是否有任何跡象顯示過往年度確認之減值虧損不再存在或可能已經減少進行評估。倘有任何該等跡象，便會估計可收回金額。僅當用以釐定資產之可收回金額之估計有所轉變時，先前所確認之減值虧損方可撥回，惟撥回之金額不可高於假設過往年度該資產在並無減值虧損予以確認情況下資產之賬面值(扣除任何折舊／攤銷)。撥回之減值虧損於其產生之期間計入收入報表內。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a member of the key management personnel of the Group or any of its holding companies;
- (d) the party is a close member of the family of any individual referred to in (a) or (c);
- (e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or
- (f) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

3.3 主要會計政策概要(續)

關連人士

在下列情況下，有關人士將視為本集團之關連人士：

- (a) 有關人士直接或透過一名或多名中介人：(i)控制本集團、受本集團控制，或與本集團共受控制；(ii)擁有本集團之權益，並可對本集團發揮重大影響力；或(iii)與他人共同擁有本集團之控制權；
- (b) 有關人士為聯繫人士；
- (c) 有關人士為本集團或其任何控股公司之主要管理人員；
- (d) 有關人士為(a)或(c)項所述人士之直系親屬；
- (e) 有關人士直接或間接受(c)或(d)項所述人士所控制、共同控制、發揮重大影響力，或擁有重大投票權；或
- (f) 有關人士向本集團或本集團關連人士之任何公司提供僱員退休福利計劃。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

| | |
|--------------------------------|---------------|
| Building | 2.8% to 16.2% |
| Plant, machinery and equipment | 4.5% to 25% |

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

3.3 主要會計政策概要(續)

物業、廠房及設備及折舊

除在建工程外，物業、廠房及設備按成本減累計折舊及任何減值虧損後列賬。物業、廠房及設備項目成本包括購入價及使資產處於擬定用途之運作狀況及地點之任何直接應佔成本。物業、廠房及設備項目投入運作後所產生之支出(例如維修及保養)，則一般於產生該筆支出期間從收入報表中扣除。倘清楚顯示該筆支出已導致預期日後運用該物業、廠房及設備項目所取得之經濟利益增加，以及當該項目之成本能可靠地計量時，則該筆支出會撥作該資產之額外成本或重置。

折舊以直線法計算，按每項物業、廠房及設備項目之估計使用年期撇銷其成本。就此而言，所使用之主要年度折舊率如下：

| | |
|----------|------------|
| 樓宇 | 2.8%至16.2% |
| 廠房、機械及設備 | 4.5%至25% |

倘物業、廠房及設備項目各部份的可使用年期不同，則該項目的成本會合理分配至各部份，而每部份須分開折舊。

剩餘價值、可使用年期和折舊方法至少於每個結算日進行檢討和調整(倘適用)。

一項物業、廠房及設備於出售時或經其使用或出售而估計日後不再有經濟效益時，將不再被確認。於年度不再被確認之資產因其出售或報廢並於收入報表確認之任何收益或虧損乃有關資產之銷售所得款項淨額與賬面值之差額。

在建工程乃按成本減任何減值虧損後列賬，不作折舊。成本包括施工期間之直接建築成本及有關借貸資金之已資本化借貸成本。在建工程落成後及可投入使用時重新列入適當之物業、廠房及設備或投資物業類別。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

Intangible assets (other than goodwill)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Computer software

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of eight years.

Biological assets

Grape vines are measured at their fair value less estimated point-of-sale costs. The fair value of the grape vines is estimated by reference to independent professional valuations using the discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the grape vines is determined using the market price of the estimated yield of the agricultural produce, being grapes, net of maintenance and harvesting costs and any costs required to bring grape vines to maturity. The estimated yield of the grape vines is affected by the age of the grape trees, the location, soil type and infrastructure. The market price of the grapes is largely dependent on the prevailing market price of the processed products after harvest, being crude grape wine.

3.3 主要會計政策概要(續)

投資物業

投資物業乃指持有之土地及樓宇(包括根據物業(符合投資物業之定義)經營租約之租賃權益),以賺取租金收入及/或資本增加,而非用作生產或供應貨品或提供服務或行政用途;或於日常業務範圍內出售。該等物業乃初步按成本(包括交易成本)計量。初步確認後,投資物業乃按公平值列賬,以反映於結算日之市場狀況。

投資物業公平值變動而產生之收益或虧損,乃列入該產生年度之收入報表內。

投資物業報廢或出售所產生之任何收益或虧損,乃於報廢或出售該年度之收入報表內確認。

無形資產(不包括商譽)

無形資產之可使用期評估為有限或無限。可使用期有限之無形資產於可使用經濟年期內攤銷,並評估是否有跡象顯示無形資產可能出現減值。可使用期有限之無形資產之攤銷年期及攤銷方法至少於各結算日檢討一次。

電腦軟件

所購入之專利及特許權按成本減任何減值虧損列賬,並以直線法於估計可使用年期八年攤銷。

生物資產

葡萄樹按其公平值減估計銷售點成本計量。葡萄樹之公平值乃經參考獨立專業估值後使用相關生物資產之貼現現金流量作出估計。葡萄樹整個生命周期產生之預期現金流量乃使用農產品(即葡萄)估計產量之市價,扣除保養及收成成本及任何令葡萄樹成熟所需之成本釐定。葡萄樹之估計產量受葡萄樹齡、位置、土壤種類及基礎建設所影響。葡萄之市價很大程度上取決於收成後之加工產品(即原葡萄酒)之現行市價。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land premiums under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as investments at fair value through profit or loss, loans and receivables and available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3.3 主要會計政策概要(續)

經營租約

凡資產擁有權帶來之絕大部分回報及風險仍歸出租人所有，則有關租賃列為經營租約。倘本集團為出租人，由本集團於經營租約下出租之資產乃計入非流動資產，而經營租約下之應收租金則按租期以直線法計入收入報表；倘本集團為承租人，經營租約項下之應付租金則按租期以直線法於收入報表內扣除。

根據經營租約預付之土地金均初步按成本列賬，其後於租期內按直線基準予以確認。當租賃付款不能可靠地分配至土地及樓宇，則整筆租賃付款列入土地及樓宇之成本，作為物業、廠房及設備之財務租賃。

投資及其他金融資產

在香港會計準則第39號範圍內之金融資產可以分類為按公平值列入損益之投資、貸款及應收款項和可供出售投資(視乎適用而定)。金融資產初步確認時按公平值，加(倘其並非按公平值列入損益的投資)直接應計之交易成本計算。

本集團於首次訂立合約時，會評估該合約有否附帶任何衍生工具。當分析顯示附帶衍生工具的經濟特徵及風險與主合約並無密切關係時，附帶衍生工具須與主合約分開處理。只有在修訂合約條款以致重大改變合約所需的現金流量的情況，才會作出重新評估。

本集團會於初步確認後將金融資產分類，並於許可及適當情況下，於各結算日重新考慮分類。

正常情況下買入及出售之金融資產於交易日(即本集團承諾購買或出售資產之日)確認。正常情況下買入及出售指於規例或市場慣例一般設定之期間內交付金融資產之買入或出售。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Investments at fair value through profit or loss

Investments at fair value through profit or loss are financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on these financial assets are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends on these financial assets, which are recognised in accordance with the policy set out for “Revenue recognition” below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets in unlisted equity securities that are designated as available-for-sale or are not classified in any of the other two categories. After initial recognition, available-for-sale investments are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as “Other income” in accordance with the policies set out for “Revenue recognition” below. Losses arising from the impairment of such investments are recognised in the income statement as “Impairment losses on available-for-sale financial assets” and are transferred from the available-for-sale investment revaluation reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

3.3 主要會計政策概要(續)

投資及其他金融資產(續)

按公平值列入損益之投資

按公平值列入損益的金融資產包括持作買賣之金融資產。計劃於短期內出售而購入之金融資產，均列作為交易而持有之金融資產。此等金融資產之損益於收入報表中確認。於收入報表中確認之公平值損益淨額並不包括該等金融資產按下文「收益之確認」所載政策確認之任何股息或利息。

貸款及應收款項

貸款及應收款項指固定或可釐定付款金額而活躍市場中並無報價之非衍生金融資產。該等資產其後以實際利率法計算之攤銷成本減任何減值撥備入賬。攤銷成本包括屬於實際利率一部分之費用及交易成本並計入獲取時之任何折讓及溢價進行計算。有關收益及虧損均於貸款及應收款項終止確認或減值時通過攤銷程序計入收入報表。

可供出售投資

可供出售投資乃指可供出售之非上市股本中之非衍生金融資產，或未被列入其他兩個類別之金融資產。可供出售投資於初始確認後以公平值入賬。因其公平值變動而出現之溢利或虧損應作為權益之單獨部分確認，直至該項投資解除確認或被確定減值。屆時過往於權益內確認之溢利或虧損將計入收入報表。所得利息及股息分別列作利息收入及股息收入，並根據下文「收益之確認」載列之政策以「其他收入」於收入報表中確認。該等投資之減值產生之虧損以「可供出售金融資產之減值虧損」於收入報表中確認，並自可供出售投資重估儲備中轉入。

當非上市的股本證券的公平值，因為(a)合理的公平值估計範圍的變動對該投資而言是重大的，或者(b)在上述範圍內的各種估計值的概率不能夠合理地確定及用於估計公平值，而不能可靠計量時，該等證券以成本減任何減值虧損列賬。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using a discounted cash flow analysis.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to accounts and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

3.3 主要會計政策概要(續)

投資及其他金融資產(續)

公平值

在有序金融市場交易活躍的投資之公平值乃參考結算日營業時間結束時之市場買入價而計算。對於沒有活躍市場標價之投資，其公平值則以估值方法釐定。估值方法包括折現現金流量分析。

金融資產減值

本集團於每個結算日評估是否存在客觀證據顯示一項或一組金融資產出現減值。

按攤銷成本入賬之資產

倘有客觀證據顯示按攤銷成本入賬之貸款及應收款項出現減值虧損，則減值虧損按該資產賬面值與其初始實際利率(即首次確認時計算之實際利率)折現之估計未來現金流量(不包括尚未產生之未來信貸虧損)現值之差額計算。資產的賬面值會通過使用備抵賬削減。減值虧損在收入報表內確認。貸款及應收款項連同任何相關之備抵款項當並無實際前景顯示可於未來收回時予以撇銷。

倘其後減值虧損金額減少，且此減少客觀上與確認減值以後發生的事項有關，則以往確認之減值虧損將透過調整備抵賬撥回，其後撥回之減值虧損於收入報表內確認，惟有關資產之賬面值不得超過撥回當日之攤銷成本。

就應收賬款及其他應收款項而言，若出現客觀證據(如債務人可能資不抵債或者出現嚴重財務困難，以及技術、市場經濟或法律環境出現重大轉變對債務人帶來不利影響)顯示本集團將無法按發票的原定條款收回所有到期款項，本集團會作出減值準備。應收款項的賬面值會通過使用備抵賬削減。減值債務一經評估為無法收回時即會取消確認。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale investments

If an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. A provision for impairment is made for available-for-sale investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement. Impairment losses on equity instruments classified as available-for-sale are not reversed through the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.3 主要會計政策概要(續)

金融資產減值(續)

按成本入賬之資產

倘有客觀證據顯示，因未能可靠計量公平值，令非按公平值列值之無報價股本工具出現減值虧損，則虧損金額按該資產之賬面值與預期未來現金流量之現值(按類似金融資產之現行市場回報率折現)之差額入賬。該等資產之減值虧損不予撥回。

可供出售投資

倘可供出售金融資產出現減值，則其成本(已撇除本金及攤銷額)與當前公平值之差額，再扣減以往於收入報表確認之減值虧損之金額，將自股本轉撥至收入報表。當可供出售證券投資之公平值大幅或持續低於其成本或有其他客觀證據顯示減值存在，將對可供出售投資作出減值撥備。釐定「大幅」或「持續」之界定須作出判斷。歸類為可供出售之股本工具之減值虧損不可透過收入報表撥回。

取消確認金融資產

金融資產(或一項金融資產的一部分或一組同類金融資產的一部分)在下列情況將取消確認：

- 收取該項資產所得現金流量的權利經已屆滿；
- 本集團保留收取該項資產所得現金流量的權利，惟須根據一項「通過」安排，在未有嚴重延緩第三者的情況下，已就有關權利全數承擔付款的責任；或
- 本集團已轉讓其收取該項資產所得現金流量的權利，並(a)已轉讓該項資產的絕大部分風險及回報；或(b)並無轉讓或保留該項資產絕大部分風險及回報，但已轉讓該項資產的控制權。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets (continued)

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including accounts and other payables, amounts due to the group companies, amounts due to minority shareholders of subsidiaries and related companies, and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "Finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

3.3 主要會計政策概要(續)

取消確認金融資產(續)

本集團凡轉讓其收取該項資產所得現金流量的權利，但並無轉讓或保留該項資產的絕大部分風險及回報，且並無轉讓該項資產的控制權，該項資產將確認入賬，條件為本集團須持續佔有該項資產。持續佔有指本集團就已轉讓資產作出的一項保證，已轉讓資產乃以該項資產的原賬面值及本集團或須償還的代價數額上限(以較低者為準)計算。

倘若對已轉讓資產以沽出及/或購入期權(包括現金交收期權或類似條文)的方式持續分佔，本集團持續佔有的份額以本集團可購回之已轉讓資產金額為限，惟如屬有關以公平值計量之資產之沽出認沽期權(包括現金交收期權或類似條文除外)，則本集團持續佔有之限度僅為已轉讓資產公平值與期權行使價兩者的較低者。

按攤銷成本列值的金融負債(包括附息貸款及借貸)

金融負債包括應付賬款及其他應付款項、欠集團公司之款項、欠附屬公司少數股東及關連公司款項，以及附息貸款與借貸，初步按公平值減直接應佔交易成本計量，其後按攤銷成本使用實際利率法計量，除非折現之影響不屬重大，否則按成本列值。有關利息開支於收入報表內確認為「融資成本」。

當負債被取消確認及通過攤銷過程，有關之盈虧在收入報表內確認。

取消確認金融負債

當負債下的義務已被履行、取消或期滿，本集團取消確認該金額負債。

倘若一項現有金融負債被來自同一貸款方且大部分條款均有差別之另一項金融負債所取代，或現有負債之條款被大幅修改，此種置換或修改作取消確認原有負債並確認新負債處理，而兩者的賬面值之間的差額於收入報表確認。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments

The Group uses derivative financial instruments such as commodity future contracts to hedge its risks associated with price fluctuations in future purchases or sales of the related commodities. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that are taken directly to the income statement as the Group does not adopt hedge accounting.

The fair value of commodity future contracts is determined by reference to quoted market prices.

Inventories

Inventories, other than the agricultural produce which are measured in accordance with the accounting policy for “Biological assets” above, are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

3.3 主要會計政策概要(續)

衍生金融工具

本集團利用衍生金融工具，例如商品期貨合約對沖其與日後買賣有關商品之價格波動有關之風險。該等衍生金融工具乃初步於訂立衍生產品合約當日之公平值確認，其後則按公平值重新計量。衍生工具於公平值為正數時列賬為資產，並於公平值為負數時列賬為負債。

因衍生產品公平值變化而產生且直接計入收入報表之溢利或虧損並無使用對沖會計法。

商品期貨合約之公平值乃參考市場報價而計算。

存貨

存貨(除按照上述「生物資產」會計準則計價之農產品之外)乃成本或可變現淨值(以較低者為準)列賬。成本乃按加權平均基準釐定，倘屬在製品及製成品，則包括直接物料、直接工人及間接成本適當部分。可變現淨值乃根據估計售價減去任何估計在完成及出售時產生之成本計算。

現金及現金等值

就綜合現金流量表而言，現金及現金等值項目包括手頭現金、活期存款及短期高流動性之投資，可即時兌換為已知金額之現金，價值變動風險輕微，且於收購時起計3個月內到期，再減去按要求應付銀行透支，屬本集團現金管理一部分。

就資產負債表目的而言，現金及現金等值包括使用不受限制的手頭與銀行現金(包括定期存款)。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in "Finance costs" in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3.3 主要會計政策概要(續)

撥備

倘因過往事宜產生目前債務(法定或推定)及將來可能需要有資源流出,以償還債務,則撥備予以確認,惟該債務之金額須可予準確估計。

倘折現之影響屬重大者,就撥備之已確認金額乃是於結算日償還債務預期所須之現值金額。折現現值金額因時間過去產生之增幅於收入報表計入「融資成本」。

所得稅

所得稅包括即期及遞延稅項。所得稅於收入報表中確認,或若有關項目於相同或不同期間在權益中確認,則直接在權益中確認。

於目前或過往期間的即期稅項資產及負債,按預期自稅務當局退回或付予稅務當局的金額計算。

遞延稅項乃採用負債法就結算日資產及負債之稅基與兩者用作財務報告之賬面值之間的各项暫時性差額作出撥備。

所有應課稅暫時性差額均被確認為遞延稅項負債:

- 由商譽產生之遞延稅項負債或於進行交易時初次確認(非業務合併交易)之資產或負債並不對會計溢利或應課稅溢利或虧損構成影響;及
- 有關從附屬公司與聯營公司之投資中產生之應課稅暫時性差額,惟轉撥暫時性差額之可受控制時間及暫時性差額於可預見之將來可能不會轉撥除外。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.3 主要會計政策概要(續)

所得稅(續)

所有可被扣減之暫時性差額及未被動用之稅項抵免與稅務虧損之結轉均被確認為遞延稅項資產，惟只限於可能以應課稅溢利抵扣可扣減暫時性差額，及可動用結轉之未被動用之稅項抵免及稅務虧損：

- 惟倘與可扣稅暫時差異有關的遞延稅項資產因於交易中首次確認有關資產或負債而起，而有關交易並非業務合併，及在交易進行時，對會計盈利或應課稅盈利或虧損均無影響，則作別論；及
- 有關從附屬公司與聯營公司之投資中產生之可扣減暫時性差額，遞延稅項資產只限於暫時性差額可能於可預見將來轉撥及可動用應課稅溢利可用以抵扣暫時性差額時確認除外。

遞延稅項資產之賬面值於每個結算日檢討，並扣減至當不再可能有足夠應課稅溢利讓所有或部分遞延稅項資產被動用止。相反地，當過往未被確認遞延稅項資產可能有足夠應課稅溢利讓所有或部分遞延稅項資產被動用時於各結算日被重新評估及確認。

遞延稅項資產及負債以該期間(當資產被變現或負債被清還時)預期之適用稅率衡量，根據於結算日已制定或實際會制定之稅率及稅務法例計算。

遞延稅項資產可與遞延稅項負債抵銷，惟必須存在容許將即期稅項資產抵銷即期稅項負債的可合法執行權利，且遞延稅項與同一實體及同一稅務當局有關，方可實行。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) rental income, on a time proportion basis over the lease terms;
- (c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;
- (d) compensation income, when the right to receive payment has been established;
- (e) dividend income, when the shareholders' right to receive payment has been established;
- (f) proceeds from the sale of investments, on the transaction dates when the relevant contract notes are exchanged; and
- (g) tax refunds, when the acknowledgement of refunds from the tax bureau has been received.

3.3 主要會計政策概要(續)

政府補助

倘有合理保證將收取政府補助，而所有附帶條件可予以遵從，則政府補助按公平值入賬。倘補助與支出項目有關，則補助將配合擬補助之成本，按有系統之基準在期間內確認為收入。如補助與資產有關，則其公平值會計入遞延收入賬中，並按有關資產的預計可使用年期以每年等額分期款項撥入收入報表。

收益之確認

收益於本集團將可獲得有關經濟利益並能夠可靠地衡量時按以下基準入賬：

- (a) 銷售貨物收入，於擁有權之重大風險及回報已轉移至買方而本集團不再保有通常與擁有權有關之管理或對售出貨物之有效控制；
- (b) 租金收入，於資產租出期間在租賃期按時間比例基準確認；
- (c) 利息收入以應計方式按金融工具的估計年期內實際利率將未來估計的現金收入折扣計算金融資產的賬面淨值；
- (d) 補償收入，於收取付款之權利獲得確立時確認入賬；
- (e) 股息收入，於確立股東收款之權利時確認；
- (f) 出售投資之所得款項，在交易日即於有關成交單據兌現時確認；及
- (g) 退稅，於已收取稅務局之退稅承認書時確認。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends are approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared because the Company's memorandum and articles of association and by-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Employee benefits

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes-Merton option pricing model, further details of which are given in note 33 to the financial statements. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

3.3 主要會計政策概要(續)

股息

董事建議派付之末期股息於資產負債表之股本項下，列作保留溢利之一項獨立分配，直至股東於股東週年大會批准派付該等股息。倘該等股息獲股東批准，並予以宣派，則確認為負債入賬。

中期股息由本公司同時建議及宣派，因本公司之組織大綱或細則及公司章程授權董事宣派中期股息之權利。故此，中期股息於建議派付及宣派時隨即確認為負債。

僱員福利

股份為本支付之交易

本公司採納購股權計劃，作為對曾為本集團取得之成就作出貢獻之合資格參與人士之鼓勵及獎勵。本集團僱員(包括董事)獲授以股份支付交易形式發出之酬金，而僱員則提供服務作為獲授股本金融工具之代價(「股本結算交易」)。

與僱員進行以股權支付之交易之成本，乃參照授出日期之公平值計量。公平值由外界估值師採用柏力克-舒爾斯期權模型釐定，進一步詳情載於財務報表附註33。評估以股權支付之交易時，除了對本公司股份價格有影響之條件(「市場條件」)(如適用)外，並無將任何表現條件計量在內。

股本結算交易之成本連同股本之相應增加會於達到表現及/或服務條件之期間內確認，直至相關僱員完成享有該報酬之日(「歸屬日」)為止。由各結算日直至歸屬日就股本結算交易確認之累計開支反映歸屬期屆滿時之程度，以及本集團就最終將會歸屬之股本金融工具數目作最佳估計。期內於收入報表扣除或計入收入報表之項目指於期初及期終確認之累計開支之變動。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

Share-based payment transactions (continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The Group has adopted the transitional provisions of HKFRS 2 in respect of equity-settled awards and has applied HKFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested by 1 January 2005 and to those granted on or after 1 January 2005.

3.3 主要會計政策概要(續)

僱員福利(續)

股份為本支付之交易(續)

尚未能最終歸屬之報酬不會確認為開支，除非報酬須待某個市況達到後方可歸屬，在此情況下，不論是否達到該市況均會被視作歸屬處理，惟其他所有表現條件必須達成。

當股本結算報酬之條款修訂時，會確認最少之支出，猶如條款並無修訂一般。此外，會就導致以股份支付之安排之公平值總額增加，或按於修訂日期計量而對僱員有利之任何修訂確認支出。

當股本結算報酬註銷時，會被視作於註銷當日已經歸屬處理，而報酬尚未確認之任何支出會即時確認。然而，倘已註銷報酬有任何替代之新報酬，並指定為授出當日之替代報酬，則該項註銷及新報酬會如上段所述被視為原有報酬之修訂般處理。

未行使購股權之攤薄影響，反映於計算每股盈利時之額外股份攤薄。

本集團已採納香港財務報告準則第2號有關權益結算報酬之過渡條文，並僅就於2002年11月7日之後授出但於2005年1月1日仍未歸屬之股本結算報酬，以及於2005年1月1日或之後授出者，均應用香港財務報告準則第2號。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

Pension schemes and other retirement benefits

Retirement benefits are provided to certain staff employed by the Group. In accordance with the Mandatory Provident Fund Schemes Ordinance, the Group's Hong Kong employees enjoy retirement benefits under either the Mandatory Provident Fund Exempted ORSO Scheme, or the Mandatory Provident Fund Scheme under which employer contributions have to be made. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group's contributions to both schemes are at a maximum of 10% of the monthly salaries of the employees. When an employee leaves employment prior to his or her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of the forfeited contributions, in accordance with the rules of the Mandatory Provident Fund Exempted ORSO Scheme. However, in respect of the Mandatory Provident Fund Scheme, only the employer voluntary contribution amounts are refundable to the Group when the members leave employment prior to their contributions vesting fully. The Group's mandatory contributions vest fully with the employees when the employees leave employment.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme which is operated by the relevant authorities or the local municipal governments of the provinces in Mainland China in which the Group's subsidiaries are located. The Group is required to contribute to the central scheme in respect of its employees in Mainland China and such costs are charged to the income statement as incurred.

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

3.3 主要會計政策概要(續)

僱員福利(續)

退休金計劃及其他退休福利

本集團為受僱之若干僱員提供退休福利。根據《強制性公積金計劃條例》，本集團香港僱員享有根據強制性公積金豁免職業退休金計劃或強制性公積金計劃提供之退休福利。僱主須根據計劃作出供款。該等計劃之資產由獨立管理基金與本集團之資產分開處理。本集團向該兩個計劃之供款最多為僱員月薪之10%。根據強制性公積金豁免職業退休金計劃規則，倘本集團僱員於合資格全數取得其於強制性公積金規則豁免之職業退休金計劃之供款權益前離職，則本集團須持續作出之供款可由沒收供款填補。然而，就強制性公積金計劃而言，倘僱員在全數取得供款前離職，本集團僅可獲退還僱主自願供款。僱員離職時可悉數收取本集團之強制性供款。

本集團在中國營運之附屬公司僱員須參加中央公積金計劃，計劃乃由本集團之附屬公司所在中國省份之有關政府機構或當地市政府運作。本集團須替中國僱員向中央公積金計劃供款，該等費用於產生時自收入報表中扣除。

《僱傭條例》長期服務金

本集團若干僱員已完成香港《僱傭條例》規定倘於終止僱用時可享有長期服務金之服務年期。倘終止僱用之情況符合《僱傭條例》規定者，則本集團須按例支付有關款項。

由於預期導致本集團於日後動用大量現金資源之機會並不大，故並無就可能須支付之款項確認任何撥備。

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3.3 主要會計政策概要(續)

借貸成本

購買、建築或生產指定資產(即資產需經一段長時間，方能作擬定用途或銷售)所直接涉及之借貸成本，一律資本化，並列作該等資產成本之一部分。一旦資產之大部分已可作擬定用途或銷售，有關借貸成本即不再資本化。指定借貸所作臨時性質之投資在扣除指定資產所耗之開支後所賺得之投資收入於資本化之借貸成本中予以扣除。

外幣

財務報告以港元呈報，即本公司的功能及呈報貨幣。本集團內的實體各自決定其功能貨幣為何，各實體的財務報告項目均以所定功能貨幣計量。外幣交易初步按交易日的有關功能貨幣的匯率換算入賬。以外幣計價單位的貨幣資產及負債，按有關功能貨幣於結算日的匯率再換算。所有匯兌差額撥入收入報表處理。按歷史成本列賬、以外幣計量的非貨幣項目，採用初步交易日期匯率換算。按公平值列賬以外幣計量的非貨幣項目，採用釐定公平值日期的匯率換算。

海外附屬公司及聯營公司的功能貨幣為港元以外之貨幣。於結算日時，有關實體的資產與負債乃按結算日的匯率換算為本公司的呈報貨幣，其收入報表則按本年度的加權平均匯率換算為港元。因此而產生的匯兌差額，包含於外匯變動儲備中。出售外國實體時，就該項外國業務在權益中確認的遞延累計金額，會在收入報表中確認。

就綜合現金流量表而言，海外附屬公司之現金流量乃按現金流量日期之有關匯率折算為港元。海外附屬公司於本年度內產生之經常性現金流量則按本年度內加權平均匯率折算為港元。

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

Withholding tax arising from the distribution of dividends

The Group's determination, as to whether to accrue withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2008 was HK\$1,409,342,000 (2007: HK\$1,332,857,000). More details are given in note 19.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;

4. 主要會計判斷及估計

編製本集團財務報告需要管理層作出判斷、估計及假設，而此等將影響於報告日期之收入、開支、資產及負債之呈報金額及或然負債之披露。然而，該等假設及估計之不明朗因素可能導致需要對未來有關資產或負債之賬面值作出重大調整。

判斷

分派股息所產生之預扣稅

本集團就決定是否依照司法權區域制定之有關稅務規則計算若干附屬公司分派股息所產生之預扣稅時，須對分派股息之計劃作出判斷。

估計之不明朗因素

下文載述存在重大風險之未來主要假設及於結算日存在的其他主要估計不明朗原因，極可能會導致須對下一個財政年度資產及負債賬面值作出重大調整。

商譽減值

本集團至少每年釐定商譽有否出現減值。有關釐定需估計商譽所獲分配至之現金產生單位之使用價值。就估計使用價值而言，本集團需估計預計來自現金產生單位之未來現金流量及挑選合適貼現率以計算該等現金流量之現值。於2008年12月31日，商譽之賬面值為1,409,342,000港元(2007年：1,332,857,000港元)。更多詳情載於附註19。

估計投資物業公平值

於相類似物業在活躍市場欠缺現行價格情況下，本集團考慮來自不同資料來源之資料，包括：

- (a) 具不同性質、狀況或地點之物業(或受不同租賃或其他合約規限)於活躍市場上之現行價格，予以調整以反映該等不同；

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Estimation of fair value of investment properties (continued)

- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing leases and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. The carrying amount of investment properties at 31 December 2008 was HK\$69,884,000 (2007: HK\$58,000,000).

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2008 was HK\$6,742,000 (2007: HK\$7,174,000). The amount of unrecognised tax losses at 31 December 2008 was HK\$253,893,000 (2007: HK\$83,772,000). Further details are contained in note 31 to the financial statements.

4. 主要會計判斷及估計(續)

估計之不明朗因素(續)

估計投資物業公平值(續)

- (b) 相類似物業於較不活躍市場上之最近價格，乃予以調整，以反映自進行交易(按該等價格進行)當日以來，該經濟狀況之變動；及
- (c) 根據未來現金流量之合理估計預計現金流量之貼現，並得到任何現有租賃及其他合約之條款，以及(如有可能)外來證據(例如相類似物業於同一地點及狀況之現行市值)所支持，以及利用貼現率(可反映市場現時對現金流量款額及時間之不明確而作出之評估)進行預計事宜。

本集團估計公平值所用之主要假設，包括相類似物業於同一地點及狀況之現行市值、適當貼現率、預期未來市場租金及未來養護成本。投資物業於2008年12月31日之賬面值為69,884,000港元(2007年：58,000,000港元)。

遞延稅項資產

倘應課稅溢利可供扣減虧損，則會就所有未使用稅項虧損確認遞延稅項資產。釐定可予確認的遞延稅項資產數額，須管理層根據可能出現未來應課稅溢利的時間及數額連同未來稅務計劃策略作出重大判斷。與已確認稅項虧損有關的遞延稅項資產於2008年12月31日的賬面價值為6,742,000港元(2007年：7,174,000港元)。於2008年12月31日的未確認稅項虧損賬面價值為253,893,000港元(2007年：83,772,000港元)。其他詳情載於財務報告附註31。

4. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Impairment of receivables

Impairment of receivables is made based on an assessment of the recoverability of accounts and other receivables and the timing of their recovery. The identification of impairment of receivables requires management judgement and estimation. Where the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying value of accounts and other receivables and the amount of impairment/write-back of impairment in the periods in which such estimates have been changed.

Impairment of receivables of HK\$4,657,000 (2007: HK\$10,781,000) was recognised in the consolidated income statement for the year.

The aggregate carrying amount of accounts and bills receivable, and prepayments, deposits and other receivables as at 31 December 2008 was HK\$1,363,837,000 (2007: HK\$1,491,974,000).

Estimation of fair value of biological assets

The Group's biological assets are stated at fair value less point-of-sale cost. This requires an independent valuer's assessment of the fair value of the biological assets. Changes in conditions of the biological assets could impact the fair value of the assets. The carrying amount of the Group's biological assets at 31 December 2008 was HK\$86,643,000 (2007: HK\$72,070,000). More details are given in note 24.

5. SEGMENT INFORMATION

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in mainland China, and over 90% of the Group's assets are located in mainland China.

4. 主要會計判斷及估計(續)

估計之不明朗因素(續)

應收賬款減值

應收賬款減值乃根據應收賬款及其他應收賬款的可收回性及收回時間評估計提。識別應收賬款減值需要管理層作出判斷及估計。若日後之實際結果或預期與原來估計有別，該等差額將於有關估計變動之期間影響賬目及其他應收款項之賬面值及減值／減值撥回金額。本年度應收賬款減值4,657,000港元(2007年：10,781,000港元)已在綜合收入報表中確認。於2008年12月31日，應收賬款及應收票據、預付款項、按金及其他應收款項的賬面值總額為1,363,837,000港元(2007年：1,491,974,000港元)。

生物資產之估計公平值

本集團之生物資產按公平值減銷售點成本列賬。計算過程須要獨立估值師對生物資產估值。生物資產狀況的變動可能影響其公平值。本集團於2008年12月31日的生物資產賬面值為86,643,000港元(2007年：72,070,000港元)。詳情載於附註24。

5. 分部資料

分部資料以本集團業務分部的首要分部呈報基準呈報。於釐定本集團的地區分部時，各分部應佔收入以客戶所在地為依據，而各分部應佔資產則以資產所在地為依據。由於本集團超過90%的收入來自中國內地的客戶，以及本集團超過90%的資產均位於中國內地，故並無進一步呈報地區分部資料。

5. SEGMENT INFORMATION (CONTINUED)

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

Continuing operations

- (a) the wines segment is engaged in the production, sale and trading of grape wine and other wine products;
- (b) the beverages segment is engaged in the processing, bottling and distribution of sparkling beverages and distribution of still beverages;
- (c) the consumer-pack edible oil segment is engaged in the distribution of retail packaged cooking oil and other related products;
- (d) the confectionery segment is engaged in the production and distribution of chocolate and other related products; and
- (e) the corporate and others segment comprises the Group's corporate income and expense items.

Discontinued operations

- (a) the oilseeds processing segment is engaged in the extraction, refining and trading of edible oil and related businesses;
- (b) the wheat processing segment is engaged in the production of flour products and related businesses;
- (c) the brewing materials segment is engaged in the processing and trading of malt;
- (d) the rice processing and trading segment is engaged in the processing and trading of rice;
- (e) the biofuel and biochemicals segment is engaged in the production and sale of biofuel and biochemicals and related products; and
- (f) the others segment comprises the corporate income and expense items of the Spin-off Group.

5. 分部資料(續)

本集團之經營業務乃按業務之性質及該等業務所提供之產品及服務作出安排及分開管理。本集團每一類業務為一策略業務單位，所提供產品及服務之風險與回報均與其他業務類別有所不同。業務類別之詳情概述如下：

持續經營業務

- (a) 酒類業務分部，從事生產、銷售及買賣葡萄酒及其他酒類產品；
- (b) 飲料業務分部，從事加工、裝瓶及分銷碳酸飲料及分銷非碳酸飲料；
- (c) 小包裝食用油業務分部，從事分銷散裝烹調油及其他相關產品；
- (d) 糖果業務分部，從事生產及分銷巧克力及其他相關產品；及
- (e) 公司及其他業務分部包括本集團之公司收益及開支項目。

已終止經營業務

- (a) 油籽加工分部從事榨取、提煉及買賣食用油及相關業務；
- (b) 小麥加工分部從事生產麵粉產品及相關業務；
- (c) 啤酒原料分部從事麥芽的加工和貿易；
- (d) 大米貿易和加工分部從事大米的加工和貿易；
- (e) 生物燃料和生化業務分部從事生物燃料和生化以及相關產品的生產及銷售；及
- (f) 其他業務分部包括分拆集團之公司收益及開支項目。

5. SEGMENT INFORMATION (CONTINUED)

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

5. 分部資料(續)

分部之間之銷售及轉撥參考第三者以當時市價進行銷售之售價進行。

| Year ended 31 December 2008 截至2008年12月31日止年度 | | Wines 酒類 | Confectionery 糖果 | Beverages 飲料 | Consumer- pack edible oil 小包裝 食用油 | Corporate and others 公司及 其他 | Eliminations 抵銷項目 | Consolidated 綜合 |
|--|------------------------------------|-----------------|---------------------|-----------------|--|--------------------------------------|----------------------|--------------------|
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Segment revenue: | 分部收益: | | | | | | | |
| Sales to external customers | 銷售予外界客戶 | 2,789,979 | 364,591 | 4,573,520 | 6,512,193 | - | - | 14,240,283 |
| Other revenue | 其他收入 | 49,222 | 14,683 | 47,468 | 9,909 | (1,868) | - | 119,414 |
| Segment results | 分部業績 | 569,024 | (121,199) | 228,534 | 4,869 | (77,032) | - | 604,196 |
| Interest and dividend income | 利息及股息收入 | | | | | | | 58,520 |
| Finance costs | 融資成本 | | | | | | | (31,382) |
| Share of profits of associates | 應佔聯營公司溢利 | - | - | 124,996 | - | - | - | 124,996 |
| Profit before tax | 除稅前溢利 | | | | | | | 756,330 |
| Tax | 稅項 | | | | | | | (136,251) |
| Profit for the year | 年度溢利 | | | | | | | 620,079 |
| Assets and liabilities | 資產及負債 | | | | | | | |
| Segment assets | 分部資產 | 3,603,620 | 465,662 | 3,763,022 | 906,726 | 3,789,941 | (4,079,900) | 8,449,071 |
| Interests in associates | 於聯營公司之權益 | - | - | 411,951 | - | - | - | 411,951 |
| Unallocated assets | 未分部資產 | | | | | | | 1,586,841 |
| Total assets | 總資產 | | | | | | | 10,447,863 |
| Segment liabilities | 分部負債 | (2,647,508) | (265,338) | (3,290,615) | (1,364,228) | (353,267) | 4,079,900 | (3,841,056) |
| Unallocated liabilities | 未分部負債 | | | | | | | (281,833) |
| Total liabilities | 總負債 | | | | | | | (4,122,889) |
| Other segment information: | 其他分部資料: | | | | | | | |
| Depreciation and amortisation | 折舊及攤銷 | 85,919 | 18,142 | 105,217 | 1,748 | 5,638 | - | 216,664 |
| Impairment losses/ (write-back of impairment losses) recognised in the income statement | 已於收入報表中 確認減值 虧損/(減值 虧損撥回) | (140) | 3,169 | 1,040 | 588 | - | - | 4,657 |
| Capital expenditures | 資本開支 | 173,428 | 1,047 | 308,838 | 1,471 | 16,786 | - | 501,570 |

5. SEGMENT INFORMATION (CONTINUED)

5. 分部資料(續)

| Year ended 31 December 2007 截至2007年 12月31日止年度 | Continuing operations 持續經營業務 | | | | | | | Discontinued operations 已終止經營業務 | | | | | | | | Total 合計 | Consolidated 綜合 | | | | | | | | | | | | | | | | | |
|---|---------------------------------|-----------------|---------------------|-----------------|-----------------|-----------------|---|------------------------------------|----------------------------------|-----------------|----------------------|-----------------|--------------------------------|-----------------|-----------------------------|-------------|--------------------|--|-----------------|------------------------------------|-----------------|------------------------------|-----------------|---|-----------------|-----------------|-----------------|----------------------|-----------------|-----------------|-----------------|---------|-------------|-----------|
| | Wines 酒類 | | Confectionery 糖果 | | Beverages 飲料 | | Consumer-pack edible oil 小包裝 食用油 | | Corporate and others 公司及其他 | | Eliminations 抵銷項目 | | Oilseeds processing 油籽加工 | | Wheat processing 小麥加工 | | | Rice trading and processing 大米貿易 和加工 | | Biofuel and biochemical 生物燃料 | | Brewing materials 啤酒原料 | | Trading of non-rice foodstuffs 非大米 食品貿易 | | Others 其他 | | Eliminations 抵銷項目 | | Total 合計 | | | | |
| | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | | | |
| Segment revenue: | 分部收益: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales to external customers | 2,140,284 | 437,398 | 3,007,261 | 4,158,068 | - | - | 9,743,011 | 2,681,473 | 503,922 | 869,428 | 319,069 | 220,177 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4,594,069 | 14,337,080 | | | | | |
| Intersegment sales | - | - | - | - | - | - | - | - | 19,487 | - | 7,977 | 1,209 | - | - | - | - | - | - | - | - | - | - | - | - | (28,673) | - | - | - | - | | | | | |
| Other revenue | 43,386 | 9,651 | 21,258 | (336) | 15,926 | - | 89,885 | 54,511 | 1,292 | 1,405 | 42,276 | (695) | - | 168 | (580) | - | - | - | - | - | - | - | - | - | - | 98,187 | 188,072 | | | | | | | |
| Segment results | 分部業績 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 441,307 | (29,983) | 92,645 | (20,947) | (42,868)* | - | 440,254 | 128,716 | 2,188 | 80,629 | 26,348 | 36,784 | - | (7,239) | - | - | - | - | - | - | - | - | - | - | - | 267,426 | 707,680 | | | | | | | |
| Interest and dividend income | 利息及股息收入 | | | | | | | | | | | | | | | | 82,215 | | 2,990 | 85,205 | | | | | | | | | | | | | | |
| Gain on disposal of subsidiaries | 出售附屬公司之收益 | | | | | | | | | | | | | | | | 394,884 | | - | 394,884 | | | | | | | | | | | | | | |
| Finance costs | 融資成本 | | | | | | | | | | | | | | | | (33,078) | | (64,966) | (98,044) | | | | | | | | | | | | | | |
| Share of profits of associates | 應佔聯營公司溢利 | | | | | | | | | | | | | | | | 49,167 | 54,656 | - | 4,320 | - | - | - | - | - | - | - | - | - | - | 58,976 | 108,143 | | |
| Profit before tax | 除稅前溢利 | | | | | | | | | | | | | | | | 933,442 | | 264,426 | 1,197,868 | | | | | | | | | | | | | | |
| Tax | 稅項 | | | | | | | | | | | | | | | | (135,792) | | (24,657) | (160,449) | | | | | | | | | | | | | | |
| Profit for the year | 年度溢利 | | | | | | | | | | | | | | | | 797,650 | | 239,769 | 1,037,419 | | | | | | | | | | | | | | |
| Assets and liabilities | 資產及負債 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Segment assets | 分部資產 | | | | | | | | | | | | | | | | 2,926,436 | 604,909 | 3,016,917 | 861,313 | 2,879,024 | (2,861,924) | 7,406,675 | - | - | - | - | - | - | - | - | - | 7,406,675 | |
| Interests in associates | 於聯營公司之權益 | | | | | | | | | | | | | | | | - | - | 156,233 | - | - | - | 156,233 | - | - | - | - | - | - | - | - | - | - | 156,233 |
| Unallocated assets | 未分部資產 | | | | | | | | | | | | | | | | - | - | - | - | - | - | 1,429,552 | - | - | - | - | - | - | - | - | - | - | 1,429,552 |
| Total assets | 總資產 | | | | | | | | | | | | | | | | 8,992,460 | | - | 8,992,460 | | | | | | | | | | | | | | |
| Segment liabilities | 分部負債 | | | | | | | | | | | | | | | | (1,684,737) | (317,209) | (2,720,438) | (1,037,703) | (31,831) | 2,881,924 | (2,909,994) | - | - | - | - | - | - | - | - | - | (2,909,994) | |
| Unallocated liabilities | 未分部負債 | | | | | | | | | | | | | | | | - | - | - | - | - | - | (448,965) | - | - | - | - | - | - | - | - | - | - | (448,965) |
| Total liabilities | 總負債 | | | | | | | | | | | | | | | | (3,366,959) | | - | (3,366,959) | | | | | | | | | | | | | | |
| Other segment information: | 其他分部資料: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation and amortisation | 67,060 | 17,943 | 69,948 | 1,833 | 1,406 | - | 158,190 | 49,636 | 7,001 | 3,522 | 13,660 | 8,674 | - | 12 | - | - | - | - | - | - | - | - | - | - | - | 82,505 | 240,695 | | | | | | | |
| Impairment losses/ (write-back of impairment losses) recognised in the income statement | 2,812 | (270) | 3,206 | - | - | - | 5,748 | 59,386 | - | - | 4,268 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 63,654 | 69,402 | | | | | | | |
| Capital expenditures | 270,776 | 3,548 | 164,137 | 3,249 | 12,194 | - | 453,904 | 9,511 | 9,682 | - | 694,600 | 21,127 | 2,184 | 127 | - | - | - | - | - | - | - | - | - | - | - | 737,231 | 1,191,135 | | | | | | | |

* Included a stamp duty expense of HK\$20,771,000 arising from the distribution of the entire share capital of CAIH.

* 包括分派中國糧油控股全部股本產生之印花稅開支共20,771,000港元。

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, during the year.

An analysis of other income and gains is as follows:

6. 收入、其他收入及收益

收入(本集團的營業額)指於本年度扣除退貨及貿易折扣後的已售貨品發票淨值。

其他收入及收益分析如下：

| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|--|---------------------------|----------------------------------|----------------------------------|
| Other income | 其他收入 | | |
| Gross rental income | 租金收入總額 | 8,573 | 7,098 |
| Bank interest income | 銀行利息收入 | 16,578 | 44,037 |
| Dividend income from available-for-sale investments | 可供出售投資股息收入 | 41,850 | 41,004 |
| Dividend income from investments at fair value through profit or loss | 按公平值列入損益之投資股息收入 | 92 | 164 |
| Government grants* | 政府補助* | 28,904 | 67,711 |
| Compensation income | 賠償收入 | 15,082 | 13,545 |
| Tax refunds | 退稅 | 28,106 | 37,947 |
| Others | 其他 | 21,975 | 15,075 |
| | | 161,160 | 226,581 |
| Gains | 收益 | | |
| Gain on disposal of by-products and scrap items | 出售副產品及廢料項目的收益 | 9,815 | 11,429 |
| Foreign exchange differences, net | 匯兌差額淨額 | 2,303 | 18,748 |
| Fair value gain on investments at fair value through profit or loss | 按公平值列入損益投資之公平值收益 | - | 14,587 |
| Fair value gain on investment properties (note 17) | 投資物業之公平值收益(附註17) | 4,656 | 1,727 |
| Gain on disposal of subsidiaries (note 36) | 出售附屬公司之收益(附註36) | - | 394,884 |
| Others | 其他 | - | 205 |
| | | 16,774 | 441,580 |
| | | 177,934 | 668,161 |
| Represented by: | 代表： | | |
| Other income and gains attributable to discontinued operations (note 13) | 已終止經營業務應佔其他收入及收益(附註13) | - | 101,177 |
| Other income and gains attributable to continuing operations reported in the consolidated income statement | 於綜合收入報表呈報的持續經營業務應佔其他收入及收益 | 177,934 | 566,984 |
| | | 177,934 | 668,161 |

* There are no unfulfilled conditions or contingencies relating to these grants.

* 這些補助並無未達成的條件或或有事項。

7. PROFIT BEFORE TAX

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

7. 除稅前溢利

本集團之除稅前溢利乃扣除/(計入)下列各項：#

| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|--|---------------------------|----------------------------------|----------------------------------|
| Cost of inventories sold | 售出存貨成本 | 10,705,535 | 11,432,837 |
| Provision against inventories | 存貨撥備 | 48,618 | 3,808 |
| Realised fair value losses of derivative instrument transactions | 衍生工具交易之已變現 公平值虧損 | - | 7,789 |
| Unrealised fair value losses of derivative instrument transactions | 衍生工具交易之未變現 公平值虧損 | - | 31,494 |
| Net gain arising from changes in fair value of biological assets (note 24) | 生物資產公平值變動 產生之淨收益(附註24) | (12,369) | (10,555) |
| Cost of sales | 銷售成本 | 10,741,784 | 11,465,373 |
| Auditors' remuneration | 核數師薪酬 | 3,985 | 5,214 |
| Depreciation (note 16) | 折舊(附註16) | 208,698 | 235,332 |
| Amortisation of other intangible assets (note 20) | 其他無形資產攤銷(附註20) | 3,312 | 272 |
| Minimum lease payments under operating leases in respect of land and buildings | 就土地及樓宇支付之經營租約 最低租賃支出 | 81,053 | 57,790 |
| Recognition of prepaid land premiums (note 18) | 確認預付土地金(附註18) | 4,654 | 5,091 |
| Employee benefit expense (including directors' remuneration – note 9): | 僱員福利支出 (包括董事酬金 – 附註9): | | |
| Wages and salaries | 工資及薪酬 | 613,970 | 454,062 |
| Pension scheme contributions* | 退休福利計劃供款* | 55,299 | 36,244 |
| Equity-settled share option expense | 股本結算購股權開支 | 10,135 | 3,060 |
| | | 679,404 | 493,366 |
| Other expenses include the following: | 其他費用包括: | | |
| Loss on disposal of items of property, plant and equipment | 出售物業、廠房及設備 項目之虧損 | 4,278 | 3,261 |
| Fair value loss on investments at fair value through profit or loss | 按公平值列入損益 之投資公平值虧損 | 10,158 | - |
| Impairment of items of property, plant and equipment (note 16) | 物業、廠房及設備項目 之減值(附註16) | - | 58,621 |
| Impairment of accounts receivable (note 26) | 應收賬款減值(附註26) | 2,029 | 273 |
| Impairment of other receivables | 其他應收款項減值 | 2,628 | 10,508 |

* At 31 December 2008, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2007: Nil).

The disclosures presented in this note include those amounts charged/credited in respect of discontinued operations.

* 於2008年12月31日，本集團概無已沒收供款可用以削減來年退休福利計劃供款(2007年：無)。

本附註之披露包括已終止經營業務之扣除/計入金額。

8. FINANCE COSTS

8. 融資成本

| | | Group | |
|--|----------------------|-----------------|----------|
| | | 本集團 | |
| | | 2008 | 2007 |
| | | 2008年 | 2007年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Interest on: | 利息： | | |
| Bank loans wholly repayable within five years | 五年內悉數償還之銀行貸款 | 23,538 | 73,256 |
| Loans from a fellow subsidiary and a minority shareholder of a subsidiary | 同系附屬公司及附屬公司少數股東貸款 | 12,266 | 30,251 |
| Others | 其他 | 9,067 | 287 |
| Total interest expense on financial liabilities not at fair value through profit or loss | 非按公平值列入損益之金融負債利息開支總額 | 44,871 | 103,794 |
| Less: Interest capitalised | 減：已資本化利息 | (13,489) | (5,750) |
| | | 31,382 | 98,044 |
| Attributable to discontinued operations (note 13) | 已終止經營業務應佔(附註13) | - | 64,966 |
| Attributable to continuing operations reported in the consolidated income statement | 綜合收入報表呈報之持續經營業務應佔 | 31,382 | 33,078 |
| | | 31,382 | 98,044 |

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange and Section 161 of the Hong Kong Companies Ordinance, is as follows:

| | | Group 本集團 | |
|---|------------|--|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Fees: | 袍金： | | |
| Executive directors | 執行董事 | 200 | 376 |
| Independent non-executive directors | 獨立非執行董事 | 671 | 600 |
| Non-executive director | 非執行董事 | 183 | 78 |
| | | 1,054 | 1,054 |
| Other emoluments: | 其他酬金： | | |
| Salaries, allowances and benefits in kind | 薪酬、津貼及實物利益 | 5,132 | 5,893 |
| Discretionary bonuses | 酌情花紅 | 1,831 | 2,599 |
| Equity-settled share option expense | 股本結算購股權開支 | 3,081 | 812 |
| Pension scheme contributions | 退休計劃供款 | 157 | 183 |
| | | 10,201 | 9,487 |
| | | 11,255 | 10,541 |

At the balance sheet date, certain directors held share options of the Company, in respect of their services to the Group, further details of which are set out in note 33 to the financial statements. The fair value of the share options which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

9. 董事酬金

本年度內，本集團根據香港聯合交易所有限公司證券上市規則及香港公司條例第161條須予披露之董事酬金如下：

於結算日，若干董事就彼等向本集團提供之服務而持有本公司購股權，其詳情載於財務報告附註33。該等購股權之公平值（已於歸屬期間在收入報表內確認）乃於授出日期釐定，其金額計入本年度財務報告，並於上述董事酬金內披露。

9. DIRECTORS' REMUNERATION (CONTINUED)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|---------------------------|-------|----------------------------------|----------------------------------|
| Mr. Li Hung-kwan, Alfred | 李鴻鈞先生 | 27 | - |
| Mr. Stephen Edward Clark | 祈立德先生 | 240 | 200 |
| Mr. Tan Man Kou | 陳文裘先生 | 164 | 200 |
| Mr. Yuen Tin Fan, Francis | 袁天凡先生 | 240 | 200 |
| | | 671 | 600 |

There were no other emoluments payable to the independent non-executive directors during the year (2007: Nil).

9. 董事酬金(續)

(a) 獨立非執行董事

年內，支付予獨立非執行董事之袍金如下：

本年內，並無向獨立非執行董事支付其他酬金(2007年：無)。

(b) Executive directors and non-executive directors

(b) 執行董事及非執行董事

| | | Salaries, allowances and benefits in kind 薪金、津貼及實物利益 | | Discretionary bonuses 酌情花紅 | Equity-settled share option expense 股本結算購股權開支 | Pension scheme contributions 退休計劃供款 | Total remuneration 總酬金 |
|--------------------------------|---------------|---|-----------------|-------------------------------|--|--|---------------------------|
| | | Fees 袍金 | 薪金、津貼 及實物利益 | 酌情花紅 | 股本結算 購股權開支 | 退休計劃 供款 | 總酬金 |
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| 2008 | 2008年 | | | | | | |
| Executive directors: | 執行董事： | | | | | | |
| Mr. Ning Gaoning | 寧高寧先生 | 200 | - | - | 497 | - | 697 |
| Mr. Qu Zhe | 曲詰先生 | - | 1,464 | 720 | 497 | 66 | 2,747 |
| Mr. Mak Chi Wing, William | 麥志榮先生 | - | 663 | 77 | 451 | - | 1,191 |
| Ms. Luan Xiuju | 樂秀菊女士 | - | 2,145 | 704 | 395 | 53 | 3,297 |
| Mr. Zhang Zhentao | 張振濤先生 | - | 660 | 330 | 395 | 38 | 1,423 |
| | | 200 | 4,932 | 1,831 | 2,235 | 157 | 9,355 |
| Non-executive director: | 非執行董事： | | | | | | |
| Mr. Ma Jianping | 馬建平先生 | 83 | 200 | - | 451 | - | 734 |
| Ms. Wu Wenting | 吳文婷女士 | 100 | - | - | 395 | - | 495 |
| | | 183 | 200 | - | 846 | - | 1,229 |
| | | 383 | 5,132 | 1,831 | 3,081 | 157 | 10,584 |

9. DIRECTORS' REMUNERATION (CONTINUED)
**(b) Executive directors and non-executive directors
(continued)**

9. 董事酬金(續)
(b) 執行董事及非執行董事(續)

| | | Fees | Salaries, allowances and benefits in kind | Discretionary bonuses | Equity-settled share option expense | Pension scheme contributions | Total remuneration |
|--------------------------------|---------------|----------|--|--------------------------|---|------------------------------------|-----------------------|
| | | 袍金 | 薪金、津貼 及實物利益 | 酌情花紅 | 股本結算 購股權開支 | 退休計劃 供款 | 總酬金 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| 2007 | 2007年 | | | | | | |
| Executive directors: | 執行董事： | | | | | | |
| Mr. Ning Gaoning | 寧高寧先生 | 200 | - | - | 131 | - | 331 |
| Mr. Liu Fuchun | 劉福春先生 | 44 | - | - | - | - | 44 |
| Mr. Qu Zhe | 曲詰先生 | - | 1,464 | 720 | 131 | 73 | 2,388 |
| Mr. Xue Guoping | 薛國平先生 | 44 | - | - | - | - | 44 |
| Mr. Liu Yongfu | 劉永福先生 | 44 | - | - | - | - | 44 |
| Mr. Ma Jianping | 馬建平先生 | - | 1,200 | 560 | 119 | 60 | 1,939 |
| Ms. Luan Xiuju | 樂秀菊女士 | - | 2,009 | 758 | 104 | 50 | 2,921 |
| Mr. Zhang Zhentao | 張振濤先生 | - | 557 | 408 | 104 | - | 1,069 |
| Mr. Yu Xubo | 于旭波先生 | 44 | - | - | - | - | 44 |
| Mr. Mak Chi Wing, William | 麥志榮先生 | - | 663 | 153 | 119 | - | 935 |
| | | 376 | 5,893 | 2,599 | 708 | 183 | 9,759 |
| Non-executive director: | 非執行董事： | | | | | | |
| Ms. Wu Wenting | 吳文婷女士 | 78 | - | - | 104 | - | 182 |
| | | 454 | 5,893 | 2,599 | 812 | 183 | 9,941 |

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

本年內，並無董事據此而放棄或同意放棄任何酬金之安排。

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2007: four) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining one (2007: one) non-director, highest paid employee for the year are as follows:

| | | Group 本集團 | |
|---|------------|----------------------------|----------|
| | | 2008 | 2007 |
| | | 2008年 | 2007年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Salaries, allowances and benefits in kind | 薪金、津貼及實物利益 | 792 | 742 |
| Discretionary bonuses | 酌情花紅 | 528 | 495 |
| Equity-settled share option expense | 股本結算購股權開支 | 395 | 104 |
| Pension scheme contributions | 退休計劃供款 | 36 | - |
| | | 1,751 | 1,341 |

At the balance sheet date, the non-director, highest paid employee, held share options of the Company, in respect of his services to the Group, further details of which are set out in note 33 to the financial statements. The fair value of the share options, which has been recognised to the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employee's remuneration disclosures.

The number of non-director, highest paid employee whose remuneration fell within the following bands is as follows:

| | | Number of employees 僱員數目 | |
|--------------------------------|-------------------------|---|-------|
| | | 2008 | 2007 |
| | | 2008年 | 2007年 |
| HK\$1,000,001 to HK\$1,500,000 | 1,000,001港元至1,500,000港元 | - | 1 |
| HK\$1,500,001 to HK\$2,000,000 | 1,500,001港元至2,000,000港元 | 1 | - |
| | | 1 | 1 |

10. 五名最高薪酬之僱員

於年度內五名最高薪酬之僱員，包括四名(2007年：四名)董事，其酬金詳情載於上文附註9。本年度內其餘一名(2007年：一名)最高薪酬之非董事僱員之酬金載列如下：

於結算日，一名並非董事之最高薪僱員就其向本集團提供之服務而持有本公司購股權，其詳情載於財務報告附註33。該等購股權之公平值(已於歸屬期間在收入報表內確認)乃於授出日期釐定，其金額計入本年度財務報告，並於上述非董事之最高薪僱員酬金內披露。

最高薪僱員(非董事)之薪酬介於下列組別之人數如下：

11. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 December 2008. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

11. 稅項

香港利得稅乃根據年內在香港產生之估計應課稅溢利按16.5% (2007年：17.5%) 稅率計算。較低之香港利得稅率於2008/2009年課稅年度生效，並適用於截至2008年12月31日止整個年度在香港產生之應課稅溢利。其他地方之應課稅溢利按本集團業務所在司法權區之現行稅率根據當地現行法例、詮釋及慣例計算。

| | | 2008 | 2007 |
|--|-----------------------|-----------------|----------|
| | | 2008年 | 2007年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Group: | 本集團: | | |
| Current – Hong Kong | 即期－香港 | | |
| Charge for the year | 本年度扣除 | 9 | 2,457 |
| Current – Elsewhere in the PRC | 即期－中國其他地方 | | |
| Charge for the year | 本年度扣除 | 154,529 | 216,100 |
| Overprovision in prior years | 過往年度超額撥備 | (514) | (3,063) |
| Investment tax credits | 再投資退稅 | (13,872) | (31,195) |
| Deferred (note 31) | 遞延稅項(附註31) | (3,901) | (23,850) |
| Total tax charge for the year | 本年度稅項支出總額 | 136,251 | 160,449 |
| Represented by: | 代表: | | |
| Tax charge attributable to discontinued operations (note 13) | 已終止經營業務應佔稅項支出(附註13) | - | 24,657 |
| Tax charge attributable to continuing operations reported in the consolidated income statement | 綜合收入報表呈報之持續經營業務應佔稅項支出 | 136,251 | 135,792 |
| | | 136,251 | 160,449 |

11. TAX (CONTINUED)

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group – 2008

| | | Hong Kong | | Mainland China | | Total | |
|---|--------------------|-----------|---------|----------------|-------|----------|-------|
| | | 香港 | % | 中國內地 | % | 合計 | % |
| | | HK\$'000 | | HK\$'000 | | HK\$'000 | |
| | | 千港元 | | 千港元 | | 千港元 | |
| Profit before tax | 稅前溢利 | 10,266 | | 746,064 | | 756,330 | |
| Tax at the statutory tax rates | 按法定稅率計算之稅項 | 1,694 | 16.5 | 186,516 | 25.0 | 188,210 | 24.9 |
| Lower tax rate for specific provinces or enacted by local authority * | 省或地方特惠稅率* | - | - | (2,441) | (0.3) | (2,441) | (0.3) |
| Profit not subject to tax due to concessions ** | 因稅務優惠而無須課稅之溢利** | - | - | (31,265) | (4.2) | (31,265) | (4.1) |
| Profits attributable to associates | 聯營公司應佔溢利 | - | - | (31,249) | (4.2) | (31,249) | (4.1) |
| Income not subject to tax | 無須課稅之收入 | (12,939) | (126.0) | (25,378) | (3.4) | (38,317) | (5.1) |
| Expenses not deductible for tax | 不可扣稅之支出 | 11,254 | 109.6 | 19,824 | 2.7 | 31,078 | 4.1 |
| Adjustment in closing deferred tax due to change in deferred tax rate | 因遞延稅率變動而作出遞延稅項結餘調整 | - | - | (94) | - | (94) | - |
| Tax rebates | 退稅 | - | - | (13,872) | (1.9) | (13,872) | (1.8) |
| Tax losses utilised from previous periods | 動用過往期間之稅損 | - | - | (8,846) | (1.2) | (8,846) | (1.2) |
| Tax losses not recognised | 未確認稅損 | - | - | 43,047 | 5.8 | 43,047 | 5.7 |
| Tax charge at the Group's effective rate | 按集團實際稅率計算之稅項支出 | 9 | 0.1 | 136,242 | 18.3 | 136,251 | 18.1 |

11. 稅項(續)

以下為利用本公司、其大部分附屬公司註冊所在司法區之法定稅率計算而適用於稅前溢利之稅項支出，與按照實際稅率計算之稅項支出之調節項目，以及適用稅率(即法定稅率)與實際稅率之調節項目：

本集團 – 2008年

11. TAX (CONTINUED)

Group – 2007

| | | Hong Kong | | Mainland China | | Total | |
|--|---------------------|-----------|--------|----------------|-------|-----------|-------|
| | | 香港 | | 中國內地 | | 合計 | |
| | | HK\$'000 | % | HK\$'000 | % | HK\$'000 | % |
| | | 千港元 | | 千港元 | | 千港元 | |
| Profit before tax # | 稅前溢利# | 432,304 | | 765,564 | | 1,197,868 | |
| Tax at the statutory tax rates | 按法定稅率計算之稅項 | 75,653 | 17.5 | 252,636 | 33.0 | 328,289 | 27.4 |
| Lower tax rate for specific provinces or enacted by local authority * | 省或地方特惠稅率* 之溢利** | - | - | (55,618) | (7.3) | (55,618) | (4.6) |
| Profit not subject to tax due to concessions ** | 因稅務優惠而無須課稅 之溢利** | - | - | (22,602) | (3.0) | (22,602) | (1.8) |
| Tax credit utilised during the year | 年內動用之稅項抵免 | - | - | (3,251) | (0.4) | (3,251) | (0.3) |
| Profits attributable to associates | 聯營公司應佔溢利 | - | - | (35,536) | (4.6) | (35,536) | (3.0) |
| Income not subject to tax | 無須課稅之收入 | (83,197) | (19.2) | (3,939) | (0.5) | (87,136) | (7.3) |
| Expenses not deductible for tax | 不可扣稅之支出 | 10,001 | 2.3 | 35,731 | 4.7 | 45,732 | 3.8 |
| Effect on deferred tax of change in rates | 稅率變動對遞延稅項之影響 | - | - | (898) | (0.1) | (898) | (0.1) |
| Adjustment in respect of current tax of previous periods | 就過往期間之當期稅項 作出調整 | - | - | (3,063) | (0.4) | (3,063) | (0.3) |
| Tax rebates | 退稅 | - | - | (31,195) | (4.1) | (31,195) | (2.6) |
| Tax losses utilised from previous periods | 動用過往期間之稅損 | - | - | (1,550) | (0.2) | (1,550) | (0.1) |
| Tax losses not recognised | 未確認稅損 | - | - | 27,277 | 3.5 | 27,277 | 2.3 |
| | 按本集團實際稅率計算 | | | | | | |
| Tax charge at the Group's effective rate | 之稅項支出 | 2,457 | 0.6 | 157,992 | 20.6 | 160,449 | 13.4 |

* Under the PRC income tax laws, enterprises are subject to corporate income tax ("CIT") at rate of 25%. However, certain of the Group's subsidiaries are operating in specific development zones in Mainland China, and the relevant authorities have granted these subsidiaries a preferential CIT rate of 18% (2007: rates ranging from 15% to 30%).

** In addition to the preferential CIT rates granted to the Group's certain subsidiaries in Mainland China, tax holidays were also granted by the relevant authorities to these subsidiaries, where CIT is exempted for the first two profitable years of the subsidiaries and is chargeable at half of the applicable rates for the subsequent three years.

Included profit before tax from discontinued operations.

The share of tax attributable to associates amounting to HK\$13,002,000 (2007: HK\$17,152,000) is included in "Share of profits of associates" on the face of the consolidated income statement.

11. 稅項(續)

本集團—2007年

| | | Hong Kong | | Mainland China | | Total | |
|--|---------------------|-----------|--------|----------------|-------|-----------|-------|
| | | 香港 | | 中國內地 | | 合計 | |
| | | HK\$'000 | % | HK\$'000 | % | HK\$'000 | % |
| | | 千港元 | | 千港元 | | 千港元 | |
| Profit before tax # | 稅前溢利# | 432,304 | | 765,564 | | 1,197,868 | |
| Tax at the statutory tax rates | 按法定稅率計算之稅項 | 75,653 | 17.5 | 252,636 | 33.0 | 328,289 | 27.4 |
| Lower tax rate for specific provinces or enacted by local authority * | 省或地方特惠稅率* 之溢利** | - | - | (55,618) | (7.3) | (55,618) | (4.6) |
| Profit not subject to tax due to concessions ** | 因稅務優惠而無須課稅 之溢利** | - | - | (22,602) | (3.0) | (22,602) | (1.8) |
| Tax credit utilised during the year | 年內動用之稅項抵免 | - | - | (3,251) | (0.4) | (3,251) | (0.3) |
| Profits attributable to associates | 聯營公司應佔溢利 | - | - | (35,536) | (4.6) | (35,536) | (3.0) |
| Income not subject to tax | 無須課稅之收入 | (83,197) | (19.2) | (3,939) | (0.5) | (87,136) | (7.3) |
| Expenses not deductible for tax | 不可扣稅之支出 | 10,001 | 2.3 | 35,731 | 4.7 | 45,732 | 3.8 |
| Effect on deferred tax of change in rates | 稅率變動對遞延稅項之影響 | - | - | (898) | (0.1) | (898) | (0.1) |
| Adjustment in respect of current tax of previous periods | 就過往期間之當期稅項 作出調整 | - | - | (3,063) | (0.4) | (3,063) | (0.3) |
| Tax rebates | 退稅 | - | - | (31,195) | (4.1) | (31,195) | (2.6) |
| Tax losses utilised from previous periods | 動用過往期間之稅損 | - | - | (1,550) | (0.2) | (1,550) | (0.1) |
| Tax losses not recognised | 未確認稅損 | - | - | 27,277 | 3.5 | 27,277 | 2.3 |
| | 按本集團實際稅率計算 | | | | | | |
| Tax charge at the Group's effective rate | 之稅項支出 | 2,457 | 0.6 | 157,992 | 20.6 | 160,449 | 13.4 |

* 根據中國所得稅法，企業須按25%的稅率繳納企業所得稅(「企業所得稅」)。然而，本集團若干附屬公司乃於中國內地的特別發展地區經營業務，有關當局已授予該等附屬公司18%的特惠企業所得稅率(2007年：介乎15%至30%)。

** 除本集團位於中國內地的若干附屬公司獲授優惠企業所得稅率外，有關當局還授予該等附屬公司免稅期，即在附屬公司首兩個獲利年度被豁免繳納企業所得稅，並於隨後的三個年度按適用稅率的一半繳納企業所得稅。

包括已終止經營業務除稅前溢利。

應佔聯營公司之稅項為13,002,000港元(2007年：17,152,000港元)，並列入綜合收入報表之「應佔聯營公司溢利」。

12. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 December 2008 includes a loss of HK\$38,430,000 (2007: HK\$12,297,000) which has been dealt with in the financial statements of the Company.

13. DISCONTINUED OPERATIONS

The results of the Spin-off Group for the year of 2007 are presented below:

12. 本公司股本持有人應佔溢利

截至2008年12月31日止年度本公司股本持有人應佔綜合溢利包括計入本公司之財務報告內之虧損38,430,000港元(2007年: 12,297,000港元)。

13. 已終止經營業務

分拆集團於2007年年度之業績呈列如下:

| | | 2007 2007年 HK\$'000 千港元 |
|--|---------------|----------------------------------|
| Revenue | 收入 | 4,594,069 |
| Cost of sales | 銷售成本 | (4,147,676) |
| Gross profit | 毛利 | 446,393 |
| Other income and gains | 其他收入及收益 | 101,177 |
| Expenses | 開支 | (277,154) |
| Finance costs | 融資成本 | (64,966) |
| Share of profits of associates | 應佔聯營公司溢利 | 58,976 |
| Profit before tax from the discontinued operations | 已終止經營業務之除稅前溢利 | 264,426 |
| Tax related to pre-tax profit | 有關除稅前溢利之稅項 | (24,657) |
| Profit for the year from the discontinued operations | 已終止經營業務之本年度溢利 | 239,769 |
| Attributable to: | 應佔方: | |
| Equity holders of the Company | 本公司股本持有人 | 195,832 |
| Minority interests | 少數股東權益 | 43,937 |
| | | 239,769 |

13. DISCONTINUED OPERATIONS (CONTINUED)

The net cash flows incurred by the Spin-off Group are as follows:

| | | 2007 2007年 HK\$'000 千港元 |
|----------------------|--------|----------------------------------|
| Operating activities | 經營活動 | 31,667 |
| Investing activities | 投資活動 | (375,340) |
| Financing activities | 融資活動 | 325,417 |
| Net cash outflow | 現金流出淨額 | (18,256) |

| | | 2007 2007年 |
|--------------------------------------|--------------|-----------------|
| Earnings per share | 每股盈利 | |
| Basic from discontinued operations | 基本，來自已終止經營業務 | HK7.02 cents 港仙 |
| Diluted from discontinued operations | 攤薄，來自已終止經營業務 | HK7.01 cents 港仙 |

The calculation of basic and diluted earnings per share from discontinued operations was based on:

已終止經營業務之每股基本及攤薄盈利乃根據下列項目計算：

| | | 2007 2007年 |
|--|-----------------------------|--------------------|
| Profit attributable to ordinary equity holders of the Company from discontinued operations | 本公司普通股股本持有人應佔已終止經營業務溢利 | HK\$195,832,000 港元 |
| Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation | 計算每股基本盈利所使用之本年度已發行普通股之加權平均數 | 2,791,383,356 |
| Weighted average number of ordinary shares used in the diluted earnings per share calculation | 計算每股攤薄盈利所使用之普通股之加權平均數 | 2,792,103,066 |

14. DIVIDENDS

| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|---|-------------------------------------|----------------------------------|----------------------------------|
| Interim – HK2.4 cents (2007: Nil) per ordinary share | 中期股息－每股普通股2.4港仙 (2007年：零) | 66,993 | – |
| Proposed final – HK3.84 cents (2007: HK4.5 cents) per ordinary share | 擬派末期股息－每股普通股3.84港仙 (2007年：4.5港仙) | 107,189 | 125,612 |
| Special interim (notes 1 and 37) | 特別中期股息(附註1及37) | – | 6,234,148 |
| | | 174,182 | 6,359,760 |

At a meeting held on 9 April 2009, the board proposed a final dividend of HK3.84 cents per share for the year. This recommended dividend is subject to the approval of the shareholders at the forthcoming general meeting and it is not reflected as dividend payable in these accounts, but will be paid out of the Company's contributed surplus.

15. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount for the year is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$483,427,000 (2007: HK\$791,686,000) and the weighted average number of 2,791,383,356 ordinary shares (2007: 2,791,383,356) in issue during the year.

The calculation of basic earnings per share amount from continuing operations for the year is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$483,427,000 (2007: HK\$595,854,000) and the weighted average number of 2,791,383,356 ordinary shares (2007: 2,791,383,356) in issue during the year.

No amount of diluted earnings per share for the year has been disclosed as no diluting effect existed during the year.

The calculation of diluted earnings per share amount for the year ended 31 December 2007 is based on the profit for that year attributable to ordinary equity holders of the Company of HK\$791,686,000. The calculation of diluted earnings per share amount from continuing operations for the year ended 31 December 2007 was based on the profit for that year attributable to ordinary equity holders of the Company of HK\$595,854,000. The weighted average number of 2,792,103,066 ordinary shares used in the calculations is the number of 2,791,383,356 ordinary shares in issue during that year, as used in the basic earnings per share calculation, and the weighted average number of 719,710 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

14. 股息

於2009年4月9日舉行之會議上，董事會建議派發本年度末期股息每股3.84港仙。建議派發的股息需待股東於即將舉行的股東週年大會上批准，而建議派發之股息並未於此等賬目中列作應付股息，但將由本公司之繳入盈餘支付。

15. 本公司普通股股本持有人應佔每股盈利

本年度之每股基本盈利乃根據年內本公司普通股股本持有人應佔溢利483,427,000港元(2007年：791,686,000港元)，及本年度內已發行普通股加權平均數2,791,383,356股(2007年：2,791,383,356股)計算。

來自持續經營業務之本年度每股基本盈利乃根據本年度內本公司普通股股本持有人應佔溢利483,427,000港元(2007年：595,854,000港元)，及本年度內已發行普通股加權平均數2,791,383,356股(2007年：2,791,383,356股)計算。

由於本年度並不存在任何攤薄影響，故並無披露本年度每股攤薄盈利之金額。

截至2007年12月31日止年度每股攤薄盈利的金額乃根據本年度本公司普通股股本持有人應佔溢利791,686,000港元計算。截至2007年12月31日止來自持續經營業務之年度每股攤薄盈利的金額乃根據該年度本公司普通股股本持有人應佔溢利595,854,000港元計算。計算所用的普通股加權平均數2,792,103,066股，乃用於計算每股基本盈利的本年度內已發行普通股數目2,791,383,356股，及包括假設將所有潛在攤薄普通股被視作已獲行使並以無代價發行的加權平均數719,710股普通股償付。

16. PROPERTY, PLANT AND EQUIPMENT

16. 物業、廠房及設備

| | | Group 本集團 | | | Company 本公司 | |
|---|------------------------------------|---|-----------------------------|----------|------------------------|---------|
| | | Plant, machinery and equipment | Construction in progress | Total | Plant and equipment | |
| | | Buildings | 廠房、 機械及設備 | 在建工程 | 總計 | |
| | | 樓宇 | 廠房、 機械及設備 | 在建工程 | 總計 | |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| | | 千港元 | 千港元 | 千港元 | 千港元 | |
| 31 December 2008 | 於2008年12月31日 | | | | | |
| At 31 December 2007 and at 1 January 2008: Cost | 於2007年12月31日 及2008年1月1日： 成本 | 1,178,053 | 2,149,177 | 42,294 | 3,369,524 | 1,814 |
| Accumulated depreciation and impairment | 累計折舊及減值 | (270,675) | (1,016,270) | - | (1,286,945) | (1,814) |
| Net carrying amount | 賬面淨值 | 907,378 | 1,132,907 | 42,294 | 2,082,579 | - |
| At 1 January 2008, net of accumulated depreciation and impairment | 於2008年1月1日， 扣除累計折舊及 減值後的淨值 | 907,378 | 1,132,907 | 42,294 | 2,082,579 | - |
| Additions | 添置 | 39,628 | 204,666 | 207,947 | 452,241 | - |
| Disposals | 出售 | (7,558) | (15,117) | - | (22,675) | - |
| Depreciation provided during the year | 年內折舊撥備 | (36,027) | (172,671) | - | (208,698) | - |
| Transfers | 轉移 | 35,417 | 53,487 | (88,904) | - | - |
| Exchange realignment | 匯兌調整 | 53,808 | 70,877 | 6,340 | 131,025 | - |
| At 31 December 2008, net of accumulated depreciation and impairment | 於2008年12月31日， 扣除累計折舊及 減值後的淨值 | 992,646 | 1,274,149 | 167,677 | 2,434,472 | - |
| At 31 December 2008: Cost | 於2008年12月31日： 成本 | 1,291,911 | 2,515,652 | 167,677 | 3,975,240 | 1,814 |
| Accumulated depreciation and impairment | 累計折舊及減值 | (299,265) | (1,241,503) | - | (1,540,768) | (1,814) |
| Net carrying amount | 賬面淨值 | 992,646 | 1,274,149 | 167,677 | 2,434,472 | - |

16. PROPERTY, PLANT AND EQUIPMENT
(CONTINUED)

16. 物業、廠房及設備(續)

| | | Group 本集團 | | | Company 本公司 | |
|---|------------------------------------|-----------------|---|-------------------------------------|-----------------|---------------------------------|
| | | Buildings 樓宇 | Plant, machinery and equipment 廠房、 機械及設備 | Construction in progress 在建工程 | Total 總計 | Plant and equipment 廠房及設備 |
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| 31 December 2007 | 於2007年12月31日 | | | | | |
| At 31 December 2006 and at 1 January 2007: | 於2006年12月31日 及於2007年1月1日: | | | | | |
| Cost | 成本 | 3,062,946 | 4,862,731 | 1,163,572 | 9,089,249 | 1,814 |
| Accumulated depreciation and impairment | 累計折舊及減值 | (597,520) | (1,708,468) | – | (2,305,988) | (1,774) |
| Net carrying amount | 賬面淨值 | 2,465,426 | 3,154,263 | 1,163,572 | 6,783,261 | 40 |
| At 1 January 2007, net of accumulated depreciation and impairment | 於2007年1月1日， 扣除累計折舊及減值後 的淨值 | 2,465,426 | 3,154,263 | 1,163,572 | 6,783,261 | 40 |
| Additions | 添置 | 12,032 | 135,323 | 1,029,217 | 1,176,572 | – |
| Acquisition of subsidiaries (note 35) | 收購附屬公司(附註35) | 200,303 | 176,685 | – | 376,988 | – |
| Impairment | 減值 | (13,085) | (45,536) | – | (58,621) | – |
| Disposals | 出售 | (2,150) | (15,046) | (1,690) | (18,886) | – |
| Disposal of subsidiaries (note 36) | 出售附屬公司(附註36) | (48,991) | (44,676) | (104) | (93,771) | – |
| Spin-off of CAIH (note 37) | 分拆中國糧油控股(附註37) | (2,007,602) | (2,355,363) | (1,684,584) | (6,047,549) | – |
| Depreciation provided during the year | 年內折舊撥備 | (41,235) | (194,097) | – | (235,332) | (40) |
| Transfers | 轉移 | 257,860 | 228,773 | (486,633) | – | – |
| Exchange realignment | 匯兌調整 | 84,820 | 92,581 | 22,516 | 199,917 | – |
| At 31 December 2007, net of accumulated depreciation and impairment | 於2007年12月31日， 扣除累計折舊及減值後 的淨值 | 907,378 | 1,132,907 | 42,294 | 2,082,579 | – |
| At 31 December 2007: | 於2007年12月31日: | | | | | |
| Cost | 成本 | 1,178,053 | 2,149,177 | 42,294 | 3,369,524 | 1,814 |
| Accumulated depreciation and impairment | 累計折舊及減值 | (270,675) | (1,016,270) | – | (1,286,945) | (1,814) |
| Net carrying amount | 賬面淨值 | 907,378 | 1,132,907 | 42,294 | 2,082,579 | – |

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

All of the Group's buildings are held outside Hong Kong under medium term leases.

At 31 December 2008, certain of the Group's buildings with a net book value of approximately HK\$19,623,000 (2007: HK\$45,680,000) were pledged to secure general banking facilities granted to the Group (note 30).

As at 31 December 2008, certificates of ownership in respect of certain buildings of the Group in Mainland China with an aggregate net book value of HK\$243,106,000 (2007: HK\$29,521,000) had not been issued by the relevant PRC authorities. The directors anticipate that these certificates will be issued in the near future.

For the year ended 31 December 2007, impairment was recognised in the income statement in respect of certain items of property, plant and equipment as a result of the closure of a production line. The recoverable amount was estimated based on those items' scrap values.

17. INVESTMENT PROPERTIES

| | | Group 本集團 | |
|---|---------------|----------------------|----------|
| | | 2008 | 2007 |
| | | 2008年 | 2007年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Carrying amount at 1 January | 於1月1日之賬面值 | 58,000 | 52,389 |
| Additions | 添置 | 3,394 | - |
| Net profit from a fair value adjustment | 因公平值調整而產生溢利淨額 | 4,656 | 1,727 |
| Exchange realignment | 匯兌調整 | 3,834 | 3,884 |
| Carrying amount at 31 December | 於12月31日之賬面值 | 69,884 | 58,000 |

All of the Group's investment properties are held outside Hong Kong under medium term leases.

16. 物業、廠房及設備(續)

本集團所有樓宇均根據中期租約於香港以外地區持有。

於2008年12月31日，本集團賬面淨值約為19,623,000港元(2007年：45,680,000港元)之樓宇，乃就本集團獲授銀行融資而予以質押(附註30)。

於2008年12月31日，本集團於中國內地的若干樓宇的賬面淨值合共243,106,000港元(2007年：29,521,000港元)，相關中國機關尚未發出這些樓宇的所有權證。董事預計在不久將獲發這些證書。

截至2007年12月31日止年度，因關閉一條生產線，於收入報表內就若干物業、廠房及設備項目確認減值。可收回金額乃根據該等項目之殘值作出估計。

17. 投資物業

| | | Group 本集團 | |
|---|---------------|----------------------|----------|
| | | 2008 | 2007 |
| | | 2008年 | 2007年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Carrying amount at 1 January | 於1月1日之賬面值 | 58,000 | 52,389 |
| Additions | 添置 | 3,394 | - |
| Net profit from a fair value adjustment | 因公平值調整而產生溢利淨額 | 4,656 | 1,727 |
| Exchange realignment | 匯兌調整 | 3,834 | 3,884 |
| Carrying amount at 31 December | 於12月31日之賬面值 | 69,884 | 58,000 |

本集團所有投資物業均根據中期租約於香港以外地區持有。

17. INVESTMENT PROPERTIES (CONTINUED)

The Group's investment properties were revalued on 31 December 2008 by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at HK\$69,884,000 (2007: HK\$58,000,000) on an open market, existing use basis. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 39(a) to the financial statements.

At 31 December 2008, the Group's investment properties with a carrying value of HK\$65,767,000 (2007: HK\$58,000,000) were pledged to secure banking facilities granted to the Group (note 30).

18. PREPAID LAND PREMIUMS

| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|---|------------------------|----------------------------------|----------------------------------|
| Carrying amount at 1 January | 於1月1日之賬面值 | 132,159 | 478,516 |
| Additions | 添置 | 24,776 | 14,563 |
| Acquisition of subsidiaries (note 35) | 收購附屬公司(附註35) | - | 11,058 |
| Disposal of subsidiaries (note 36) | 出售附屬公司(附註36) | - | (4,638) |
| Spin-off of CAIH (note 37) | 分拆中國糧油控股(附註37) | - | (375,663) |
| Recognised during the year | 年內確認 | (4,654) | (5,091) |
| Exchange realignment | 匯兌調整 | 8,512 | 13,414 |
| Carrying amount at 31 December | 於12月31日之賬面值 | 160,793 | 132,159 |
| Current portion included in prepayments, deposits and other receivables | 包括於預付款項、按金及其他應收款項之即期部分 | (4,291) | (12,894) |
| Non-current portion | 非即期部分 | 156,502 | 119,265 |

The leasehold land is held under medium term leases and is situated in Mainland China.

As at 31 December 2008, certificates of land use rights in respect of certain land of the Group in Mainland China with an aggregate net book value of HK\$16,881,000 (2007: HK\$15,920,000) had not been issued by the relevant PRC authorities. The directors anticipate that these certificates will be issued in the near future.

17. 投資物業(續)

於2008年12月31日，獨立專業合資格估值師第一太平戴維斯估值及專業顧問有限公司按現有用途而於公開市場上對本集團之投資物業重新估值為69,884,000港元(2007年：58,000,000港元)。該等投資物業均根據經營租約而租予第三方，其他詳情概述於財務報告附註39(a)。

於2008年12月31日，本集團之賬面值為65,767,000港元(2007年：58,000,000港元)之投資物業，乃就本集團獲授銀行融資而予以質押(附註30)。

18. 預付土地金

| | | Group 本集團 | |
|---|------------------------|----------------------------------|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Carrying amount at 1 January | 於1月1日之賬面值 | 132,159 | 478,516 |
| Additions | 添置 | 24,776 | 14,563 |
| Acquisition of subsidiaries (note 35) | 收購附屬公司(附註35) | - | 11,058 |
| Disposal of subsidiaries (note 36) | 出售附屬公司(附註36) | - | (4,638) |
| Spin-off of CAIH (note 37) | 分拆中國糧油控股(附註37) | - | (375,663) |
| Recognised during the year | 年內確認 | (4,654) | (5,091) |
| Exchange realignment | 匯兌調整 | 8,512 | 13,414 |
| Carrying amount at 31 December | 於12月31日之賬面值 | 160,793 | 132,159 |
| Current portion included in prepayments, deposits and other receivables | 包括於預付款項、按金及其他應收款項之即期部分 | (4,291) | (12,894) |
| Non-current portion | 非即期部分 | 156,502 | 119,265 |

根據中期租約持有租賃土地乃位於中國內地。

於2008年12月31日，本集團於中國內地的若干土地的賬面淨值為16,881,000港元(2007年：15,920,000港元)，相關中國機關尚未發出與之有關的土地使用權證書。董事預計在不久的將來獲發該等證書。

19. GOODWILL

19. 商譽

| | | Group 本集團 | |
|--|-----------------|--|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| At 1 January: | 於1月1日： | | |
| Cost | 成本 | 1,332,857 | 1,477,691 |
| Accumulated impairment | 累計減值 | - | - |
| Net carrying amount | 賬面淨值 | 1,332,857 | 1,477,691 |
| Cost at 1 January, net of accumulated impairment | 於1月1日之成本，扣除累計減值 | 1,332,857 | 1,477,691 |
| Acquisition of subsidiaries (note 35) | 收購附屬公司(附註35) | - | 414,014 |
| Spin-off of CAIH (note 37) | 分拆中國糧油控股(附註37) | - | (574,268) |
| Exchange realignment | 匯兌調整 | 76,485 | 15,420 |
| At 31 December | 於12月31日 | 1,409,342 | 1,332,857 |
| At 31 December: | 於12月31日： | | |
| Cost | 成本 | 1,409,342 | 1,332,857 |
| Accumulated impairment | 累計減值 | - | - |
| Net carrying amount | 賬面淨值 | 1,409,342 | 1,332,857 |

The amount of the goodwill remaining in the consolidated reserves, arising from the acquisition of subsidiaries and associates prior to the adoption of SSAP 30 in 2001, was HK\$89,540,000 as at 31 December 2007 and 2008. The amount of goodwill is stated at its cost of HK\$261,897,000, less cumulative impairment of HK\$172,357,000 which arose in prior years.

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the following cash-generating units, which are reportable segments, for impairment testing:

- Wines cash-generating unit;
- Confectionery cash-generating unit; and
- Beverages cash-generating unit.

保留在綜合儲備之商譽(因於2001年採納會計實務準則第30號前收購附屬公司及聯營公司而產生)於2007年及2008年12月31日為89,540,000港元。商譽款額乃按其成本261,897,000港元，減累計減值172,357,000港元(於過往年度產生)而列賬。

商譽之減值測試

透過業務合併而收購之商譽，已分配至以下現金產生單位(可予呈報分部)以作減值測試：

- 酒類現金產生單位；
- 糖果現金產生單位；及
- 飲料現金產生單位。

19. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

The recoverable amount of each of the above cash-generating units is determined based on a value in use calculation using cash flow projections based on financial budgets covering periods ranging from one to five years approved by senior management. The discount rates applied to the cash flow projections ranged from 10% to 14% and cash flows beyond the five-year period are extrapolated using a growth rate of 2% – 3% in perpetuity because of the long-term perspective within the Group of the business unit.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

| | | Group 本集團 | |
|---------------|----|--|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Wines | 酒類 | 440,567 | 404,306 |
| Confectionery | 糖果 | 11,610 | 11,610 |
| Beverages | 飲料 | 957,165 | 916,941 |
| | | 1,409,342 | 1,332,857 |

Key assumptions were used in the value in use calculation of the cash-generating units for 31 December 2008 and 31 December 2007. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

Raw materials price inflation – The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year for countries from where raw materials are sourced.

The values assigned to key assumptions are consistent with external information sources.

19. 商譽(續)
商譽之減值測試(續)

上述各現金產生單位之可收回款額，乃根據使用價值釐定。使用價值則按照高級管理層批准涵蓋一年至五年期間之財政預算運用預測現金流量計算。現金流量預測時所應用之貼現率介乎於10%至14%。由於本集團對業務單位之長期展望，超過五年期之現金流量按2%–3%之永久增長率推測。

分配至各現金產生單位之商譽賬面值如下：

於2008年12月31日及2007年12月31日，在計算現金產生單位之使用價值時，已應用若干關鍵假設。以下載述管理層設定預測現金流量所依據之每一關鍵假設，以進行商譽減值測試。

預算毛利率 – 用作釐定預算毛利率所指定價值之基準，為緊接預算年度前一年取得之平均毛利率，並就預期效率提升及預期市場發展而增升。

貼現率 – 所使用貼現率為未計算稅項前，並反映相關單位所涉及之特定風險。

原材料價格上漲 – 用來釐定賦予原材料價格上漲之價值時所用基準，為於預算年度內，原材料之採購國家之預測價格指數。

賦予關鍵假設之價值乃與外來資料來源一致。

20. OTHER INTANGIBLE ASSETS
Group

20. 其他無形資產
本集團

| | | Software 軟件 HK\$'000 千港元 |
|---|--------------------|---|
| 31 December 2008 | 2008年12月31日 | |
| Cost at 1 January 2008, net of accumulated amortisation | 於2008年1月1日之成本減累計攤銷 | 17,179 |
| Additions | 添置 | 21,159 |
| Amortisation provided during the year | 年內攤銷撥備 | (3,312) |
| Exchange realignment | 匯兌調整 | 1,613 |
| At 31 December 2008 | 於2008年12月31日 | <u>36,639</u> |
| At 31 December 2008: | 於2008年12月31日： | |
| Cost | 成本 | 37,997 |
| Accumulated amortisation and exchange realignment | 累計攤銷及匯兌調整 | (1,358) |
| Net carrying amount | 賬面淨值 | <u>36,639</u> |
| 31 December 2007 | 2007年12月31日 | |
| Additions | 添置 | 16,838 |
| Amortisation provided during the year | 年內攤銷撥備 | (272) |
| Exchange realignment | 匯兌調整 | 613 |
| At 31 December 2007 | 於2007年12月31日 | <u>17,179</u> |
| At 31 December 2007: | 於2007年12月31日： | |
| Cost | 成本 | 16,838 |
| Accumulated amortisation and exchange realignment | 累計攤銷及匯兌調整 | 341 |
| Net carrying amount | 賬面淨值 | <u>17,179</u> |

21. INTERESTS IN SUBSIDIARIES

21. 於附屬公司之權益

| | | Company | |
|--------------------------|------------|------------------|-----------|
| | | 本公司 | |
| | | 2008 | 2007 |
| | | 2008年 | 2007年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Unlisted shares, at cost | 非上市股份，按成本值 | 2,106,712 | 2,749,426 |
| Due from subsidiaries | 附屬公司欠款 | 4,432,770 | 3,060,153 |
| Due to subsidiaries | 欠附屬公司款項 | (534,898) | (503,906) |
| | | 6,004,584 | 5,305,673 |
| Impairment | 減值 | - | (140,824) |
| | | 6,004,584 | 5,164,849 |

The balances with subsidiaries are unsecured, interest-free and not expected to be repaid within the next 12 months. The carrying amounts of these amounts due from/to subsidiaries approximate to their fair values. Certain subsidiaries were disposed of during the year.

The value of the unlisted shares is based on:

- (a) the book values of the underlying net assets of the subsidiaries attributable to the Group as at the date when the Company became the holding company of the Group pursuant to the group reorganisation in 1991; and
- (b) the costs of acquisitions of certain subsidiaries in 2001 and 2006.

Particulars of the Company's principal subsidiaries as at 31 December 2008 are set out in note 42 to the financial statements.

與附屬公司之結餘乃無抵押、免息及預期不須於12個月內償還。該等應收／應付附屬公司之款項之賬面值與其公平值相若。若干附屬公司於年內被出售。

非上市股份之價值以下列為基準：

- (a) 按本公司根據1991年之集團重組而成為本集團之控股公司當日，本集團應佔附屬公司之基本資產淨值之賬面值；及
- (b) 於2001年及2006年內收購若干附屬公司之成本。

本公司主要附屬公司於2008年12月31日之詳情，載於財務報告附註42。

22. INTERESTS IN ASSOCIATES

22. 於聯營公司之權益

| | | Group 本集團 | |
|---------------------|----------|--|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Share of net assets | 分佔資產淨值 | 411,951 | 151,195 |
| Due from associates | 應收聯營公司款項 | - | 5,958 |
| Due to associates | 應付聯營公司款項 | - | (920) |
| | | 411,951 | 156,233 |

The above balances with associates were unsecured, interest-free and had no fixed terms of repayment. The carrying amounts of these balances approximate to their fair values.

上述與聯營公司之結餘乃無抵押、免息及無固定還款期。該等結餘之賬面值與其公平值相若。

The balances with associates included in current assets and current liabilities are unsecured, interest-free and repayable within one year.

包括於流動資產與流動負債內之與聯營公司結餘為無抵押、免息及須於一年內償還。

The following table illustrates the summarised financial information of the Group's associates extracted from their financial statements, or where appropriate, management accounts:

下表載有摘錄自本集團聯營公司之財務報告或管理賬目(如適用)之財務資料概要:

| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|-------------|----|--|----------------------------------|
| Assets | 資產 | 5,925,945 | 2,032,501 |
| Liabilities | 負債 | 3,918,961 | 1,333,586 |
| Revenue | 收入 | 10,119,973 | 4,469,119 |
| Profit | 溢利 | 393,554 | 221,511 |

Particulars of the Group's associates as at 31 December 2008 are set out in note 43 to the financial statements.

有關本集團於2008年12月31日之聯營公司詳情，載於財務報告附註43。

22. INTERESTS IN ASSOCIATES (CONTINUED)

On 31 January 2008, the Group entered into a sale and purchase agreement with a connected party, Coca-Cola South Asia Holdings, Inc., to acquire a 21% share interest in Coca-Cola Bottlers Manufacturing Holdings Limited ("CCBMH"), at a cash consideration of RMB148,280,000 (approximately HK\$161,057,000). CCBMH holds a 100% equity interest in Coca-Cola Bottlers Manufacturing (Dongguan) Co., Ltd., which is principally engaged in the production of still beverages under the trademarks of The Coca-Cola Company and its affiliates. The acquisition was completed on 21 February 2008. Further details of this acquisition are set out in the Company's circular dated 21 February 2008.

The Group's share of the fair values of the identifiable assets and liabilities of CCBMH as at the date of acquisition is HK\$201,959,000, which resulted in an excess of fair value of net assets acquired over cost of HK\$40,902,000 recognised as an income included in the "share of profits of associates" on the face of the consolidated income statement.

23. AVAILABLE-FOR-SALE INVESTMENTS AND RELATED ADVANCES

| | | Group 本集團 | |
|---|---------------------|----------------------------------|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Unlisted equity investments elsewhere than Hong Kong, at fair value | 香港以外地區之非上市股本投資，按公平值 | 11,672 | 8,707 |
| Unlisted equity investments elsewhere than Hong Kong, at cost | 香港以外地區之非上市股本投資，按成本值 | 198,782 | 198,782 |
| Amount due from investee companies | 受投資公司之欠款 | 901 | 5,966 |
| | | 211,355 | 213,455 |

The amounts due from investee companies are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from investee companies approximate to its fair value.

Certain unlisted equity investments were stated at cost less impairment because the directors are of the opinion that their fair value cannot be measured reliably.

22. 於聯營公司之權益(續)

於2008年1月31日，本集團與關聯方Coca-Cola South Asia Holdings, Inc.訂立買賣協議，以現金代價人民幣148,280,000元(約161,057,000港元)收購Coca-Cola Bottlers Manufacturing Holdings Limited(「CCBMH」)21%之股份股權。CCBMH持有可口可樂裝瓶商生產(東莞)有限公司(主要從事生產貼有可口可樂公司及其聯營公司商標之非碳酸飲料產品)100%權益。收購事項於2008年2月21日完成。該收購事項之進一步詳情載於本公司日期為2008年2月21日之通函。

於收購之日，本集團應佔CCBMH之可識別資產及負債之公平值為201,959,000港元，令收購資產淨值之公平值超出成本之差額40,902,000港元於綜合收入報表「應佔聯營公司溢利」內確認為收入。

23. 可供出售投資及相關貸款

| | | Group 本集團 | |
|---|---------------------|----------------------------------|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Unlisted equity investments elsewhere than Hong Kong, at fair value | 香港以外地區之非上市股本投資，按公平值 | 11,672 | 8,707 |
| Unlisted equity investments elsewhere than Hong Kong, at cost | 香港以外地區之非上市股本投資，按成本值 | 198,782 | 198,782 |
| Amount due from investee companies | 受投資公司之欠款 | 901 | 5,966 |
| | | 211,355 | 213,455 |

受投資公司的欠款為無抵押、免息及無固定還款期。受投資公司的欠款的賬面值約等於彼等之公平值。

由於董事認為若干非上市股本投資之公平值無法可靠計量，故以成本值扣除減值列賬。

24. BIOLOGICAL ASSETS

24. 生物資產

| | | Group 本集團 | |
|--|-------------------------|----------------------------------|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| At 1 January | 於1月1日 | 72,070 | 53,584 |
| Decrease due to harvest | 因收成減少 | (15,133) | (13,593) |
| Additions during the year | 年內添置 | 2,204 | 7,931 |
| Gains arising from changes in fair value attributable to physical changes | 因實質變動令公平值出現變動 所產生之收益 | 27,502 | 24,148 |
| At 31 December | 於12月31日 | 86,643 | 72,070 |

(a) Analysis of biological assets

At the end of the financial year, the Group's total planted area of mature plantations is as follows:

(a) 生物資產之分析

於本財政年度終結時，本集團已有成熟種植園之種植總面積如下：

| | | Group 本集團 | |
|-----------------------|----------|----------------------------------|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Matured planted area: | 已成熟種植面積： | 86,643 | 72,070 |

| | | Group 本集團 | |
|-----------------------|----------|---------------------------------|---------------------------------|
| | | 2008 2008年 Hectares 公頃 | 2007 2007年 Hectares 公頃 |
| Matured planted area: | 已成熟種植面積： | 559 | 558 |

24. BIOLOGICAL ASSETS (CONTINUED)

(b) Analysis of grape production

During the financial year, the Group harvested approximately 3,771,900 kilograms (2007: 4,218,572 kilograms) of grape, which had a fair value less estimated point-of-sale costs of HK\$15,133,000 (2007: HK\$13,593,000). The fair value of grape was determined by considering the present value of expected net cash flow from the grape vines.

Significant assumptions made in determining the fair value of the biological assets are as follows:

- (i) the grape vines will continue to be competently managed and remain free from irremediable diseases in the remaining estimated useful lives;
- (ii) the expected prices of grapes are based on the past actual average district prices; and
- (iii) the future cash flows have been discounted at the target rate of return on equity of the Wines segment.

25. INVENTORIES

| | | Group 本集團 | |
|------------------|-----|----------------------------|-----------|
| | | 2008 | 2007 |
| | | 2008年 | 2007年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Raw materials | 原料 | 1,283,688 | 835,801 |
| Work in progress | 在製品 | 2,024 | 2,704 |
| Finished goods | 製成品 | 1,343,145 | 1,129,816 |
| | | 2,628,857 | 1,968,321 |

24. 生物資產(續)

(b) 葡萄生產之分析

於本財政年度，本集團有葡萄收成約 3,771,900 公斤 (2007 年：4,218,572 公斤)，其公平值減估計銷售點成本為 15,133,000 港元 (2007 年：13,593,000 港元)。葡萄之公平值乃經考慮葡萄樹產生之預期現金流量淨額之現值而釐定。

釐定生物資產之公平值時所作出之主要假設如下：

- (i) 葡萄樹將繼續獲悉心管理，於餘下之估計可用期限內亦不會變壞；
- (ii) 葡萄之預計價格乃按該地區過往之實際平均價格作基準；及
- (iii) 未來現金流量已按酒類分部之股東權益回報率之目標比率折算現值。

25. 存貨

26. ACCOUNTS AND BILLS RECEIVABLE

26. 應收賬款及票據

| | | Group 本集團 | |
|-------------------------------|---------|--|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Accounts and bills receivable | 應收賬款及票據 | 913,826 | 1,022,850 |
| Impairment | 減值 | (29,327) | (25,671) |
| | | 884,499 | 997,179 |

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 30 to 90 days. 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. Accounts and bills receivable are non-interest-bearing and are normally settled within one to three months and one to six months, respectively.

An aged analysis of the accounts and bills receivable as at the balance sheet date, based on the invoice date and net of impairment, is as follows:

除新客戶外，本集團與其客戶之貿易條款乃主要按信貸訂立，一般規定新客戶預先付款。信貸期一般介乎30日至90日。各客戶擁有信貸額上限。本集團尋求維持嚴格控制其未償還應收賬款，並設有信貸控制部門，務求將信貸風險減至最低。高級管理層定期評估逾期結餘。鑑於上述各項，以及本集團涉及大量不同客戶之應收賬款，故信貸風險之集中程度並不嚴重。應收賬款及票據乃免息，一般分別於一至三個月和一至六個月償還。

於結算日之應收賬款及票據賬齡分析如下（以發票日期為基準，並扣除減值）：

| | | Group 本集團 | |
|---------------------------------|-------------|--|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Outstanding balances with ages: | 未償還結餘之賬齡如下： | | |
| Within 3 months | 三個月內 | 588,766 | 635,103 |
| 3 to 12 months | 三個月至十二個月內 | 291,551 | 357,641 |
| 1 to 2 years | 一年至兩年內 | 4,182 | 4,430 |
| Over 2 years | 超過兩年 | - | 5 |
| | | 884,499 | 997,179 |

26. ACCOUNTS AND BILLS RECEIVABLE
(CONTINUED)

The movements in the provision for impairment of accounts receivable are as follows:

| | | Group 本集團 | |
|---------------------------------------|--------------|--|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| At 1 January | 於1月1日 | 25,671 | 38,479 |
| Acquisition of subsidiaries | 收購附屬公司 | - | 1,032 |
| Impairment losses recognised (note 7) | 已確認減值虧損(附註7) | 2,029 | 273 |
| Amount written off as uncollectible | 列為壞賬被撇銷之數額 | (22) | (13,678) |
| Spin-off of CAIH | 分拆中國糧油控股 | - | (2,637) |
| Exchange realignment | 匯兌調整 | 1,649 | 2,202 |
| At 31 December | 於12月31日 | 29,327 | 25,671 |

The individually impaired accounts receivable relate to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the accounts and bills receivable that are not considered to be impaired is as follows:

| | | Group 本集團 | |
|---|----------------|--|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Outstanding balances with ages: | 未償還結餘之賬齡如下: | | |
| Neither past due nor impaired | 未逾期亦未減值 | 740,930 | 844,774 |
| Less than 1 month past due | 逾期1個月以內 | 15,487 | 16,441 |
| 1 to 3 months past due | 逾期1至3個月 | 46,462 | 49,323 |
| More than 3 months but less than 12 months past due | 逾期3個月以上但少於12個月 | 81,620 | 86,641 |
| | | 884,499 | 997,179 |

26. 應收賬款及票據(續)

應收賬款減值撥備變動如下:

已個別減值之應收賬款乃與處於財政困難之客戶有關，預期僅可收回一部分應收賬款。本集團並無就該等結餘持有任何抵押品或採用其他信用提升措施。

認為未發生減值之應收賬款及票據之賬齡分析如下:

26. ACCOUNTS AND BILLS RECEIVABLE (CONTINUED)

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

27. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | | Group 本集團 | | Company 本公司 | |
|--|-------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Listed equity securities in Hong Kong, at fair value | 香港上市股票，按公平值 | 9,228 | 16,825 | 7,204 | 14,301 |

The above investments at 31 December 2007 and 2008 were classified as held for trading.

28. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

| | | Group 本集團 | | Company 本公司 | |
|------------|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Note 附註 | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| | Cash and bank balances | 1,523,927 | 820,377 | 19,968 | 2,815 |
| | Time deposits | 25,759 | 579,663 | - | 430,179 |
| | | 1,549,686 | 1,400,040 | 19,968 | 432,994 |
| | Less: Time deposits pledged for short term bank loans | (3,002) | (3,477) | - | - |
| | Cash and cash equivalents | 1,546,684 | 1,396,563 | 19,968 | 432,994 |

26. 應收賬款及票據(續)

未逾期亦未減值之應收賬款乃與多名近期並無出現拖欠情況之各類客戶有關。

已逾期但未減值之應收賬款乃與多名過往與本集團交易記錄良好之獨立客戶有關。基於以往經驗，本公司董事認為，由於該等結餘之信貸質素並無出現重大變動且仍被視為可悉數收回，故並無必要就該等結餘作出減值撥備。本集團並無就該等結餘持有任何抵押品或其他信用提升。

27. 按公平值列入損益之投資

於2007年及2008年12月31日上述投資歸類為持作交易。

28. 現金及現金等值物及已抵押存款

28. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (CONTINUED)

At the balance sheet date, the cash and cash equivalents and pledged deposits of the Group denominated in Renminbi ("RMB") amounted to HK\$1,449,719,000 (2007: HK\$719,406,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

29. ACCOUNTS AND BILLS PAYABLE

An aged analysis of the accounts and bills payable as at the balance sheet date, based on the invoice date, is as follows:

| | | Group 本集團 | |
|---------------------------------|-------------|----------------------------------|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Outstanding balances with ages: | 未償還結餘之賬齡如下： | | |
| Within 3 months | 三個月內 | 827,482 | 708,303 |
| 3 to 12 months | 三個月至十二個月內 | 25,540 | 98,024 |
| 1 to 2 years | 一年至兩年內 | 7,224 | 7,744 |
| Over 2 years | 超過兩年 | 605 | 1,244 |
| | | 860,851 | 815,315 |

Accounts and bills payable are non-interest-bearing and are normally settled on one to three months, and one to six months, respectively.

28. 現金及現金等值物及已抵押存款(續)

於結算日，本集團以人民幣為單位之現金和現金等值物以及已抵押存款為1,449,719,000港元(2007年：719,406,000港元)。人民幣不可自由兌換為其他貨幣，然而，根據中國外匯管制條例及結匯、付匯及售匯管理規定，本集團獲准透過特許進行外匯業務之銀行將人民幣兌換為外幣。

存放於銀行之現金乃按每日銀行存款利率計算之浮息利率賺取利息。視乎本集團即時之現金需求而定，短期定期存款乃按一日至三個月不等之年期存放，並按各短期定期存款利率賺取利息。銀行結餘及已抵押存款存入最近並無違約記錄之信譽良好之銀行。

29. 應付賬款及票據

於結算日之應付賬款及票據按發票日期之賬齡分析如下：

應付賬款及票據乃免息，一般分別於一至三個月及一至六個月予以清償。

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

30. 附息銀行貸款及其他貸款

本集團

| | | 2008 2008年 | | | 2007 2007年 | | |
|--|----------------|--|-----------------|-----------------|--|-----------------|-----------------|
| | | Effective interest rate (%) 實際利率(%) | Maturity 到期日 | HK\$'000 千港元 | Effective interest rate (%) 實際利率(%) | Maturity 到期日 | HK\$'000 千港元 |
| Current | 流動 | | | | | | |
| Bank loans – secured | 銀行貸款—有抵押 | 4.54 – 5.51 | 2009 | 10,964 | 3.00 – 6.48 | 2008 | 16,019 |
| Bank loans – unsecured | 銀行貸款—無抵押 | 6.48 | 2009 | 90,714 | 5.00 – 6.50 | 2008 | 123,704 |
| Other loans – unsecured | 其他貸款—無抵押 | 5.04 – 6.57 | 2009 | 146,277 | 5.02 – 5.83 | 2008 | 145,237 |
| | | | | 247,955 | | | 284,960 |
| Non-current | 非流動 | | | | | | |
| Bank loans – unsecured | 銀行貸款—無抵押 | | | – | 5.83 – 6.48 | 2009–2013 | 106,792 |
| | | | | 247,955 | | | 391,752 |
| Analysed into: | 分析： | | | | | | |
| Bank loans repayable: | 應於下列期間償還之銀行貸款： | | | | | | |
| | 一年內到期或按通知償還 | | | 101,678 | | | 139,723 |
| Within one year or on demand | 第三至第五年，包括首尾兩年 | | | – | | | 106,792 |
| In the third to fifth years, inclusive | | | | 101,678 | | | 246,515 |
| Other loans repayable: | 應於下列期間償還之其他貸款： | | | | | | |
| | 一年內到期或按通知償還 | | | 146,277 | | | 145,237 |
| Within one year or on demand | | | | 247,955 | | | 391,752 |

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

- (a) Certain of the Group's bank loans are secured by:
- (i) certain of the Group's investment properties held outside Hong Kong with a carrying value at the balance sheet date of HK\$65,767,000 (2007: HK\$58,000,000) (note 17);
 - (ii) certain of the Group's property, plant and equipment with a net book value of approximately HK\$19,623,000 (2007: HK\$45,680,000) (note 16); and
 - (iii) the pledge of certain of the Group's time deposits amounting to HK\$3,002,000 (2007: HK\$3,477,000) (note 28).
- (b) For the year ended 31 December 2008, except for certain bank loans of HK\$5,294,000 denominated in Pounds Sterling, all other borrowings are denominated in RMB. For the year ended 31 December 2007, except for certain bank loans of HK\$2,068,000 which are denominated in United States dollars, all other borrowings are denominated in RMB.

In addition, the Company's ultimate holding company had guaranteed certain of the Group's bank loans amounting to HK\$65,143,000 as at 31 December 2007.

The other loans represent loans totalling HK\$146,277,000 (2007: HK\$145,237,000) from a financial institution in the COFCO group.

The carrying amounts of the Group's bank and other borrowings approximate to their fair values at the balance sheet date.

On 10 December 2008, the Group obtained a non-secured banking facility of HK\$500,000,000 to strengthen the general working capital of the Group. The banking facility had not been utilised at the balance sheet date.

30. 附息銀行貸款及其他貸款(續)

- (a) 本集團之銀行貸款乃以下列項目作抵押：
- (i) 以本集團結算日賬面值 65,767,000 港元 (2007 年：58,000,000 港元) 之在香港以外持有之若干投資物業 (附註17)；
 - (ii) 以本集團賬面淨值約 19,623,000 港元 (2007 年：45,680,000 港元) 之若干物業、廠房及設備 (附註16)；及
 - (iii) 本集團之若干定期存款之抵押為 3,002,000 港元 (2007 年：3,477,000 港元) (附註28)。
- (b) 截至2008年12月31日止年度，除若干銀行貸款 5,294,000 港元以英鎊計價外，所有其他貸款以人民幣計價。截至2007年12月31日止年度，除若干銀行貸款 2,068,000 港元以美元計價外，所有其他貸款以人民幣計價。

此外，於2007年12月31日本公司之最終控股公司已就本集團銀行貸款作出擔保為數 65,143,000 港元。

其他貸款乃中糧集團旗下一間財務機構之貸款 146,277,000 港元 (2007 年：145,237,000 港元)。

本集團之銀行及其他貸款之賬面值與其於結算日之公平值相若。

於2008年12月10日，本集團獲取一項無抵押銀行信貸 500,000,000 港元，以加強本集團之一般營運資金。於結算日，該項銀行信貸尚未動用。

31. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group

| | | Accelerated tax depreciation 加速稅項折舊 | Deferred income 遞延收入 | Others 其他 | Total 總計 |
|--|-----------------------------|--|-------------------------------------|----------------------|---------------------|
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| At 1 January 2007 | 於2007年1月1日 | 14,368 | (715) | 15,729 | 29,382 |
| Deferred tax charged to the income statement during the year (note 11) | 於本年度收入報表內扣除 之遞延稅項（附註11） | - | - | 6,970 | 6,970 |
| Spin-off of CAIH (note 37) | 分拆中國糧油控股（附註37） | (14,563) | 725 | (16,570) | (30,408) |
| Exchange realignment | 匯兌調整 | 195 | (10) | 600 | 785 |
| At 31 December 2007 and at 1 January 2008 | 於2007年12月31日 及於2008年1月1日 | - | - | 6,729 | 6,729 |
| Deferred tax charged to the income statement during the year (note 11) | 於本年度收入報表內扣除 之遞延稅項（附註11） | - | - | 326 | 326 |
| Exchange realignment | 匯兌調整 | - | - | 426 | 426 |
| At 31 December 2008 | 於2008年12月31日 | - | - | 7,481 | 7,481 |

31. 遞延稅項

本年度內遞延稅項負債及資產之變動如下：

遞延稅項負債

本集團

31. DEFERRED TAX (CONTINUED)

Deferred tax assets

Group

| | | Provision against inventories 存貨撥備 HK\$'000 千港元 | Impairment of receivables 應收 賬款減值 HK\$'000 千港元 | Unrealised loss on derivative financial instruments 未變現 衍生金融 工具虧損 HK\$'000 千港元 | Others 其他 HK\$'000 千港元 | Total 合計 HK\$'000 千港元 |
|---|-------------------------------------|--|--|---|---------------------------------|--------------------------------|
| At 1 January 2007 | 於2007年1月1日 | 383 | 4,844 | - | 10,338 | 15,565 |
| Deferred tax credited/(charged) to the income statement during the year (note 11) | 於本年度收入報表內計入/ (扣除)之遞延稅項 (附註11) | 22 | (113) | 10,054 | 20,857 | 30,820 |
| Spin-off of CAIH (note 37) | 分拆中國糧油控股(附註37) | - | (92) | (10,090) | (12,230) | (22,412) |
| Exchange realignment | 匯兌調整 | 29 | 344 | 36 | 1,053 | 1,462 |
| At 31 December 2007 and at 1 January 2008 | 於2007年12月31日 及於2008年1月1日 | 434 | 4,983 | - | 20,018 | 25,435 |
| Deferred tax credited to the income statement during the year (note 11) | 於本年度收入報表內計入 之遞延稅項(附註11) | 188 | 2,292 | - | 1,747 | 4,227 |
| Exchange realignment | 匯兌調整 | 33 | 379 | - | 1,291 | 1,703 |
| At 31 December 2008 | 於2008年12月31日 | 655 | 7,654 | - | 23,056 | 31,365 |

The Group has tax losses arising in Mainland China of HK\$253,893,000 (2007: HK\$83,772,000) that are available for offsetting against future taxable profits to a maximum period of five years of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the new corporate income tax law in the PRC, a 10% withholding tax is levied on dividends declared to foreign investors by foreign investment enterprises established in mainland China (the "FIEs"). The requirement became effective on 1 January 2008 and applies to earnings generated by the FIEs from 1 January 2008 onwards (the "FIE Earnings since 2008"). A lower withholding tax rate of 5% is applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors.

31. 遞延稅項(續)

遞延稅項資產

本集團

| | | Provision against inventories 存貨撥備 HK\$'000 千港元 | Impairment of receivables 應收 賬款減值 HK\$'000 千港元 | Unrealised loss on derivative financial instruments 未變現 衍生金融 工具虧損 HK\$'000 千港元 | Others 其他 HK\$'000 千港元 | Total 合計 HK\$'000 千港元 |
|---|-------------------------------------|--|--|---|---------------------------------|--------------------------------|
| At 1 January 2007 | 於2007年1月1日 | 383 | 4,844 | - | 10,338 | 15,565 |
| Deferred tax credited/(charged) to the income statement during the year (note 11) | 於本年度收入報表內計入/ (扣除)之遞延稅項 (附註11) | 22 | (113) | 10,054 | 20,857 | 30,820 |
| Spin-off of CAIH (note 37) | 分拆中國糧油控股(附註37) | - | (92) | (10,090) | (12,230) | (22,412) |
| Exchange realignment | 匯兌調整 | 29 | 344 | 36 | 1,053 | 1,462 |
| At 31 December 2007 and at 1 January 2008 | 於2007年12月31日 及於2008年1月1日 | 434 | 4,983 | - | 20,018 | 25,435 |
| Deferred tax credited to the income statement during the year (note 11) | 於本年度收入報表內計入 之遞延稅項(附註11) | 188 | 2,292 | - | 1,747 | 4,227 |
| Exchange realignment | 匯兌調整 | 33 | 379 | - | 1,291 | 1,703 |
| At 31 December 2008 | 於2008年12月31日 | 655 | 7,654 | - | 23,056 | 31,365 |

本集團本年度來自中國內地之稅損為253,893,000港元(2007年: 83,772,000港元)，可供產生虧損之公司在日後最長達五年之期間用於抵銷未來應課稅溢利。由於該等虧損來自已處於虧損狀態一段時間之附屬公司，而且不認為有應課稅溢利可供動用該等稅損，故並無就該等虧損確認遞延稅項資產。

根據中國的新企業所得稅法，在中國內地成立之外資企業(「外資企業」)向外國投資者宣派股息，有關股息須繳納10%之預扣稅。此規定於2008年1月1日生效並適用於外資企業於2008年1月1日之後獲得之盈利(「外資企業2008年及以後盈利」)。倘中國與該等外國投資者所在司法權區域訂有稅收優惠條約，則預扣稅率下調至5%。

31. DEFERRED TAX (CONTINUED)

Deferred tax assets (continued)

At 31 December 2008, no deferred tax was recognised by the Group for withholding taxes that would be accrued for the FIE Earnings since 2008 by the Group's certain subsidiaries established in the mainland China, if any. In the opinion of the directors, it is not probable that such subsidiaries will distribute the FIE Earnings since 2008 in the foreseeable future. The aggregate amount of temporary differences associated with the FIE Earnings since 2008 for which deferred tax liabilities have not been recognised amounted to approximately HK\$31,575,000 at 31 December 2008 (2007: Nil) based on the tax rates of 5% or 10% applicable to such subsidiaries.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

32. SHARE CAPITAL

Shares

| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|---|----------------------------------|----------------------------------|----------------------------------|
| Authorised: | 法定： | | |
| 4,000,000,000 ordinary shares of HK\$0.10 each | 每股面值0.10港元之普通股 4,000,000,000股 | 400,000 | 400,000 |
| Issued and fully paid: | 已發行及繳足： | | |
| 2,791,383,356 ordinary shares of HK\$0.10 each | 每股面值0.10港元之普通股 2,791,383,356股 | 279,138 | 279,138 |

There were no movements in the Company's share capital during the years ended 31 December 2008 and 31 December 2007.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 33 to the financial statements.

31. 遞延稅項(續)

遞延稅項資產(續)

於2008年12月31日，本集團並未為本集團若干在中國內地設立的附屬公司就外資企業2008年及以後盈利預扣稅(如有)確認遞延稅項。董事認為，該等附屬公司在可見將來分派外資企業2008年及以後盈利的可能性不大。於2008年12月31日，根據該等附屬企業的適用稅率5%或10%計算，與尚未確認之外資企業2008年及以後盈利所相關遞延稅項負債的臨時差異總額約為31,575,000港元(2007年：無)。

本公司向股東派發股息並不牽涉任何所得稅之繳付。

32. 股本

股份

截至2008年12月31日及2007年12月31日止年度，本公司之股本並無變動。

購股權

本公司購股權計劃及已根據計劃發行的購股權詳情載於財務報告附註33。

33. SHARE OPTION SCHEMES

Pursuant to an ordinary resolution passed on 21 November 2006, the Company conditionally adopted a share option scheme (the "Scheme"). The Scheme became effective on 21 November 2006 (the "Effective Date") and unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The purpose of the Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors (other than independent non-executive directors) and other employees of the Group.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the issued shares of the Company at the date of the adoption of the Scheme. The maximum number of shares issuable under share options granted to each eligible participant pursuant to the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by independent non-executive directors. In addition, any share options granted to a substantial shareholder of the Company, or to any of its associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer. The exercise periods of the share options granted commence after applicable vesting periods and in any event end on a date which is not later than seven years from the date of acceptance of the share options, subject to early termination thereof as provided in the Schemes.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; or (iii) the nominal value of a share.

33. 購股權計劃

根據於2006年11月21日通過之一項普通決議案，本公司有條件採納一項購股權計劃(「該計劃」)。該計劃於2006年11月21日(「生效日期」)生效，除非另行取消或修訂，將自該日期起維持有效10年。

該計劃旨在鼓勵及回饋對本集團之成功經營作出貢獻之合資格參與者。該計劃之合資格參與者包括本公司董事(獨立非執行董事除外)及本集團之其他僱員。

按該計劃目前可授予而未行使之購股權於行使時可認購之本公司股份最高上限數目，相當於本公司於採納該計劃當天已發行股份之10%。於任何十二個月期間，根據該計劃授予每位合資格參與者之購股權可發行股份之最高數目在任何時間均限於本公司已發行股份之1%。超越此限制之任何進一步授出之購股權須先獲得股東於股東大會批准。

授予本公司董事、主要行政人員或主要股東或彼等任何聯繫人之購股權須先由獨立非執行董事批准。此外，於任何十二個月期間內，授予本公司主要股東或其任何聯繫人之任何購股權，倘超過本公司任何時間已發行股份0.1%，或按本公司股份於授出日期之價格計算的總值超過5,000,000港元，則須先由股東於股東大會批准。

購股權可於授出日期起計28日內接納。已授出購股權的行使期，由適合的歸屬期後起開始及無論如何不得超過授出購股權日期起計7年，惟符合該計劃所載有關提早終止的條文者除外。

購股權之行使價由董事會決定，但不得低於(i)於授出購股權之日本公司股份在聯交所之收市價；及(ii)緊接授出日期前五個交易日股份在聯交所之平均收市價；或(iii)股份之面值(以較高者為準)。

33. SHARE OPTION SCHEMES (CONTINUED)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 27 September 2007, a total of 20,619,000 share options were granted to certain directors and employees of the Group in respect of their services to the Group in the forthcoming year. These share options shall be vested during the period from 27 September 2007 to 26 September 2011 with an exercise price of HK\$4.952 per share and an exercise period from 27 September 2009 to 26 September 2014. The price of the Company's shares at the date of grant was HK\$4.95 per share.

The following share options were outstanding under the Scheme during the year:

| | | 2008 2008年 | | 2007 2007年 | |
|---------------------------|---------|--|---|--|---|
| | | Weighted average exercise price HK\$ per share 加權平均行使價 港元/股 | Number of options '000 購股權數目 千份 | Weighted average exercise price HK\$ per share 加權平均行使價 港元/股 | Number of options '000 購股權數目 千份 |
| At 1 January | 於1月1日 | 4.952 | 20,478 | - | - |
| Granted during the year | 年內授出 | - | - | 4.952 | 20,619 |
| Cancelled during the year | 年內註銷 | 4.952 | (1,770) | 4.952 | (141) |
| At 31 December | 於12月31日 | 4.952 | 18,708 | 4.952 | 20,478 |

The vesting periods, exercise prices and exercise periods of the share options outstanding as at 31 December 2008 are as follows:

33. 購股權計劃(續)

購股權並無賦予持有人收取有關股息或於股東大會投票之權利。

於2007年9月27日，本公司就本集團若干董事及僱員於來年向本集團提供服務而授出合共20,619,000份購股權。該等購股權由2007年9月27日至2011年9月26日歸屬，行使價為每股4.952港元，行使期由2009年9月27日至2014年9月26日。於授出日期本公司股價為每股4.95港元。

於本年度內，根據該計劃下列購股權未獲行使：

於2008年12月31日未獲行使購股權之歸屬期間、行使價及行使期間如下：

| Number of options granted to 授予購股權數目 | | | Vesting period 歸屬期間 | Exercise price per share 每股行使價 HK\$ 港元 | Exercise period 行使期間 |
|---|-------------------------------|---------------------------|------------------------|--|-------------------------|
| Directors 董事 '000 千份 | Employees 僱員 '000 千份 | Total 合計 '000 千份 | | | |
| 1,820 | 4,416 | 6,236 | 27-9-2007 – 26-9-2009 | 4.952 | 27-9-2009 – 26-9-2014 |
| 1,820 | 4,416 | 6,236 | 27-9-2007 – 26-9-2010 | 4.952 | 27-9-2010 – 26-9-2014 |
| 1,820 | 4,416 | 6,236 | 27-9-2007 – 26-9-2011 | 4.952 | 27-9-2011 – 26-9-2014 |
| 5,460 | 13,248 | 18,708 | | | |

33. SHARE OPTION SCHEMES (CONTINUED)

The fair value of the share options of the Scheme granted during the year ended 31 December 2007 was HK\$32,227,000 (HK\$1.563 each) of which the Company recognised a share option expense of HK\$10,135,000 during the year ended 31 December 2008 (2007: HK\$3,060,000).

The fair value of equity-settled share options granted in 2007 was estimated as at the date of grant, using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

| | |
|-------------------------------------|-------|
| Dividend yield (%) | 0.8 |
| Expected volatility (%) | 30.57 |
| Historical volatility (%) | 30.57 |
| Risk-free interest rate (%) | 4.102 |
| Expected life of options (year) | 5 |
| Weighted average share price (HK\$) | 4.952 |

The expected life of the options is determined with reference to the vesting term and original contractual term of the Scheme and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

As at 31 December 2008, the Company had 18,708,000 (2007: 20,478,000) share options outstanding under the Scheme.

The option outstanding at 31 December 2008 had a remaining contractual life of 5.74 years (2007: 6.74 years). The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 18,708,000 (2007: 20,478,000) additional ordinary shares of the Company and additional share capital of approximately HK\$1,871,000 (2007: approximately HK\$2,048,000) and share premium of approximately HK\$90,771,000 (2007: approximately HK\$99,359,000) (before share issuance expenses).

At the date of the approval of these financial statements, the shares issuable from the above outstanding share options represented approximately 0.67% (2007: 0.73%) of the Company's shares in issue as at that date.

33. 購股權計劃(續)

截至2007年12月31日止年度根據該計劃授出購股權之公平值為32,227,000港元(每份1.563港元),其中本公司於截至2008年12月31日止年度內確認購股權開支10,135,000港元(2007年:3,060,000港元)。

於2007年授予以股本結算之購股權之公平值乃於授予購股權當日以畢舒模式作出估計,並已考慮授予購股權之條款及條件。下表列出該模式之輸入數值:

| | |
|--------------|-------|
| 股息率(%) | 0.8 |
| 預期波幅(%) | 30.57 |
| 過往波幅(%) | 30.57 |
| 無風險利率(%) | 4.102 |
| 購股權預計年期(年) | 5 |
| 加權平均股份價格(港元) | 4.952 |

購股權預計年期乃參考該計劃之歸屬期限及原有合約條款而釐定,未必能顯示行使購股權的模式。預期波幅反映過往波幅可顯示未來趨勢的假設,惟未來趨勢未必是實際結果。

並無其他已授出購股權的特點列入公平值的計算當中。

於2008年12月31日,本公司根據該計劃擁有18,708,000份(2007年:20,478,000份)購股權尚未行使。於2008年12月31日尚未行使購股權之餘下合約期限為5.74年(2007年:6.74年)。根據本公司現時之資本架構,悉數行使餘下購股權將導致本公司發行18,708,000股(2007年:20,478,000股)額外普通股及約1,871,000港元(2007年:約2,048,000港元)之額外股本以及股份溢價約90,771,000港元(2007年:約99,359,000港元)(未計股份發行開支)。

於本財務報告獲通過日期,根據上述未行使購股權而可予發行之股份佔本公司於該日期已發行股份約0.67%(2007年:0.73%)。

34. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of certain of the Company's subsidiaries and associates in Mainland China has been transferred to reserve funds which are restricted as to use.

The Group's capital reserve includes the contributed surplus which represents:

- (i) the excess value of the shares acquired over the nominal value of the Company's shares issued in exchange therefor under the group reorganisation in 1991, less the goodwill arising on the acquisition of subsidiaries and associates which remains eliminated against the capital reserve, as explained in note 19 to the financial statements; and
- (ii) the excess value of the shares acquired over the nominal value of the Company's shares issued in exchange therefor under the Reorganisation, as explained in note 1 to the financial statements.

34. 儲備

(a) 本集團

本集團當年及過往年度之儲備金額及其變動呈列於財務報表綜合權益變動報表中。

根據中外合營企業之有關法例及法規，本公司若干中國內地附屬公司及聯營公司之溢利部分已轉撥至用途受限制之儲備金內。

本集團之資本儲備包括繳入盈餘，代表：

- (i) 於1991年集團重組時所收購股份之價值超過本公司因此而發行之股份面值之數額，減去仍然在資本儲備中扣除之收購附屬公司及聯營公司所產生之商譽（如財務報告附註19之解釋）；及
- (ii) 重組時所收購股份之價值超過本公司因此而發行之股份面值之數額（如財務報告附註1之解釋）。

34. RESERVES (CONTINUED)

(b) The Company

34. 儲備(續)

(b) 本公司

| | | Employee share-based Share compensation | | Contributed surplus | Proposed dividend | Retained profit | Total |
|---|----------------------------|--|--------------------|------------------------|----------------------|--------------------|-------------|
| | | premium account | reserve | | | | |
| | | 股份 溢價賬 | 僱員股本 結算薪酬 儲備 | 繳入盈餘 | 擬派股息 | 保留溢利 | 合計 |
| Notes | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| 附註 | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| At 1 January 2007 | 於2007年1月1日 | 3,660,432 | - | 5,028,810 | - | 421,796 | 9,111,038 |
| Equity-settled share option arrangements | 股本結算購股權安排 | 7 | 3,060 | - | - | - | 3,060 |
| Profit for the year | 本年度溢利 | - | - | - | - | 1,866,157 | 1,866,157 |
| Final 2007 dividend proposed | 擬派2007年末期股息 | 14 | - | - | 125,612 | (125,612) | - |
| Special interim dividends | 特別中期股息 | - | - | (3,517,400) | - | (2,131,733) | (5,649,133) |
| At 31 December 2007 and 1 January 2008 | 於2007年12月31日 及2008年1月1日 | 3,660,432* | 3,060* | 1,511,410* | 125,612 | 30,608* | 5,331,122 |
| Equity-settled share option arrangements | 股本結算購股權安排 | 7 | 10,135 | - | - | - | 10,135 |
| Profit for the year | 本年度溢利 | - | - | - | - | 606,179 | 606,179 |
| Cancellation of share premium | 註銷股份溢價 | (3,660,432) | - | 3,660,432 | - | - | - |
| Final 2007 dividend paid | 已派2007年末期股息 | 14 | - | - | (125,612) | - | (125,612) |
| 2008 interim dividend paid | 已派2008年中期股息 | 14 | - | - | - | (66,993) | (66,993) |
| Final 2008 dividend proposed | 擬派2008年末期股息 | 14 | - | (107,189) | 107,189 | - | - |
| At 31 December 2008 | 於2008年12月31日 | -* | 13,195* | 5,064,653* | 107,189 | 569,794* | 5,754,831 |

* These reserve accounts comprise the reserves of HK\$5,647,642,000 in the Company's balance sheet (2007: HK\$5,205,510,000).

* 該等儲備賬目構成本公司資產負債表中的儲備5,647,642,000港元(2007年: 5,205,510,000港元)。

The contributed surplus of the Company represents:

- (i) the difference between the underlying net assets of subsidiaries and the nominal value of the Company's shares issued in exchange therefor under a group reorganisation in 1991; and
- (ii) the difference between the consideration payable in respect of the Acquisition and the nominal value of the Company's shares issued in exchange therefor under the Reorganisation.

本公司之繳入盈餘指:

- (i) 附屬公司之基本資產淨值與本公司根據1991年之集團重組而發行之股份面值之差額; 及
- (ii) 根據重組有關收購事項之應付代價與本公司據此而發行之股份作交換之股份面值之差額。

34. RESERVES (CONTINUED)

(b) The Company (continued)

On 15 April 2008, the board of directors passed a resolution in relation to a share premium cancellation pursuant to section 46 of the Companies Act 1981 of Bermuda, which was approved by shareholders on a special resolution on 19 May 2008, and was later approved by the registrar of companies of Bermuda on 3 June 2008. Accordingly, the share premium account of approximately HK\$3,660,432,000 was transferred to contributed surplus during the year.

The employee share-based compensation reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 3.3 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be cancelled.

In addition to the retained profits of the Company, under the Companies Act 1981 of Bermuda, the contributed surplus of the Company is also available for distribution to its shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of its contributed surplus, if:

- (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the Company's assets would thereby be less than the aggregated realisable value of its liabilities and its issued share capital and share premium account.

34. 儲備(續)

(b) 本公司(續)

於2008年4月15日，董事會通過一項有關根據百慕達1981年公司法第46節註銷股份溢價之決議案，有關決議案已於2008年5月19日透過特別決議案形式獲股東批准，並其後於2008年6月3日獲百慕達公司註冊處批准。因此，年內股份溢價賬約3,660,432,000港元已轉撥至繳入盈餘。

如財務報告附註3.3有關股份為本支付之交易之會計政策進一步詳述，僱員股本結算薪酬儲備包括已授出但尚未獲行使購股權之公平值。於有關購股權獲行使時，該金額或會轉入股份溢價賬目，或倘有關購股權無效或被註銷，則計入保留溢利。

除本公司之保留溢利外，根據1981年百慕達公司法，本公司之繳入盈餘亦可供分派予其股東。然而，本公司在下列情況下不得宣派或派付股息，或分派繳入盈餘中之款項：

- (a) 本公司現時或在分派後將無法償還到期負債；或
- (b) 本公司資產之可變現價值會因此而低於其負債可變現價值、其已發行股本及股份溢價賬三者合計之總額。

35. BUSINESS COMBINATION

Business combination in 2007

On 6 August 2007, COFCO Coca-Cola Beverages Limited (“CBL”), a 65%-owned subsidiary of the Company, entered into a conditional share transfer master agreement with Coca-Cola China Industries Limited (“CCCI”), a connected person of the Company, pursuant to which:

- (i) CBL will transfer to CCCI all the issued share capital in, and all the outstanding shareholder’s loans owed by, COFCO Beverages (Chengdu) Limited, COFCO Beverages (Harbin) Limited, COFCO Beverages (Kunming) Limited, COFCO Beverages (Taiyuan) Limited, COFCO Beverages (Wuhan) Limited, and COFCO Beverages (Jilin) Limited (collectively the “CBL Companies”), all being wholly-owned subsidiaries of CBL, for an aggregate consideration of RMB571,000,000 (approximately HK\$591,710,000) (the “Disposal”);
- (ii) CCCI will transfer to CBL all the issued share capital in, and all the outstanding shareholder’s loans owed by, Coca-Cola China Industries Beverages (Qingdao) Ltd. (“CCCI Qingdao”), a wholly-owned subsidiary of CCCI, for an aggregate consideration of RMB521,000,000 (approximately HK\$539,910,000) (the “Acquisition”); and
- (iii) CBL will acquire from CCCI all the issued share capital in, and all the outstanding shareholder’s loans owed by, Coca-Cola China Industries (Beijing) Limited (“CCCI Beijing”), a wholly-owned subsidiary of CCCI, for an aggregate consideration of RMB270,000,000.

35. 業務合併

2007年業務合併

於2007年8月6日，本公司持有65%權益的附屬公司中糧可口可樂飲料有限公司(「中可飲料公司」)與本公司之關連方Coca-Cola China Industries Limited(「CCCI」)訂立有條件股份轉讓主協議，據此：

- (i) 中可飲料公司將向CCCI 轉讓中糧飲料(成都)有限公司、中糧飲料(哈爾濱)有限公司、中糧飲料(昆明)有限公司、中糧飲料(太原)有限公司、中糧飲料(武漢)有限公司及中糧飲料(吉林)有限公司(統稱「中糧飲料」，全部均為中可飲料公司之全資附屬公司)的所有已發行股本及該等公司所結欠之所有未償還股東貸款，總代價為人民幣571,000,000元(約591,710,000港元)(「出售」)；
- (ii) CCCI 將向中可飲料公司轉讓Coca-Cola China Industries Beverages (Qingdao) Ltd.(「CCCI Qingdao」，CCCI之全資附屬公司)所有已發行股本及該公司所結欠之所有未償還股東貸款，總代價為人民幣521,000,000元(約539,910,000港元)(「收購」)；及
- (iii) 中可飲料公司將自CCCI 收購Coca-Cola China Industries (Beijing) Limited(「CCCI Beijing」，CCCI 之全資附屬公司)的所有已發行股本及該公司所結欠之所有未償還股東貸款，總代價為人民幣270,000,000元。

35. BUSINESS COMBINATION (CONTINUED)

Business combination in 2007 (continued)

The consideration for the Disposal was settled by the Acquisition plus RMB50,000,000 (approximately HK\$51,800,000) paid by CCCI in cash at completion on 26 October 2007.

The CBL Companies, CCCI Qingdao and CCCI Beijing are all investment holding companies with equity interests in subsidiaries or long-term investments engaged in the production, bottling, sale and distribution of Coca-Cola beverages in certain areas of the PRC.

Details of the above transactions were disclosed by the Company in an announcement dated 6 August 2007 and a circular dated 27 August 2007.

35. 業務合併(續)

2007年業務合併(續)

CCCI 於出售完成日，即2007年10月26日，以收購加上現金人民幣 50,000,000 元(約 51,800,000 港元)支付出售之代價。

中糧飲料、CCCI Qingdao 及 CCCI Beijing 均為投資控股公司，彼等擁有於中國若干地區從事生產、裝瓶、銷售及分銷可口可樂飲料之附屬公司或長期投資之權益。

上述交易之詳情載於本公司日期為2007年8月6日之公告及日期為2007年8月27日之通函。

35. BUSINESS COMBINATION (CONTINUED)

Business combination in 2007 (continued)

A summary of the fair values of the identifiable assets and liabilities of CCCI Qingdao as at the date of the Acquisition and the corresponding carrying amounts immediately before the Acquisition was as follows:

35. 業務合併(續)

2007年業務合併(續)

於收購之日，CCCI Qingdao之可識別資產及負債之公平值及緊接收購事項前相應之賬面值概要如下：

| | | Fair value recognised on acquisition 收購時確認 之公平值 HK\$'000 千港元 | Carrying amount 賬面值 HK\$'000 千港元 |
|--|----------------|---|---|
| Property, plant and equipment (note 16) | 物業、廠房及設備(附註16) | 376,988 | 326,004 |
| Prepaid land premiums (note 18) | 預付土地金(附註18) | 11,058 | 11,058 |
| Inventories | 存貨 | 92,714 | 92,714 |
| Accounts and bills receivable | 應收賬款及票據 | 33,189 | 33,189 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款項 | 31,995 | 31,995 |
| Cash and bank balances | 現金及銀行結餘 | 52,589 | 52,589 |
| Accounts and bills payable | 應付賬款及票據 | (194,267) | (194,267) |
| Other payables and accruals | 其他應付款項及應計負債 | (113,448) | (113,448) |
| Interest-bearing bank and other borrowings | 附息銀行貸款及其他貸款 | (34,707) | (34,707) |
| Minority interests | 少數股東權益 | (113,636) | (93,233) |
| | | <u>142,475</u> | <u>111,894</u> |
| Reclassification of available-for-sale investments | 重新分類可供出售投資 | (16,579) | |
| Goodwill on acquisition (note 19) | 收購時產生之商譽(附註19) | 414,014 | |
| | | <u>539,910</u> | |
| Satisfied by: | 以下列方式支付： | | |
| Consideration payable (note 36) | 應付代價(附註36) | 591,710 | |
| Cash received (note 36) | 所收取現金(附註36) | (51,800) | |
| | | <u>539,910</u> | |

An analysis of the net inflow of cash and cash equivalents in respect of the Acquisition is as follows:

就收購事項之現金及現金等值項目流入淨額分析如下：

| | | HK\$'000 千港元 |
|---|-----------------------------------|-----------------|
| Cash and bank balances acquired and net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries | 就收購附屬公司之已收購現金及銀行結餘以及現金及現金等值項目流入淨額 | 52,589 |

36. DISPOSAL OF SUBSIDIARIES

On 26 October 2007, the Group disposed of certain subsidiaries as part of the consideration for a business combination.

An analysis of the assets and liabilities of the disposal is as follows:

| | | HK\$'000 千港元 |
|--|----------------|-----------------|
| Net assets disposed of: | 所售出之資產淨值： | |
| Property, plant and equipment (note 16) | 物業、廠房及設備(附註16) | 93,771 |
| Prepaid land premiums (note 18) | 預付土地金(附註18) | 4,638 |
| Available-for-sale investments and related loans | 可供出售投資及相關貸款 | 154,681 |
| Accounts receivable | 應收賬款 | 5,727 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款項 | 44,047 |
| Due from fellow subsidiaries | 應收同系附屬公司款項 | 8,074 |
| Cash and bank balances | 現金及銀行結餘 | 12,215 |
| Accounts payable | 應付賬款 | (26,766) |
| Other payables and accruals | 其他應付款及應計款項 | (27,703) |
| Due to fellow subsidiaries | 欠同系附屬公司款項 | (71,858) |
| | | 196,826 |
| Gain on disposal of subsidiaries (note 6) | 出售附屬公司收益(附註6) | 394,884 |
| | | 591,710 |
| Satisfied by: | 透過以下償付： | |
| Cash (note 35) | 現金(附註35) | 51,800 |
| Consideration receivable (note 35) | 應收代價(附註35) | 539,910 |
| | | 591,710 |

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

就出售附屬公司之現金及現金等值流入淨額分析如下：

| | | 2007 2007年 HK\$'000 千港元 |
|---|------------------------------------|----------------------------------|
| Cash consideration | 現金代價 | 51,800 |
| Cash and bank balances disposed of | 所出售之現金及銀行結餘 | (12,215) |
| Cash and bank balances disposed of and net inflow of cash and cash equivalents in respect of the disposal of subsidiaries | 所出售之現金及銀行結餘以及與出售附屬公司有關之現金及現金等值流入淨額 | 39,585 |

37. SPIN-OFF OF CAIH

Pursuant to the Reorganisation as set out in note 1 to the financial statements, the Company spun off the Spin-off Group by way of a special interim dividend where the Company's interest in CAIH, representing the entire issued share capital of CAIH, was distributed to the shareholders of the Company. Further details of the Spin-off are set out in note 1 to the financial statements.

A summary of the assets and liabilities of the Spin-off Group distributed by the Company as a result of the Spin-off is as follows:

37. 分拆中國糧油控股

根據財務報告附註1所載之重組，本公司通過向本公司股東分派特別中期股息分拆分拆集團，而本公司於中國糧油控股擁有之權益相當於其全部已發行股本已分派予本公司之股東。分拆之進一步詳情載於財務報告附註1。

本公司因分拆而分派分拆集團之資產及負債概要如下：

| | | HK\$'000 千港元 |
|---|-----------------|-----------------|
| Net assets distributed: | 所分派資產淨值： | |
| Property plant and equipment (note 16) | 物業、廠房及設備(附註16) | 6,047,549 |
| Prepaid land premiums (note 18) | 預付土地金(附註18) | 375,663 |
| Deposits for purchase of items of property, plant and equipment | 購置物業、廠房及設備項目之按金 | 15,692 |
| Goodwill (note 19) | 商譽(附註19) | 574,268 |
| Interests in associates | 於聯營公司之權益 | 1,137,559 |
| Available-for-sale investments | 可供出售投資 | 2,625 |
| Deferred tax assets (note 31) | 遞延稅項資產(附註31) | 22,412 |
| Inventories | 存貨 | 4,161,112 |
| Accounts and bills receivable | 應收賬款及票據 | 607,827 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收賬款 | 1,744,229 |
| Due from fellow subsidiaries | 應收同系附屬公司款項 | 334,757 |
| Due from the ultimate holding company | 應收最終控股公司款項 | 2,192 |
| Tax recoverable | 可收回稅項 | 120 |
| Derivative financial instruments | 衍生金融工具 | (31,609) |
| Cash and bank balances | 現金及銀行結餘 | 1,291,561 |
| Accounts and bills payable | 應付賬款及票據 | (984,840) |
| Other payables and accruals | 其他應付款項及應計款項 | (1,098,999) |
| Due to fellow subsidiaries | 欠同系附屬公司款項 | (171,696) |
| Due to related companies | 欠關連公司款項 | (575,400) |
| Due to the immediate holding company | 欠直系控股公司款項 | (2) |
| Due to the ultimate holding company | 欠最終控股公司款項 | (83) |
| Due to minority shareholders of subsidiaries | 欠附屬公司少數股東款項 | (114,878) |
| Interest-bearing bank and other borrowings | 附息銀行貸款及其他借款 | (5,767,829) |
| Deferred income | 遞延收入 | (59,449) |
| Tax payable | 應付稅項 | (67,839) |
| Deferred tax liabilities (note 31) | 遞延稅項負債(附註31) | (30,408) |
| Minority interests | 少數股東權益 | (1,180,386) |
| Special interim dividend (note 14) | 特別中期股息(附註14) | 6,234,148 |

37. SPIN-OFF OF CAIH (CONTINUED)

An analysis of the net outflow of cash and cash equivalents in respect of the distribution of the Spin-off Group is as follows:

| | | HK\$'000 |
|--|--------------------------------------|-------------|
| | | 千港元 |
| Cash and bank balances distributed and net outflow of cash and cash equivalents in respect of the distribution of the Spin-off Group | 所分派之現金及銀行結餘以及與分派分拆集團之現金及現金等值物有關之流出淨額 | (1,291,561) |

38. CONTINGENT LIABILITIES

At the balance sheet date, neither the Group nor the Company had any significant contingent liabilities.

38. 或然負債

於結算日，本集團及本公司並無任何重大或然負債。

39. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 17) under operating lease arrangements, with leases negotiated for terms ranging from one to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2008, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

39. 經營租約安排

(a) 作為出租人

本集團根據經營租約安排出租其投資物業(附註17)，經協商之租期由一至十年不等。一般而言，租約之條款亦規定租戶支付按金，並訂明可定期根據市況調整租金。

於2008年12月31日，本集團根據其與租戶訂立之不可撤銷經營租約應收之未來最低租金總額按年期分析如下：

| | | Group 本集團 | |
|---|----------------|----------------------------------|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Within one year | 一年內 | 7,621 | 4,514 |
| In the second to fifth years, inclusive | 第二至第五年(包括首尾兩年) | 3,260 | 3,497 |
| | | 10,881 | 8,011 |

39. OPERATING LEASE ARRANGEMENTS
(CONTINUED)**(b) As lessee**

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years.

At 31 December 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | | Group 本集團 | |
|---|----------------|----------------------------|----------|
| | | 2008 | 2007 |
| | | 2008年 | 2007年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Within one year | 一年內 | 37,954 | 27,128 |
| In the second to fifth years, inclusive | 第二至第五年(包括首尾兩年) | 46,875 | 31,407 |
| After five years | 五年後 | 98,031 | 69,127 |
| | | 182,860 | 127,662 |

40. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 39 above, the Group had the following capital commitments at the balance sheet date:

| | | Group 本集團 | |
|---|-----------------|----------------------------|----------|
| | | 2008 | 2007 |
| | | 2008年 | 2007年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Capital commitments in respect of: | 就以下項目之資本承擔： | | |
| Property, plant and equipment: | 物業、廠房及設備： | | |
| Contracted, but not provided for | 已訂約但未計提 | 49,250 | 10,132 |
| Acquisition of additional interest in an associate: | 收購於一間聯營公司之額外權益： | | |
| Contracted, but not provided for | 已訂約但未計提 | 306,161 | 288,338 |
| | | 355,411 | 298,470 |

39. 經營租約安排(續)

(b) 作為承租人

本集團根據經營租約安排租用若干辦公室物業，物業租約經協商之租期由一年至十年不等。

於2008年12月31日，本集團根據不可撤銷經營租約應付之未來最低租金總額按年期分析如下：

40. 資本承擔

除於上文附註39詳述之經營租約承擔外，本集團於結算日有以下資本承擔：

41. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) Apart from the transactions and balances disclosed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

41. 關連人士交易

(a) 除財務報告其他地方所披露之交易及結餘外，本集團於本年度內與關連人士進行之重大交易如下：

| | | Group 本集團 | |
|---|-------------|----------------------------------|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| | | Notes 附註 | |
| Transactions with fellow subsidiaries: | 與同系附屬公司之交易： | | |
| Sales of goods* | 銷售貨品* | (i) | 126,043 |
| Purchases of goods* | 購買貨品* | (i) | 2,582,770 |
| Operating lease rentals paid* | 已付經營租約租金* | (i) | 9,254 |
| Interest expenses | 利息支出 | (ii) | 30,251 |
| Commission paid | 已付佣金 | (i) | 191 |
| Transactions with the ultimate holding company: | 與最終控股公司之交易： | | |
| Sales of goods* | 銷售貨品* | (i) | - |
| Management fee paid* | 已付管理費* | (i) | 755 |
| Transactions with associates: | 與聯營公司交易： | | |
| Sales of goods | 銷售貨品 | (i) | 23,679 |
| Purchases of goods* | 購買貨品* | (i) | 396,018 |
| Transactions with related companies:# | 與關連公司之交易：# | | |
| Sales of goods | 銷售貨品 | (i) | 13,566 |
| Purchases of goods * | 購買貨品* | (i) | 3,079,746 |

* These related party transactions also constituted connected transactions disclosable in accordance with the Listing Rules.

Related companies are companies under significant influence of the Group's ultimate holding company.

* 該等關連人士交易根據上市規則規定，亦構成須予披露之關連交易。

關連公司為受本集團最終控股公司重大影響之公司。

41. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (continued)

Notes:

- (i) These transactions were carried out with reference to the prevailing market prices or, where no market prices were available, at cost plus a percentage of profit mark-up.
- (ii) Interest expenses arose from the loans from COFCO Finance Corporation Limited ("COFCO Finance"), a wholly-owned subsidiary of COFCO, which are unsecured, bear interest at rates ranging from 5.04% to 6.57% (2007: 5.02% to 5.83%) per annum and of which HK\$146,277,000 (2007: HK\$145,237,000) is repayable within one year.

(b) Transaction with a related party

Pursuant to certain licensing agreements entered into between the Group and a related party, the Group was granted the exclusive rights to use certain trademarks for its edible oil, soybean meal and related products businesses. The licensing fees for the current year and the prior year were waived by the related party.

(c) Outstanding balances with related parties

Except for (1) the loans of HK\$146,277,000 (2007: HK\$145,237,000) from COFCO Finance, the terms of which are detailed in note 30 to the financial statements, (2) the amounts due to minority shareholders of the Group's subsidiaries of HK\$73,136,000 (2007: HK\$75,047,000) which are not repayable within one year from the balance sheet date and bearing an interest prevailing at the market rate, and (3) an amount due to the ultimate holding company of HK\$22,679,000 (2007: HK\$21,358,000), which is not repayable within one year from the balance sheet date, the remaining balances with the holding companies, fellow subsidiaries, related companies and minority shareholders of the Group's subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

41. 關連人士交易(續)

(a) (續)

附註:

- (i) 該等交易乃按現行市價(倘並無提供市價,則按成本加撥作溢利之百分率計算)進行。
- (ii) 該等利息開支產生於就中糧財務有限責任公司(「中糧財務」)(中糧公司之全資附屬公司)之貸款,該等貸款為無抵押,按年息5.04厘至6.57厘(2007年:5.02厘至5.83厘)計息,其中146,277,000港元(2007年:145,237,000港元)須於一年內償還。

(b) 與一名關連人士之交易

根據本集團與關連人士訂立之若干特許協議,本集團獲授獨家許可權,可於其食用油、豆粕及相關產品業務使用若干商標,而本年度內及上年度之特許權費用獲關連人士豁免。

(c) 關連人士之未償還餘額

除(1)中糧財務之貸款146,277,000港元(2007年:145,237,000港元)(條款詳述於財務報告附註30);(2)無須於結算日起計一年內償還並按市場利率計息之應付本集團附屬公司少數股東款項73,136,000港元(2007年:75,047,000港元);及(3)無須於結算日起計一年內償還之應付最終控股公司款項22,679,000港元(2007年:21,358,000港元)外,控股公司、同系附屬公司、關連公司及本集團附屬公司少數股東之貸款餘額乃無抵押、免息及無固定還款期。

41. CONNECTED AND RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Compensation of key management personnel of the Group

| | | Group 本集團 | |
|---|----------------|----------------------------------|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Salaries, allowances and benefits in kind | 薪金、津貼及實物利益 | 8,622 | 6,635 |
| Discretionary bonuses | 酌情花紅 | 3,270 | 3,094 |
| Equity-settled share option expense | 股本結算購股權開支 | 4,605 | 916 |
| Pension scheme contributions | 退休計劃供款 | 329 | 183 |
| Total compensation paid to key management personnel | 付予主要管理層人員之報酬總額 | 16,826 | 10,828 |

(e) Transactions with other state-owned enterprises

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "State-owned Enterprises"). During the year, the Group had transactions with State-owned Enterprises including, but not limited to, sales and purchases of processed foodstuffs and raw materials. The directors consider that transactions with other State-owned Enterprises are activities in the ordinary course of the business, and that dealings of the Group have not been significantly or underlyingly affected by the fact that the Group and those State-owned Enterprises are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for products and services, and such policies do not depend on whether or not the customers are State-owned Enterprises. Having due regard to the substance of the relationships, the directors of the Company are of the opinion that none of these transactions is a material related party transaction that require separate disclosure.

41. 關連人士交易(續)

(d) 本集團主要管理層人員之報酬

| | | Group 本集團 | |
|---|----------------|----------------------------------|----------------------------------|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
| Salaries, allowances and benefits in kind | 薪金、津貼及實物利益 | 8,622 | 6,635 |
| Discretionary bonuses | 酌情花紅 | 3,270 | 3,094 |
| Equity-settled share option expense | 股本結算購股權開支 | 4,605 | 916 |
| Pension scheme contributions | 退休計劃供款 | 329 | 183 |
| Total compensation paid to key management personnel | 付予主要管理層人員之報酬總額 | 16,826 | 10,828 |

(e) 與其他國有企業之交易

本集團於一個由中國政府直接或間接通過其各級機關、聯屬公司或其他機構擁有或控制的企業(統稱「國有企業」)為主的經濟環境中經營。年內，本集團與國有企業進行之交易包括但不限於銷售及採購經加工食品及原材料。董事認為，與其他國有企業進行之交易均屬於日常業務過程進行之業務，本集團之交易並無因本集團及該等國有企業最終由中國政府控制或擁有而受到重大或相關影響。本集團亦制定有關產品及服務之定價政策，而該等政策不會視乎客戶是否屬國有企業而制定。經慎重考慮該等關係之實質，本公司董事認為，該等交易並不屬於需要單獨披露之重大關連人士交易。

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2008 are as follows:

42. 主要附屬公司之詳情

本公司主要附屬公司截至2008年12月31日之詳情如下：

| Name 姓名 | Places of incorporation/ registration and operation 註冊成立/註冊 及經營地點 | Nominal value of ordinary issued/ registered capital 已發行普通股面值/ 註冊資本 | Percentage of equity attributable to the Company 本公司應佔 股本百分比 | | Principal activities 主要業務 |
|--|--|---|---|-------|--|
| | | | 2008 | 2007 | |
| China Great Wall Wine Co., Ltd.* 中國長城葡萄酒有限公司* | the PRC/ mainland China 中國/中國內地 | RMB180,000,000 人民幣180,000,000元 | 100 | 100 | Production and sale of wine and beverage products 製造及銷售葡萄酒 及飲料產品 |
| Yantai Greatwall Wines and Spirits Co., Ltd.* 煙台長城酒業銷售有限公司* | the PRC/ mainland China 中國/中國內地 | RMB1,000,000 人民幣1,000,000元 | 100 | 100 | Wholesale of grape wines 批發葡萄酒 |
| Qinhuangdao Huaxia Greatwall Wines and Spirits Co., Ltd. 秦皇島華夏長城酒業有限公司 | the PRC/ mainland China 中國/中國內地 | RMB1,000,000 人民幣1,000,000元 | 100 | 100 | Wholesale of grape wines 批發葡萄酒 |
| COFCO Greatwall Winery (Yantai) Co., Ltd.* 中糧長城葡萄酒(煙台)有限公司* | the PRC/ mainland China 中國/中國內地 | RMB108,000,000 人民幣108,000,000元 | 100 | 100 | Production and sale of grape wines 製造及銷售葡萄酒 |
| COFCO Huaxia Great Wall Wine Co., Ltd.* 中糧華夏長城葡萄酒有限公司* | the PRC/ mainland China 中國/中國內地 | RMB200,000,000 人民幣200,000,000元 | 100 | 100 | Production and sale of grape wines 製造及銷售葡萄酒 |
| COFCO Huaxiahong Wines & Spirits (Shenzhen) Co., Ltd.** 中糧華夏紅酒業(深圳)有限公司** | the PRC/ mainland China 中國/中國內地 | RMB3,000,000 人民幣3,000,000元 | 80 | 80 | Wholesale of grape wines 批發葡萄酒 |
| COFCO Junding Vineyard Co., Ltd.** 中糧君頂酒莊有限公司** | the PRC/ mainland China 中國/中國內地 | RMB140,000,000 人民幣140,000,000元 | 55 | 55 | Production and sale of grape wines 製造及銷售葡萄酒 |
| COFCO & Arrive Vine Plant (Yantai) R&D Co., Ltd.* 中糧長城阿海威葡萄苗木(煙台) 研發有限公司* | the PRC/ mainland China 中國/中國內地 | EUR353,100 353,100歐元 | 58.38 | 58.38 | Plantation of vine and production of related products 種植葡萄及生產相關產品 |

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES
(CONTINUED)

42. 主要附屬公司之詳情(續)

| Name 姓名 | Places of incorporation/ registration and operation 註冊成立/註冊 及經營地點 | Nominal value of ordinary issued/ registered capital 已發行普通股面值/ 註冊資本 | Percentage of equity attributable to the Company 本公司應佔 股本百分比 | | Principal activities 主要業務 |
|---|--|---|---|------|--|
| | | | 2008 | 2007 | |
| COFCO Wines and Spirits Co., Ltd.* 中糧酒業有限公司* | the PRC/ mainland China 中國/中國內地 | RMB11,760,000 人民幣11,760,000元 | 100 | 100 | Wholesale of grape wines 批發葡萄酒 |
| COFCO Food Penglai Co., Ltd. 中糧食品蓬萊有限公司 | the PRC/ mainland China 中國/中國內地 | RMB1,000,000 人民幣1,000,000元 | 100 | - | Wholesale of grape wines 批發葡萄酒 |
| Shandong COFCO Junding World Famous Chateaus Club Co., Ltd. 山東中糧君頂世界名莊 俱樂部有限公司 | the PRC/ mainland China 中國/中國內地 | RMB10,000,000 人民幣10,000,000元 | 55 | - | Wholesale of grape wines 批發葡萄酒 |
| Zhangjiakou Jin Guan Wines Co., Ltd. 張家口金冠葡萄酒有限公司 | the PRC/ mainland China 中國/中國內地 | RMB1,000,000 人民幣1,000,000元 | 100 | - | Wines processing and bottling, sale and distribution of wine products 酒類加工、裝瓶、銷售 及分銷酒類產品 |
| COFCO Shaoxing Winery Co., Ltd.* 中糧紹興酒有限公司* | the PRC/ mainland China 中國/中國內地 | RMB68,670,000 人民幣68,670,000元 | 100 | 100 | Production and sale of Chinese yellow rice wines 生產及銷售中國黃米酒 |
| Shenzhen Le Conte Marketing Services Co., Ltd.** 深圳市金帝營銷有限公司** | the PRC/ mainland China 中國/中國內地 | RMB15,000,000 人民幣15,000,000元 | 90 | 90 | Distribution of chocolate products 分銷巧克力產品 |
| COFCO Le Conte Food (Shenzhen) Co., Ltd.* 中糧金帝食品(深圳)有限公司* | the PRC/ mainland China 中國/中國內地 | US\$15,000,000 15,000,000美元 | 100 | 100 | Production and distribution of chocolate products 製造及分銷巧克力產品 |
| COFCO Coca-Cola Beverages Limited 中糧可口可樂飲料有限公司 | Hong Kong 香港 | Ordinary HK\$2,463,217,002 普通股 2,463,217,002港元 | 65 | 65 | Investment holding 投資控股 |

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES
(CONTINUED)

42. 主要附屬公司之詳情(續)

| Name 姓名 | Places of incorporation/ registration and operation 註冊成立/註冊 及經營地點 | Nominal value of ordinary issued/ registered capital 已發行普通股面值/ 註冊資本 | Percentage of equity attributable to the Company 本公司應佔 股本百分比 | | Principal activities 主要業務 |
|---|--|---|---|------|-------------------------------------|
| | | | 2008 | 2007 | |
| COFCO Coca-Cola Beverages (China) Investment Limited* 中糧可口可樂飲料(中國)投資 有限公司* | the PRC/ mainland China 中國/中國內地 | US\$30,000,000 30,000,000美元 | 65 | 65 | Investment holding 投資控股 |
| Tianjin Coca-Cola Beverages Co., Ltd** 天津可口可樂飲料有限公司** | the PRC/ mainland China 中國/中國內地 | US\$15,500,000 15,500,000美元 | 32.5 | 32.5 | Beverages processing 飲料加工 |
| Hainan COFCO Coca-Cola Beverages Limited* 海南中糧可口可樂飲料有限公司* | the PRC/ mainland China 中國/中國內地 | US\$11,700,000 11,700,000美元 | 65 | 65 | Beverages processing 飲料加工 |
| Hunan COFCO Coca-Cola Beverage Co., Ltd.* 湖南中糧可口可樂飲料有限公司* | the PRC/ mainland China 中國/中國內地 | US\$8,000,000 8,000,000美元 | 65 | 65 | Beverages processing 飲料加工 |
| Zhanjiang COFCO Coca-Cola Beverages Limited* 湛江中糧可口可樂飲料有限公司* | the PRC/ mainland China 中國/中國內地 | RMB23,000,000 人民幣23,000,000元 | 65 | 65 | Beverages processing 飲料加工 |
| Gansu COFCO Coca-Cola Beverages Co., Ltd* 甘肅中糧可口可樂飲料有限公司* | the PRC/ mainland China 中國/中國內地 | US\$5,000,000 5,000,000美元 | 65 | 65 | Beverages processing 飲料加工 |
| COFCO Coca-Cola Beverages (Xinjiang) Limited** 中糧可口可樂飲料(新疆)有限公司** | the PRC/ mainland China 中國/中國內地 | RMB40,000,000 人民幣40,000,000元 | 52 | 52 | Beverages processing 飲料加工 |
| COFCO Coca-Cola Commerce & Trade (Xinjiang) Limited** 中糧可口可樂商貿(新疆)有限公司** | the PRC/ mainland China 中國/中國內地 | RMB3,000,000 人民幣3,000,000元 | 52 | 52 | Sale of beverage products 銷售飲料產品 |
| COFCO Coca-Cola Beverages (Jiangxi) Limited* 中糧可口可樂飲料(江西)有限公司* | the PRC/ mainland China 中國/中國內地 | RMB40,000,000 人民幣40,000,000元 | 65 | 65 | Beverages processing 飲料加工 |

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES
(CONTINUED)

42. 主要附屬公司之詳情(續)

| Name 姓名 | Places of incorporation/ registration and operation 註冊成立/註冊 及經營地點 | Nominal value of ordinary issued/ registered capital 已發行普通股面值/ 註冊資本 | Percentage of equity attributable to the Company 本公司應佔 股本百分比 | | Principal activities 主要業務 |
|---|--|---|---|-------|--|
| | | | 2008 | 2007 | |
| Qingdao Coca-Cola Beverage Co., Ltd.** 青島可口可樂飲料有限公司** | the PRC/ mainland China 中國/中國內地 | US\$12,500,000 12,500,000美元 | 48.75 | 48.75 | Beverages processing 飲料加工 |
| Jinan Coca-Cola Beverage Co., Ltd.** 濟南可口可樂飲料有限公司** | the PRC/ mainland China 中國/中國內地 | US\$5,000,000 5,000,000美元 | 48.75 | 48.75 | Beverages processing 飲料加工 |
| COFCO Foods Sales and Distribution Co., Ltd.* 中糧食品營銷有限公司* | the PRC/ mainland China 中國/中國內地 | RMB100,000,000 人民幣100,000,000元 | 100 | 100 | Distribution of retail package cooking oil 分銷小包裝食用油 |
| COFCO Foods Management Co., Ltd.* 中糧食品管理有限公司* | the PRC/ mainland China 中國/中國內地 | US\$10,000,000 10,000,000美元 | 100 | 100 | Research and development in food, wines and beverages, management and consulting services 研究及開發食品、酒及飲料、 管理及諮詢服務 |
| * Wholly-foreign-owned enterprises | | | * 外方獨資企業 | | |
| ** Sino-foreign equity joint ventures | | | ** 中外合資企業 | | |

All of the above principal subsidiaries are indirectly held by the Company.

以上所有主要附屬公司均由本公司間接持有。

The statutory audits of the above subsidiaries were not performed by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

上述附屬公司並非由香港安永會計師事務所或安永全球網絡其他成員公司進行法定審核。

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

上表已列入董事會認為對本年度業績構成主要影響或構成本集團資產淨值之主要部分之本公司附屬公司。董事會認為，載列其他附屬公司之詳情令資料過於冗長。

43. PARTICULARS OF ASSOCIATES

Particulars of the Group's associates as at 31 December 2008 are as follows:

43. 聯營公司之詳情

本公司聯營公司於2008年12月31日之詳情如下：

| Name 姓名 | Nominal value of ordinary issued/ registered capital 已發行普通股面值/ 註冊資本 | Place of incorporation/ registration 註冊成立/ 註冊地點 | Percentage of ownership interest attributable to the Group 本集團應佔 擁有權益百分比 | | Principal activities 主要業務 |
|---|---|---|--|------|--|
| | | | 2008 | 2007 | |
| Nanjing BC Foods Company Ltd. 南京中萃食品有限公司 | US\$19,000,000 19,000,000美元 | the PRC 中國 | 13 | 13 | Beverages processing 飲料加工 |
| Hangzhou BC Foods Co., Ltd. 杭州中萃食品有限公司 | US\$20,000,000 20,000,000美元 | the PRC 中國 | 13 | 13 | Beverages processing 飲料加工 |
| Beijing Coca-Cola Beverages Co., Ltd. 北京可口可樂飲料有限公司 | US\$19,500,000 19,500,000美元 | the PRC 中國 | 22.8 | 22.8 | Beverages processing 飲料加工 |
| CBPC Limited | Ordinary HK\$10,000 普通股 10,000港元 | Hong Kong 香港 | 16.3 | 16.3 | Procurement of raw materials for Coca-Cola bottlers in mainland China 在中國內地為可口可樂 裝瓶廠採購原料 |
| Coca-Cola Bottlers Manufacturing Holdings Limited | Ordinary HK\$20,000 普通股 20,000港元 | Hong Kong 香港 | 13.7 | – | Investment holding 投資控股 |
| Swire Coca-Cola Beverages Wenzhou Limited 溫州太古可口可樂飲料有限公司 | RMB49,800,000 人民幣49,800,000元 | the PRC 中國 | 4.1 | 4.1 | Beverages processing 飲料加工 |
| Hangzhou BC Warehousing and Transportation Co., Ltd. 杭州中萃儲運有限公司 | RMB3,300,000 人民幣3,300,000元 | the PRC 中國 | 6.5 | 6.5 | Provision of warehousing and transportation services 提供倉儲及運輸服務 |

43. PARTICULARS OF ASSOCIATES (CONTINUED)

In the opinion of the directors, the Group is able to exercise significant influence over the above companies as the boards of directors of these companies comprise representatives of the Group, who participate in the policy-making processes. Accordingly, they are accounted for as associates of the Group.

All of the above associates are indirectly held by the Company.

44. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale investments.

The carrying amount of financial assets at fair value through profit or loss of the Group with an aggregate amount of HK\$95,871,000 (2007: HK\$88,895,000) representing biological assets, and listed investments, has been disclosed on the consolidated balance sheet and relevant notes to the financial statements.

The carrying amount of financial assets at fair value through profit or loss of the Company amounts to HK\$7,204,000 (2007: HK\$14,301,000) representing the listed investments, has been disclosed on the Company's balance sheet and relevant note to the financial statements.

The carrying amount of loans and receivables of the Group with an aggregate amount of HK\$2,670,827,000 (2007: HK\$2,691,629,000) including due from associates, accounts and bills receivable, an aggregate amount of HK\$226,586,000 (2007: HK\$260,989,000) included in prepayments, deposits and other receivables, amounts due from fellow subsidiaries, amount due from the ultimate holding company, amount due from the immediate holding company, pledged deposits, and cash and cash equivalents, has been disclosed on the consolidated balance sheet and relevant notes to the financial statements.

The carrying amount of loans and receivables of the Company with an aggregate amount of HK\$4,452,903,000 (2007: HK\$3,493,312,000) including, amounts due from subsidiaries, loans to subsidiaries, amount due from a fellow subsidiary, amount due from the immediate holding company and cash and cash equivalents, has been disclosed on the Company's balance sheet and relevant notes to the financial statements.

43. 聯營公司之詳情(續)

董事認為，因為該等公司之董事會中有本集團之代表，參與政策制定過程，本集團從而能夠對上述公司行使重大影響，因此，彼等被當作本集團之聯營公司。

所有以上聯營公司均由本公司間接持有。

44. 按類別劃分之金融工具

本集團之金融資產乃分類為按公平值列入損益之金融資產、貸款及應收賬款，以及可供出售投資。

本集團按公平值列入損益之金融資產之賬面值合共 95,871,000 港元 (2007 年：88,895,000 港元) 為生物資產及上市投資，已於綜合資產負債表及財務報告之相關附註內披露。

本公司按公平值列入損益之金融資產之賬面值為數 7,204,000 港元 (2007 年：14,301,000 港元) 為上市投資，已於本公司之資產負債表及財務報告之相關附註內披露。

本集團賬面金額合共 2,670,827,000 港元 (2007 年：2,691,629,000 港元) 之貸款及應收款項包括應收聯營公司款項、應收賬款及應收票據，以及合共 226,586,000 港元 (2007 年：260,989,000 港元) 列入預付款項、按金及其他應收款項、應收同系附屬公司款項、應收最終控股公司款項、應收直接控股公司款項、抵押存款，以及現金及現金等值之金額，已於綜合資產負債表及財務報告之相關附註內披露。

本公司賬面金額合共 4,452,903,000 港元 (2007 年：3,493,312,000 港元) 之貸款及應收款項，包括應收附屬公司之款項、向附屬公司貸款、應收同系附屬公司之款項、應收直接控股公司款項，以及現金及現金等值，已於本公司之資產負債表及財務報告之相關附註內披露。

44. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amount of available-for-sale investments of the Group amounts to HK\$210,454,000 (2007: HK\$207,489,000) representing certain of unlisted investments, has been disclosed on the consolidated balance sheet and relevant note to the financial statements.

The financial liabilities of the Group are classified as financial liabilities at amortised cost.

The carrying amount of financial liabilities at amortised cost of the Group with an aggregate amount of HK\$3,221,298,000 (2007: HK\$2,633,493,000) including, accounts and bills payable, an aggregate amount of HK\$1,124,782,000 (2007: HK\$690,299,000) included in other payables and accruals, interest-bearing bank and other borrowings, amounts due to fellow subsidiaries, amount due to the ultimate holding company, amounts due to related companies, amounts due to minority shareholders of subsidiaries, and amounts due to associates, has been disclosed on the consolidated balance sheet and relevant notes to the financial statements.

The carrying amount of financial liabilities at amortised cost of the Company with an aggregate amount of HK\$538,624,000 (2007: HK\$507,699,000) including other payables and accruals and amounts due to subsidiaries, has been disclosed on the Company's balance sheet and relevant notes to the financial statements.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank loans and other loans, and cash and bank balances and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The Group enters into derivative transactions, including principally future contracts of soybean and soybean meal. The purpose of entering into future contracts of soybean meal is to manage the market price risk arising from the Group's edible oil, soybean meal and related products operation. The accounting policies in relation to derivatives are set out in note 3.3 to the financial statements.

44. 按類別劃分之金融工具(續)

本集團可供出售投資之賬面金額為數210,454,000港元(2007年:207,489,000港元)為若干非上市投資,已於綜合資產負債表及財務報告之相關附註內披露。

本集團之金融負債分類為按攤銷成本列值之金融負債。

本集團賬面金額合共3,221,298,000港元(2007年:2,633,493,000港元)之按攤銷成本列值之金融負債包括應付賬款及應付票據,以及合共1,124,782,000港元(2007年:690,299,000港元)之款項列入其他應付款項及應計費用、計息銀行及其他借貸、應付同系附屬公司款項、應付最終控股公司款項、應付有關連公司款項、應付附屬公司少數股東之款項及應付聯營公司之款項,已於綜合資產負債表及財務報告之相關附註內披露。

本公司賬面金額合共538,624,000港元(2007年:507,699,000港元)之按攤銷成本列值之金融負債,包括其他應付款項及應計費用、應付附屬公司之款項,已於本公司之資產負債表及財務報告之相關附註內披露。

45. 財務風險管理目標及政策

本集團之主要金融工具(衍生產品除外)包括計息銀行貸款及其他貸款,以及現金及銀行結餘及定期存款。該等金融工具主要目的乃為本集團之業務籌集資金。本集團擁有若干其他金融資產及負債,例如應收賬款及應付賬款(直接因其業務而產生)。

本集團訂立了衍生產品交易,主要包括大豆及豆粕之期貨合約。訂立豆粕期貨合約之目的,乃管理與日後購買及/或出售本集團之食用油、豆粕及相關商品之價格波動相關之市價風險。有關衍生產品之會計政策載於財務報告附註3.3。

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on minimising potential adverse effects of these risks, with material impact, on the Group's financial performance. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term interest-bearing bank loans and other borrowings with a floating interest rate. The effective interest rates and terms of repayment of the interest-bearing bank loans and other borrowings of the Group are disclosed in note 30. The Group has not used any derivative to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

| | | Increase/ (decrease) in basis points 基點上升/ (下降) | Increase/ (decrease) in profit before tax 稅前溢利 增加/(減少) HK\$'000 千港元 | Increase/ (decrease) in equity 權益增加/ (減少) HK\$'000 千港元 |
|-------------|--------------|--|--|--|
| 2008 | 2008年 | | | |
| | | +100 | (1,161) | (951) |
| | | -100 | 1,161 | 951 |
| 2007 | 2007年 | | | |
| | | +100 | (6,438) | (5,575) |
| | | -100 | 6,438 | 5,575 |

45. 財務風險管理目標及政策 (續)

因本集團之金融工具而產生之主要風險為利率風險、外幣風險、信貸風險及流動資金風險。本集團整體風險管理計劃集中於盡量減少該等風險(對本集團之財務表現構成重大影響)之潛在不利影響。董事會檢討並同意管理該等風險之政策，概述如下。

利率風險

本集團承受的市場利率變動之風險主要關係到本集團之長期計息銀行貸款及帶有浮動利率之其他貸款。本集團之計息銀行貸款及其他貸款之實際利率及還款期均於附註30披露。本集團並無利用任何衍生產品來對沖其所面對之利率風險。

下表顯示在所有其他可變因素均保持不變之情況下本集團除稅前溢利(透過浮息借貸之影響)及本集團權益對利率可能之合理變動之敏感程度。

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group mainly operates in the PRC with most of the Group's monetary assets, liabilities and transactions principally denominated in Hong Kong dollars and Renminbi. The Group has not used any derivative to hedge its exposure to foreign currency risk.

The following table indicates the approximate change in the Group's profit before tax and equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

| | | Increase/ (decrease) in HK\$/US\$ rate 港元/美元匯率 上升/(下降) % | Increase/ (decrease) in profit before tax 除稅前溢利 增加/(減少) HK\$'000 千港元 | Increase/ (decrease) in equity* 權益增加/ (減少)* HK\$'000 千港元 |
|--|--------------|--|---|--|
| 2008 | 2008年 | | | |
| If Renminbi weakens against Hong Kong dollar | 若人民幣兌港元匯率下跌 | 5 | – | (125,919) |
| If Renminbi strengthens against Hong Kong dollar | 若人民幣兌港元匯率上揚 | (5) | – | 125,919 |
| If Renminbi weakens against United States dollar | 若人民幣兌美元匯率下跌 | 5 | (1,333) | (1,093) |
| If Renminbi strengthens against United States dollar | 若人民幣兌美元匯率上揚 | (5) | 1,333 | 1,093 |
| 2007 | 2007年 | | | |
| If Renminbi weakens against Hong Kong dollar | 若人民幣兌港元匯率下跌 | 5 | – | (230,595) |
| If Renminbi strengthens against Hong Kong dollar | 若人民幣兌港元匯率上揚 | (5) | – | 230,595 |
| If Renminbi weakens against United States dollar | 若人民幣兌美元匯率下跌 | 5 | (20,351) | (17,298) |
| If Renminbi strengthens against United States dollar | 若人民幣兌美元匯率上揚 | (5) | 20,351 | 17,298 |

* Excluding retained earnings

Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit before tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the balance sheet date for presentation purpose.

45. 財務風險管理目標及政策(續)

外幣風險

本集團主要於中國營業，而本集團之絕大部分貨幣資產、負債及交易則主要以港元及人民幣計值。本集團並無利用任何衍生產品來對沖其所面對之外幣風險。

下表列示本集團之除稅前溢利及權益隨匯率可能之合理變動(本集團就此於結算日面臨重大風險)之概約變動值。

* 不包括保留盈餘

上表呈列之分析結果為以各自之功能貨幣計量之本集團各實體之除稅前溢利及權益所受影響程度之總和，並就呈列目的按結算日匯率換算為港元。

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The Group has no significant concentration of credit risk. The carrying amount of the accounts receivable represents the Group's maximum exposure to credit risk in relation to its financial assets. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding through bank and other borrowings to meet its working capital requirements.

The contractual maturities of financial liabilities of the Group including interest-bearing bank and other borrowings, amounts due to fellow subsidiaries, amount due to the ultimate holding company, amount due to the immediate holding company, amounts due to related companies, amounts due to minority shareholders of subsidiaries, and amounts due to associates, have been disclosed in notes 22, 30 and 41, to the financial statements. For accounts and bills payable, they are generally on credit terms of one to three months after the invoice date or the date of the six months after the bills were issued. For the financial liabilities amounted to HK\$1,124,782,000 (2007: HK\$690,299,000) included in other payables and accruals disclosed on the consolidated balance sheet, there are generally no specified contractual maturities for these liabilities, and they are paid on a regular basis or upon counterparty's formal notification.

Market price risk

The raw materials costs and product selling prices of the Group's operation of edible oil, soybean meal and related products are substantially correlated to the prices of future commodities markets. Market price risk arises from price fluctuations of raw materials costs and product selling prices during the delivery, production and storage processes. To minimise the Group's market price risk exposure, the Group enters into future contracts of soybean and soybean meal.

45. 財務風險管理目標及政策 (續)

信貸風險

本集團之信貸風險並不集中。應收賬款之賬面值乃本集團面對有關其金融資產之最大信貸風險。本集團已制定政策，確保向具有妥當信譽歷史之客戶售貨。

流動資金風險

本集團之政策乃維持足夠之現金及現金等值物，並透過銀行及其他借款而具備資金以應付其營運資金需要。

本集團之金融負債之合約到期日包括計息銀行及其他借貸、應付同系附屬公司款項、應付最終控股公司款項、應付直系控股公司款項、應付關連公司款項、應付附屬公司少數股東之款項，以及應付聯營公司之款項，已於財務報告附註22、30及41內披露。至於應付賬款及應付票據，一般信貸期為發票日後一至三個月或由票據發出日期起計六個月。列入其他應付款項及應計費用為數1,124,782,000港元(2007年：690,299,000港元)之金融負債已於綜合資產負債表內披露，此等負債一般沒有特定合約到期日，該等負債按定期基準或於對手方發出正式通知時付款。

市價風險

本集團之食用油、豆粕及相關產品之原材料成本及產品售價，絕大部分與期貨商品市場之價格相關。市價風險乃在交付、生產及儲藏過程中，因原材料成本及產品售價之價格波動而產生。為了盡量減低本集團所面對之市價風險，本集團訂立了大豆及豆粕之遠期合約。

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2008 and 31 December 2007.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes interest-bearing bank and other borrowings less cash and cash equivalents, and pledged deposits. Capital represents total equity. The gearing ratios as at the balance sheet dates were as follows:

Group

| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 |
|--|-------------|----------------------------------|----------------------------------|
| Interest-bearing bank and other borrowings | 計息銀行借款及其他借款 | 247,955 | 391,752 |
| Less: Cash and cash equivalents | 減：現金及現金等價物 | (1,546,684) | (1,396,563) |
| Pledged deposits | 抵押存款 | (3,002) | (3,477) |
| Net assets | 資產淨值 | (1,301,731) | (1,008,288) |
| Total capital | 資金總額 | 6,324,974 | 5,633,501 |
| Capital and net debt | 資金及負債淨值 | 5,023,243 | 4,625,213 |
| Gearing ratio | 資本負債比率 | N/A 不適用 | N/A 不適用 |

45. 財務風險管理目標及政策(續)

資本管理

本集團管理資本的首要目標是保障本集團的持續經營能力及維持穩健的資本比率，以支援其業務發展及提升股東價值。

本集團會因應經濟環境變化管理其資本架構並對其作出調整。為維持或調整資本架構，本集團或會調整支付予股東的股息款額、返還資本予股東或發行新股份。截至2008年12月31日及2007年12月31日止年度內，有關目標、政策及過程並無任何變動。

本集團採用資本負債比率監察其資本情況，資本負債比率是按淨負債除以總資本加淨負債之總和計算。淨負債包括計息銀行及其他貸款，減現金及現金等值以及抵押存款。資本指總權益。於結算日之資本負債比率如下：

本集團

46. POST BALANCE SHEET EVENTS

The transaction mentioned in note 35(iii) above was completed on 9 January 2009. Furthermore, to determine the fair value of assets acquired at the date of completion, the Group has appointed an external valuer to carry a valuation of CCCI Beijing at the date of completion. As at the date of this report, the valuation has not yet completed. Therefore, it is not practicable to disclose further details about this transaction.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 9 April 2009.

46. 結算日後事項

上文附註35(iii)所述之交易已於2009年1月9日完成。此外，本集團為釐訂於完成日期購入資產之公平值，已委任外部估值師於完成日期對CCCI Beijing進行估值。於本報告日，估值仍未完成。因此，披露有關交易之進一步詳情並不可行。

47. 財務報告之批准

財務報告於2009年4月9日經董事會批准及授權刊發。

Five Year Financial Summary

五年財務概要

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and restated and reclassified as appropriate, is set out below:

本集團過去五個財政年度之業績及資產、負債與少數股東權益概要乃摘錄自已刊發之經審核綜合財務報告，並已重列及重新分類(視適用情況而定)，有關內容載於下文：

| | | Year ended 31 December 截至12月31日止年度 | | | | |
|---|---------------------|---------------------------------------|----------------------------------|---|---|---|
| | | 2008 2008年 HK\$'000 千港元 | 2007 2007年 HK\$'000 千港元 | 2006 2006年 HK\$'000 千港元 (Restated) (經重列) | 2005 2005年 HK\$'000 千港元 (Restated) (經重列) | 2004 2004年 HK\$'000 千港元 (Restated) (經重列) |
| CONTINUING OPERATIONS | 持續經營業務 | | | | | |
| TURNOVER | 營業額 | 14,240,283 | 9,743,011 | 6,497,453 | 5,210,772 | 2,630,152 |
| PROFIT FROM OPERATING ACTIVITIES | 經營溢利 | 662,716 | 917,353 | 494,437 | 462,177 | 219,827 |
| Finance costs | 融資成本 | (31,382) | (33,078) | (45,426) | (33,758) | (14,974) |
| Share of profits of associates | 應佔聯營公司溢利 | 124,996 | 49,167 | 49,624 | 55,429 | - |
| PROFIT BEFORE TAX | 稅前溢利 | 756,330 | 933,442 | 498,635 | 483,848 | 204,853 |
| Tax | 稅項 | (136,251) | (135,792) | (105,877) | (81,967) | (49,525) |
| PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS | 持續經營業務之本年度溢利 | 620,079 | 797,650 | 392,758 | 401,881 | 155,328 |
| DISCONTINUED OPERATIONS | 已終止經營業務 | | | | | |
| Profit for the year from discontinued operations | 已終止經營業務年內之溢利 | - | 239,769 | 831,909 | 283,355 | 158,935 |
| | | 620,079 | 1,037,419 | 1,224,667 | 685,236 | 314,263 |
| Attributable to: | 由下列各項應佔： | | | | | |
| Equity holders of the Company | 本公司股本持有人 | 483,427 | 791,686 | 990,064 | 562,842 | 260,103 |
| Minority interests | 少數股東權益 | 136,652 | 245,733 | 234,603 | 122,394 | 54,160 |
| | | 620,079 | 1,037,419 | 1,224,667 | 685,236 | 314,263 |
| ASSETS, LIABILITIES AND MINORITY INTERESTS | 資產、負債與少數股東權益 | | | | | |
| TOTAL ASSETS | 總資產 | 10,447,863 | 8,992,460 | 21,798,297 | 15,618,988 | 13,185,083 |
| TOTAL LIABILITIES | 總負債 | (4,122,889) | (3,358,959) | (10,236,168) | (8,144,552) | (6,393,372) |
| MINORITY INTERESTS | 少數股東權益 | (1,232,674) | (1,074,850) | (1,807,721) | (1,644,509) | (1,551,688) |
| | | 5,092,300 | 4,558,651 | 9,754,408 | 5,829,927 | 5,240,023 |

Corporate Information

公司資料

DIRECTORS

Executive Directors

Mr. Ning Gaoning (*Chairman*)
Mr. Qu Zhe (*Managing Director*)
Mr. Mak Chi Wing, William
Mr. Zhang Zhentao
Ms. Luan Xiuju

Non-executive Directors

Mr. Ma Jianping
Ms. Wu Wenting

Independent Non-executive Directors

Mr. Stephen Edward Clark
Mr. Li Hung Kwan, Alfred
Mr. Yuen Tin Fan, Francis

AUDIT COMMITTEE

Mr. Stephen Edward Clark
(*Committee Chairman*)
Mr. Li Hung Kwan, Alfred
Mr. Yuen Tin Fan, Francis

REMUNERATION COMMITTEE

Mr. Yuen Tin Fan, Francis (*Committee Chairman*)
Mr. Stephen Edward Clark
Mr. Qu Zhe

COMPANY SECRETARY

Ms. Liu Kit Yee, Linda

SOLICITORS

Conyers, Dill & Pearman

AUDITORS

Ernst & Young

董事

執行董事

寧高寧先生(*主席*)
曲喆先生(*董事總經理*)
麥志榮先生
張振濤先生
樂秀菊女士

非執行董事

馬建平先生
吳文婷女士

獨立非執行董事

祈立德先生
李鴻鈞先生
袁天凡先生

審核委員會

祈立德先生
(*委員會主席*)
李鴻鈞先生
袁天凡先生

薪酬委員會

袁天凡先生(*委員會主席*)
祈立德先生
曲喆先生

公司秘書

廖潔儀女士

律師

Conyers, Dill & Pearman

核數師

安永會計師事務所

Corporate Information (continued)

公司資料(續)

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Company Limited
Hang Seng Bank Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Hong Kong Branch
BNP Paribas Hong Kong Branch
ING Bank NV., Hong Kong Branch

主要往來銀行

中國銀行(香港)有限公司
交通銀行股份有限公司
恒生銀行有限公司
三菱東京UFJ銀行香港分行
法國巴黎銀行香港分行
ING Bank NV., Hong Kong Branch

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE

33/F
Top Glory Tower
262 Gloucester Road
Causeway Bay
Hong Kong

總部

香港
銅鑼灣
告士打道262號
鵬利中心33樓

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Progressive Limited
26/F Tesbury Tower
28 Queen's Road East
Hong Kong

香港股份過戶登記分處

卓佳廣進有限公司
香港
皇后大道東28號
金鐘匯中心26樓



中糧
COFCO

自然之源 重塑你我

China Foods Limited
中國食品有限公司

33rd Floor, Top Glory Tower,
262 Gloucester Road,
Causeway Bay, Hong Kong
香港銅鑼灣
告士打道262號
鵬利中心33樓

Tel 電話 852 2833 0388
Fax 傳真 852 2833 0380

www.chinafoodsltd.com



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