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CHINA FOODS LIMITED
中國食品有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 506)

ANNOUNCEMENT
PROFIT WARNING

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that it is expected that the unaudited consolidated net profit of the Group for the six months ended 30 June 2010 as compared with that for the same period in 2009 may decrease by approximately 40%. The information contained in this announcement is only based on a preliminary estimate by the management of the Company according to the management accounts and is not based on any figures or information audited or reviewed by the Company's auditors.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The board of directors (the "**Board**") of China Foods Limited (the "**Company**") wishes to inform the shareholders of the Company and potential investors that based on a preliminary estimate by the management of the Company according to the management accounts, it is expected that the unaudited consolidated net profit of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2010 as compared with that for the same period in 2009 may decrease by approximately 40%.

Based on the analysis of the information currently available, the anticipated decrease in the unaudited consolidated net profit of the Group is primarily attributable to, among other things, a substantial decrease in the net profit of the wine business. The wine business unit has been in the process of a strategic restructuring exercise on its sales and distribution model, including, among other things, (i) rationalizing the existing multi-layered sales and distribution structure; (ii) optimally reducing the existing distribution territories of certain distributors and focusing sales resources; and (iii) improving the cooperation terms with distributors. Orders for the current period from certain distributors involved in the restructuring have decreased resulting in decline in sales volume compared with the same period in 2009. In addition, the selling expenses to turnover ratio increased compared with the same period in 2009 due to an increase in marketing expenses in the process of optimizing the product mix portfolio.

As the six-month period for the 2010 interim results has just ended and the 2010 interim results are not yet available, the information contained in this announcement is not based on any figures or information audited or reviewed by the Company's auditors.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
China Foods Limited
Qu Zhe
Managing Director

Hong Kong, 22 July 2010

As at the date of this announcement, our executive directors are Mr. Ning Gaoning, Mr. Qu Zhe, Mr. Wang Zhiying, Mr. Mak Chi Wing, William, Mr. Zhang Zhentao and Ms. Luan Xiuju; our non-executive directors are Mr. Ma Jianping and Ms. Wu Wenting; and our independent non-executive directors are Messrs. Stephen Edward Clark, Li Hung Kwan, Alfred and Yuen Tin Fan, Francis.