Corporate Profile

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China Foods Limited (“China Foods” or the “Company”) is a subsidiary of COFCO Corporation (“COFCO”) and listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 506). The primary business of the Company includes beverage, wine and kitchen food. The Company is committed to providing consumers with nutritious, healthy, delicious and quality food. Currently, the Company’s product portfolio includes a number of well-known brands, such as “Greatwall” wine, “ E W ˜ ” consumer-pack edible oil and “» • ¬ ” Shaoxing rice wine. As a strategic partner of The Coca-Cola Company in China, the Company also bottles and distributes Coca-Cola beverages.

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Contents

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Corporate Information

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DIRECTORS

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Ma Jianping

EXECUTIVE DIRECTORS

Mr. Jiang Guojin (Managing Director)
Ms. Luan Xiuju
Mr. Zhou Chenguang

COMPANY SECRETARY

Ms. Liu Kit Yee, Linda

SOLICITORS

Conyers, Dill & Pearman

AUDITOR

Ernst & Young

PRINCIPAL BANKERS

Agricultural Bank of China Limited, Hong Kong Branch
Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
China CITIC Bank Corporation Limited
China Construction Bank Corporation
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
Mizuho Bank, Ltd.
Oversea-Chinese Banking Corporation Limited,
Hong Kong Branch
Sumitomo Mitsui Banking Corporation, Hong Kong Branch
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited

Letter from the Managing Director

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JIANG GUOJIN
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Managing Director
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REVIEW – FIRST HALF OF 2017

In the first half of 2017, the macro-economy in China maintained stable growth momentum. However, the depressed situation of the wine as well as the consumer-pack edible oil industries, coupled with intensified industry competition, put pressure on the revenue and profit growth of the relevant businesses of the Group.

Faced with challenges from industry competition, the Group has followed the strategies formulated at the beginning of the year and adopted effective measures to cope with the challenges and to implement various key areas of work.

During the first half of 2017, the Group has made considerable effort to streamline its business and optimize business portfolio by allocating resources to core businesses, in order to enhance the return to our shareholders. To this end, the Group has rigorously pushed forward several key restructuring projects, including refranchising of bottling operations in Mainland China, entering into the agreement in relation to the disposal of COFCO Fortune Food Sales & Distribution Co., Ltd. ("Fortune Food Sales & Distribution") and the decision regarding progressive termination of "others" operating segment.

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In addition, faced with external competition and challenges, the Company continued to promote the strategy of “Quality Improvement and Efficiency Enhancement” and implemented a series of initiatives to develop internal potentials, enhance the quality of operation and improve operational efficiency. To achieve this, we (1) strategically consolidated business focus, disposed of consumer-pack edible oil business and pushed forward the integration of newly acquired beverage business; (2) focused on major strategic and mid-to high-end products, enhanced brand marketing and stepped up sales efforts to improve overall product mix and boost gross profit margin; (3) deepened channel penetration by actively developing county-level distributors, so as to increase the number of points of sale; and (4) in respect of management, further optimized the internal organizational structure of the Company and expanded authority granted to the frontline business operation to enhance operational management efficiency and quality of our businesses, while facilitating the market-oriented reform on the internal incentive mechanism in order to motivate team spirit.

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As a result, the overall quality of operation and operational efficiency of the Group continued to improve during the first half of 2017. Excluding the effect of the RMB depreciation, overall revenue from the continuing operations of the Group increased, mainly due to the increase in revenue of the Beverage business segment, with the contributions by the newly acquired bottling plants, which was partially offset by the decrease in revenue from the Kitchen Food business that will be disposed upon completion. In respect of operating profit, the overall business experienced moderate improvement compared with that of the same period last year. The imported wine business recorded significant growth in its operating results, while the operating results of the beverage business remained basically steady in RMB term.

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Including the one-off significant gain on the disposal of equity interests in certain bottling plants (other than the disposal of the interest in The Coca-Cola Bottling Unit of Shanghai Shen-Mei Beverage and Food Co., Ltd which was completed on 1 July 2017) recorded during the period ended 30 June 2017 ("the period"), which was partially offset by certain impairment of goodwill, profit attributable to owners of the parent of the Group increased by 22.6%.

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OUTLOOK – SECOND HALF OF 2017

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In the second half of 2017, a number of factors, such as the persistently intensified external competition faced by the Group and the fluctuations in the exchange rate of the Renminbi, will bring some uncertainties to our business. However, some positive factors such as the greater contribution of consumption to the economic growth and the further implementation of reform on state-owned enterprises will also provide us with new business opportunities and impetus.

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The Group will continue to focus on the key areas of work for the year. Efforts will be made to optimize business portfolio, consolidate business focus, and push forward the integration of newly acquired beverage business. By focusing on promotion of star products, we will enhance brand marketing and optimize product mix to improve profitability of the Group. While efforts will be stepped up to develop new customers and continue to enhance our channel penetration, we will facilitate the market-oriented incentive reforms to further motivate team spirit. Through these initiatives, the Group will strive to improve our results for the full year of 2017.

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Finally, on behalf of China Foods, I wish to express my sincere gratitude to our shareholders, customers and business partners for their continued support. I would also like to thank members of the board of directors, the entire management team and our employees for their devotion and hard work.

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Jiang Guojin
Managing Director

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Hong Kong, 29 August 2017

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Management Discussion and Analysis
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REVIEW – RESTRUCTURING PROJECTS \ ° f « ¥

Refranchising of bottling operations in China (“Refranchising Transactions”)

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On 17 November 2016, COFCO Coca-Cola Beverages Limited (“CCBL”, a 65%-owned joint venture of the Company), The Coca-Cola Company and Swire Beverages Holdings Limited (“Swire”) entered into an inter-conditional non-public sale master agreement, pursuant to which: (i) CCBL shall acquire the bottling operations of The Coca-Cola Company in six regions including Heilongjiang, Jilin, Liaoning, Shanxi, Sichuan and Chongqing for an aggregate base consideration (subject to adjustment) of approximately RMB2,900 million; and (ii) CCBL shall acquire the bottling operation of Swire in Shaanxi for a base consideration (subject to adjustment) of approximately RMB487 million (collectively, the “Acquisitions”).

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On the same day, according to the relevant requirements for the sale of state-owned assets, CCBL and the Company decided to publish formal disclosures on the website of the China Beijing Equity Exchange relating to the Company’s proceedings with the public sale of its entire interests in the bottling operations in Jiangxi, Hainan and Guangdong (Zhanjiang and Maoming) and its associated and minority interests in the bottling operations of six other regions (including Jiangsu, Zhejiang, Shanghai, Wenzhou, Huizhou and Guangdong). On 16 December 2016, CCBL, the Company and Swire (being the successful bidder in the public sale) entered into a public sale equity transfer master agreement for the disposal of equity interests in the above-mentioned bottling operations at an aggregate consideration of RMB2,122 million (collectively, the “Disposals”).

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The Acquisitions and Disposals represent part of the Company’s overall strategy to concentrate on expanding its core activities, and reflect its long-term commitment to the Coca-Cola beverages bottling business in China. The Acquisitions are expected to further deepen this important strategic partnership through more cooperation opportunities between the Company and The Coca-Cola Company. The Acquisitions are also the important step for repositioning the Company as one of the largest beverage bottlers in China, presenting a significant opportunity for the Company to scale-up its beverage business, expand its geographical coverage, create economies of scale and capitalize on the attractive long-term growth trends in China’s beverage market.

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The Group has always been dedicated to the improvement of its business operations and the maximization of returns to its shareholders. After careful deliberations, the management was of the view that the Group should focus on businesses with higher growth potentials, stronger brand attributes, higher gross margins and better earnings prospects to maximize returns for the shareholders. Through the disposal of Fortune Food Sales & Distribution, the Group can continue its strategic focus and business portfolio optimization, so that the Group can become more focused on its core businesses, enhance its professionalism in business operation, and thereby increase the overall profitability of the Group.

Fortune Food Sales & Distribution primarily engages in the downstream business of the consumer-pack edible oil value chain, and its long term competitiveness and growth have been driven by large sales volume, relatively high operational efficiency and low cost and expenses. By integrating with the upstream raw material processing business of the edible oil value chain, the transaction could unlock synergies and growth potentials, thereby maximizing the value of the business of Fortune Food Sales & Distribution and the upstream operations. The transaction could also reduce connected transactions between the Group and the upstream company, thereby decreasing operational and compliance costs of both companies.

As of the date of this report, the completion of the Fortune Food Sales & Distribution Disposal Transaction is still subject to the fulfillment of certain conditions precedent.

Reference is made to the letter from the board of directors contained in the circular of the Company dated 16 June 2017, which set out, among others, the board of directors (the "Board") of the Company has an intention to distribute a part of proceeds to be received by the Company from the Fortune Food Sales & Distribution Disposal Transaction as a special dividend to the shareholders of the Company. After taking into account the financial position at the end of the period, the special dividend is estimated to be HK10 cents per share or a total amount of approximately HK$279.7 million, subject to the completion of the Fortune Food Sales & Distribution Disposal Transaction having taken place.

A meeting of the Board will be held after the completion of the Fortune Food Sales & Distribution Disposal Transaction to determine the exact amount of the special dividend. Further announcement(s) in respect of the special dividend will be made by the Company as and when appropriate.

Progressive termination of "others" operating segment

On 28 March 2017, in view of consolidating the Group's business focus and enhancing shareholders' return, the Board decided that the sale and distribution by the Group of certain consumer products including fruit juice beverages, instant noodles, peanuts and others, collectively categorized as the "others" segment (not categorized under

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CONTINUING OPERATIONS

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BEVERAGE BUSINESS

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Business Introduction

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The beverage business of the Company is primarily carried out by CCBL, a joint venture company, in which the Company and The Coca-Cola Company hold 65% and 35% interest respectively.

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After completion of the Acquisitions and Disposals in relation to the Refranchising Transactions, CCBL has

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Development Strategy

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The strategic goal of CCBL is to build a world-class bottling group with the best-regarded professional team, to build the most valuable sales and distribution network, and to become the most efficient beverage industry player in every region in which we operate. To this end, CCBL has been implementing the following strategies:

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- Insistence on commitment to food safety and quality;
- The continued improvement of our product offering to the trade by ensuring that our sparkling and juice products have enduring appeal to consumers, and by continuously introducing new products with higher margin. At the same time, we will seek to raise profitability for both CCBL and its distributors through a reasonable margin sharing model, and improve inventory turnover at point-of-sale;
- Strengthen our relationship with participants in our outlet delivery partners program, and provide support for the growth of our customers through product category management, and the application of route-to-market strategies for the sales and distribution network;

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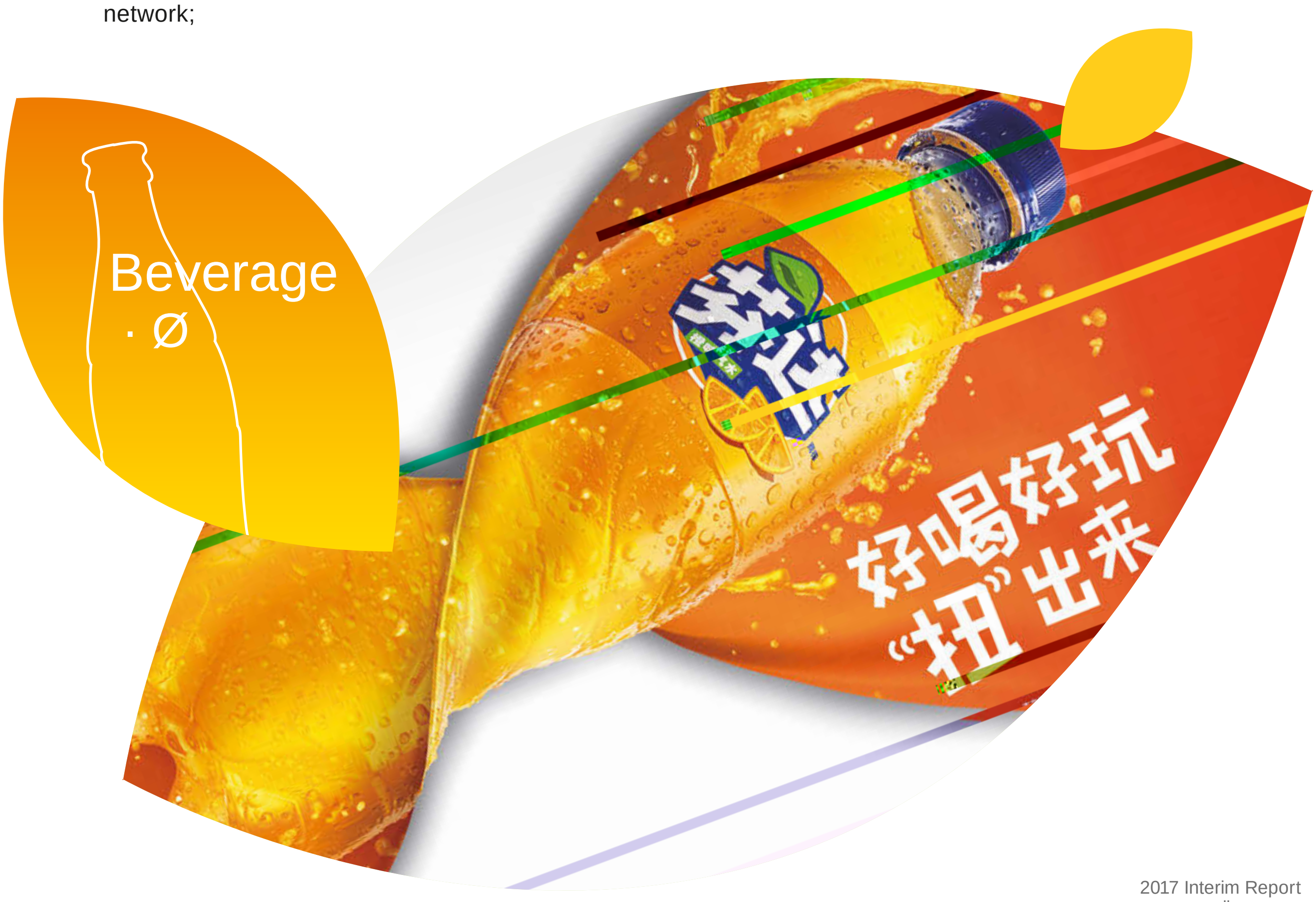

Management Discussion and Analysis
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Among the principal beverage products, CCBL is a major player in the sparkling, juice and packaged-water categories. According to industry data for the first quarter of 2017, in terms of volume growth, the overall non-alcohol ready-to-drink (NARTD) beverages market (excluding white milk and bulk water) recorded a positive growth of 4.0%, including a positive growth of 3.2% and 5.4% respectively for the sparkling category (volume share of 14.5%) and juice category (volume share of 10.9%), while the packaged-water category (volume share of 32%) grew by 9.7%.

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According to the data released by Nielsen, as of May 2017, CCBL obtained 25% market share by volume (basically the same with the corresponding period last year) in the main non-alcohol beverage categories in the regions in which we operate, of which our sparkling category recording a volume share of 64.2% (increased by 0.6 percentage point as compared with corresponding period last year) and juice category recording a volume share of 22.8% (increased by 1.0 percentage point as compared with corresponding period last year).

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2017 Interim Results

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A comparison of the 2017 interim results with those of the comparative period in 2016 of the beverage business segment is summarized below:

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(In HK dollar reporting term) (¥ © O y °)		For the six months ended 30 June 2017 Ú 2017 Ë 6 Ü30 Ú ß ¬ H Ü (HK$' million) € õ ¬ ¥ © •	For the six months ended 30 June 2016 Ú 2016 Ë 6 Ü30 Ú ß ¬ H Ü (HK$' million) € õ ¬ ¥ © •	Changes (Note) € W •
Revenue	×]	7,568.1	6,156.5	+22.9%
Percentage increase in sales volume	V Ž # õ ± â			+32%
Percentage point increase of gross profit margin	ã ; # õ ± Ã			+0.3 percentage point +0.3 H õ ± Ã

(Note): In RMB terms, segment revenue increased by 28%. In terms of organic growth, segment revenue in RMB terms increased by 6%, while sales volume recorded an increase of 8%.

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Since the takeover of the newly acquired bottling plants by CCBL on 1 April 2017, the revenue of the newly acquired bottling plants recorded an increase of 10% on a year-on-year basis. The profitability of the original bottling plants owned by CCBL continued to grow at a steady pace, with growth in sales volume, sales revenue, profit before tax and other key profitability indicators all beating those recorded at the same period of 2016.

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In the reporting terms, the overall sales volume for beverage products increased by 32%, while in terms of organic growth, the overall sales volume increased by 8%. The sparkling category continued to achieve steady growth in sales volume by launching multi-pack, new flavor and sugar-free series products, and the juice category fully restored growth momentum through product and packaging upgrade, while the packaged water category commenced the launching and sale of the new product "Chun Yue" at a price point of RMB2 per bottle. In the first quarter of 2017, given the greater efforts by our competitors in making promotions and expanding sale channels, our unit selling price slightly decreased as compared with the same period last year to increase our competitiveness and achieve an increase in our market shares. In the second quarter, both the price and product mix steadily improved.

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In respect of cost control, while implementing centralized control over the procurement of key materials, we strived to optimize the production processes of the bottling plants, so as to create cost synergies, improve the flow of operation and increase productivity, with a slight increase of 0.3 percentage point in the overall gross profit margin.

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In respect of expense control, spending on marketing increased in response to rising market competition in 2017. By continued enhancement of promotional efficiency and refined management of key expense items, CCBL implemented strict budget control over total expenses, in an effort to effectively control increase in marketing and other expenses for the first year after the completion of the Refranchising Transactions.

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Besides, during the period, the Disposals (other than the Shen-Mei Disposal) were completed on 1 April 2017, recording one-off significant gain on the Disposals of approximately HK$1,760.4 million in aggregate.

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Outlook

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In the second half of 2017, the sales volume and revenue are expected to maintain stable growth. However, given the integration in the first year following the Acquisitions, intensified market competitions and additional costs for the promotion of new products, we will expect these factors to put downward pressure on the selling expense ratio. Gross profit margins, however, are expected to benefit from stable prices of key packaging materials, continued improvement in packaging mix of CCBL, and the launching and sale of new products. Furthermore, affected by the loan financing for the Refranchising Transactions, the finance costs for the second half of the year will be increased. Overall speaking, the profitability of CCBL is expected to remain stable.

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WINE BUSINESS

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Business Introduction

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- Domestic wine business is based on the famous "Greatwall" brand, which has a fine tradition and has long been a leader in the China wine market. Due to the popularity of the brand and the high quality of its products, "Greatwall" wine is the top pick for state banquets.

- The "Greatwall" brand covers a variety of wines which include Cabernet Sauvignon, Merlot, Pinot Noir, Cabernet Franc, Shiraz for red wines; and Chardonnay, Riesling, Sauvignon Blanc for white wines. In addition, brandies and sparkling wines are also produced.

- "Greatwall" wines offer single varietal wines and blended wines using different grape varieties. The majority of the grapes that we use come from vineyards that are either managed by us or from sources with whom we have cooperative agreements.

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- ˜ — ì ™ Ü Ð é h ç C â Ü G ' Š ¢ Ì â Ü d < _ ³ .(Cabernet Sauvignon) e à ä ¿ (Merlot) e ½ â U(Pinot Noir)e Ü .(Cabernet Franc) e Ö(Shiraz) 0 Ó Y Î ç C â d ø ¿ _ ³ µ (Chardonnay) e d ! ÿ(Riesling) e — ´ (Sauvignon Blanc) 0 Ó Y c ç C â f ä . d ¢ A " [* c † ® e Î 8 â f

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The domestic wine business has seven production plants and wineries in China, including Shacheng Wine Plant, Huaxia Wine Plant, Zhuolu Wine Plant and Chateau Sungod in Hebei, Yantai Wine Plant in Shandong, Xinjiang Wine Plant and Chateau YunMo in Ningxia.

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- To cope with competition from imported wine, the Group is developing an imported wines platform, COFCO Wines & Wines (• ¤ •.-), for the import of value-added wines into the PRC market by way of trade agency. Meanwhile, it also owns and operates the Société du Château de Viaud SAS at Bordeaux in France.

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Development Strategy

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In order to enhance the competitiveness of the "Greatwall" brand, and to achieve the transition of our business into the brand-driven mode, our focus is to reposition "Greatwall" as a mid-to high-end quality wine icon in China. Our core strategies are described as follows:

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- Product focus: to focus on developing strategic products for "Greatwall Five Stars" that will attract consumers to upgrade to higher quality wines, and continue to streamline our product types to shift our focus on mid-to high-end products.

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- Brand building: to focus on "Greatwall Five Stars" with ongoing brand promotion; to underscore Greatwall's national wine status by enhancing recognition of the national wine by consumers; to promote experiential marketing and direct communication with consumers.

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2017 Interim Results

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A comparison of the 2017 interim results with those of the comparative period of 2016 for the wine business segment is summarized below:

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(In HK dollar reporting term) (¥ © O y °)	For the six months ended 30 June 2017 Ú 2017 Ë 6 Ü30 Ú ß ¬ H Ü (HK$' million) € õ ¬ ¥ © •	For the six months ended 30 June 2016 Ú 2016 Ë 6 Ü30 Ú ß ¬ H Ü (HK$' million) € õ ¬ ¥ © •	Changes (Note) € W •
Revenue ×]	1,381.2	1,285.2	+7.5%

(Note): In RMB terms, segment revenue grew by 12%.

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During the period, the wine business segment recorded sales revenue increase in RMB term, which was mainly due to the growth of the imported wine business. During the period, the repositioning exercise for the "Greatwall" brand has been executed as scheduled and is beginning to take effect. Consequently, we focused on the optimization of our product mix, together with raising ex-factory prices, scaling down the sales of low-end SKU with low profit margin and rigorously promoting mid-to high-end products, leading to an increase of 2.1 percentage points in the overall gross profit margin for the "Greatwall" wine. Nevertheless, given the sales revenue from the low-end products significantly decreasing by 22.9%, the overall sales revenue in RMB term of the "Greatwall" wine decreased by 8%. Furthermore, due to the growth of the imported wine business and the increased sales contributions from our imported wine, which had a relatively lower gross profit margin than the "Greatwall" wine, the segment's overall gross profit margin decreased.

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During the period, in order to underscore the new status of the "Greatwall" brand, "Greatwall wine for national celebrations" promotions were held during important national events to emphasize "Greatwall"'s credibility as "the designated wine for serving at state banquets". Meanwhile, we continued to increase "Greatwall" brand's online advertising investment, with an aim to enhance the brand's popularity and reputation. As a result, marketing expenses increased by approximately RMB41 million.

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With the entering into of the above agreement regarding the Fortune Food Sales & Distribution Disposal Transaction, coupled with the decision to have the "Others" operating segment progressively terminated in 2017, most of the expected unallocated expenses of the Group in the future will be directly attributable to the wine business segment.

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After careful consideration of the low growth and fierce competition of the domestic wine industry, the management was of the opinion that assessment should be conducted for the recoverable value of certain assets categorized into the wine business segment. As a result, an impairment of goodwill in the amount of approximately HK$479 million was recognized for the period.

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Outlook

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In the second half of 2017, we expect the development of the domestic wine industry will continue to face challenges with low growth and fierce competition, implying greater challenges ahead of our domestic wine business. We will continue to reposition "Greatwall" as a mid-to high-end wine brand. To this end, we will increase spending in advertising and marketing, continue to launch promotions during important national events, with focus on "Greatwall Five Stars" strategic products, and streamline our product types for the continuous optimization of our product mix. We will also further improve our distribution systems by deepening channel penetration, further cooperate with distributors by employing resources on promotional activities at points of sale so as to improve inventory turnover, and to enhance quality and efficiency in the supply chain by benchmarking. While continuing the scale up of imported wine business, we will focus on optimizing product mix to improve the gross profit margin and optimizing our business mode to improve our profitability. With such initiatives, we will strive for the improvement in results of our wine business.

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KITCHEN FOOD BUSINESS

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Business Introduction

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The kitchen food business covers the sale, distribution and marketing of edible oil which is the principal product category, as well as the sale, distribution and marketing of sugar, soy sauce, vinegar, MSG, seasoning sauce and cereals. “Fortune” brand is a well-known consumer-pack edible oil brand in China and is ranked number two nationwide in terms of market share.

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Development Strategy

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The Group’s strategic objective for the kitchen food business is to maintain its position as one of the leading companies in the industry. To this end, we will pursue the following strategies:

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- Strengthen the promotion of the core values of the “Fortune” brand and improve the sales network for all products under the brand;
- Conduct product research and development to respond effectively to changes in consumer preferences, develop products that meet consumer preferences, with various characteristics;
- Conduct channel upgrades according to the current status and development trend of channels, enhance channel management to seize opportunities in the fast growing new channels;
- Enhance the supply chain system and save operation costs;
- Continue to explore new business models to drive sales growth.

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Industry Overview

During the period, the overall growth of the volume of sales of packaged edible oil has slackened, but prices remained stable. Corn oil recorded a slower pace of growth as the product has reached its maturity stage. Among the healthy oil products, sunflower seed oil has replaced corn oil to

FINANCIAL REVIEW

OTHER INCOME AND GAINS

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One-off gains on disposal of certain subsidiaries, associates and an available-for-sale investment of approximately HK$1,760.4 million in aggregate were recorded, in relation to the disposals of equity interests in certain bottling plants.

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The disposal of a discontinued operation was successfully completed on 31 May 2016. One-off gain on disposal of subsidiaries (attributable to a discontinued operation) was recorded in the corresponding interim results for 2016.

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SELLING AND DISTRIBUTION EXPENSES/ADMINISTRATIVE EXPENSES

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Aggregated amount of selling and distribution expenses and administrative expenses from continuing operations was HK$3,520.7 million, grew by HK$417.8 million or 13.5%, mainly due to the acquisition of the newly acquired bottling plants of beverage business, together with additional spending in advertising, brand promotion and marketing expenses as a result of intensifying market competition of continuing operating businesses, under management's ongoing efforts to optimize supply chain management, enhance promotional efficiency and control expenses.

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OTHER EXPENSES AND LOSSES

One-off impairment of goodwill of wine segment in the amount of approximately HK$479 million and certain impairment of receivables were recorded during the period.

FINANCE COSTS

Finance costs were HK$41.7 million, an increase of 92.8%, mainly due to the debt financing for the acquisition of newly acquired bottling plants of beverage business.

SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates were comparable to the corresponding interim results for 2016.

INCOME TAX EXPENSES

Income tax expense was HK$607 million, an increase of 213%, included the relevant tax of the gain on disposal of certain subsidiaries, associates and an available-for-sale investment, in relation to the disposals of equity interests in certain bottling plants.

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LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

During the period, EBITDA from continuing operations grew by HK$115.5 million to HK$883.6 million, mainly attributable to the improvement in EBITDA of beverage business driven by the newly acquired bottlers, as well as the improvement in EBITDA of non-beverage business, with significant expense controls.

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In the condensed consolidated statement of financial position as at 30 June 2017, the Group's unpledged cash and cash equivalents totalled approximately HK$1,293 million (31 December 2016: approximately HK$1,120 million). Net current liabilities were approximately HK$1,121 million (31 December 2016: net current assets of approximately HK$1,438 million), mainly related to the net current liabilities of the newly acquired bottlers of beverage business and the reclassification of certain bank borrowings of the Company from non-current liabilities to current liabilities according to maturity date during the period. Besides, beverage business segment assets of HK$958 million and segment liabilities of HK$329 million in relation to public sale equity transfer agreement of Refranchising Transactions which were classified as "assets of a disposal group classified as held for sale" and "liabilities directly associated with the assets of a disposal group classified as held for sale" respectively at 31 December 2016.

Having considered the (i) budgeted cash flow from operating activities from continuing operations, (ii) existing financial resources and gearing level of the Group, (iii) existing banking facilities available to the Group, and (iv) forseeable receipt of proceed from the Fortune Food Sales & Distribution Disposal Transaction, the management believes that the Group's financial resources are sufficient to fund its debt payments, day-to-day operations, contracted capital expenditures as at 30 June 2017.

CAPITAL STRUCTURE

As at and for the six months ended 30 June 2017, the total number of issued shares of the Company remained unchanged at 2,797,223,396.

In the consolidated statement of financial position as at 30 June 2017, the Group had interest-bearing bank borrowings of approximately HK$4,225 million (31 December 2016: approximately HK$1,620 million).

Majority of bank borrowings in Mainland China were denominated in Renminbi, carried at annual fixed interest rate, ranging between 4.13% and 4.28%, while the rest were denominated in Hong Kong Dollars, carried at annual interest rates, floating in nature, ranging between 1.17% and 1.22% (31 December 2016: all of the Group's bank loans were denominated in Hong Kong Dollars, carried at annual interest rates, floating in nature, ranging between 0.92% and 1.75%).

As at 30 June 2017, the Group had other borrowings of approximately HK$26 million, carried at fixed, annual interest rate of 4.3% (31 December 2016: approximately HK$25 million, carried at fixed, annual interest rate of 4.3%).

Maturity profile of interest-bearing bank and other borrowings as at 30 June 2017, is analyzed as:

- HK$2,209 million borrowings repayable within one year or on demand;

- HK$2,016

FOREIGN EXCHANGE MANAGEMENT

Majority of monetary assets, monetary liabilities and transactions of the Group were principally denominated in Renminbi and recorded in the books of subsidiaries operating in mainland China (functional currency as Renminbi). In respect of interest-bearing borrowings as at 30 June 2017, approximately 60% were denominated in Renminbi and recorded in the books of the subsidiaries operating in mainland China, while the rest were denominated in Hong Kong dollar and recorded in the book of the Company (functional currency as Hong Kong dollars). For consolidated financial statements reporting of the Group (reporting currency as Hong Kong dollars), foreign exchange differences, arising from translation of financial statements of subsidiaries operating in Mainland China, are directly recognized in other comprehensive income and accumulated in the exchange fluctuation reserve.

Although the Group has not used any financial instruments for hedging purpose, the treasury function actively and closely monitors foreign exchange rate fluctuation, particularly the exchange rate of Renminbi to Hong Kong dollar. The foreign exchange risk exposure at the operational level is not significant.

Nevertheless, the currency mismatch by using Hong Kong dollar borrowings to finance assets and businesses denominated in Renminbi, exposes the Group to the risk of unexpected cash outflows for repayment of such borrowings by realization of assets denominated in Renminbi, if any.

During the period, the Group used Renminbi bank borrowings to finance the acquisition of certain bottling plants of Beverage business segment. The Group intends to gradually repay certain Hong Kong dollar borrowings.

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HUMAN RESOURCES

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As at 30 June 2017, the Group employed 24,421 staff in Mainland China and Hong Kong (31 December 2016: 14,015). Employees are paid according to their positions, performance, experience and prevailing market practices and are provided with management and professional training.

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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 the 2016 Annual Report.

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The Company's share option scheme (the "Option Scheme") was adopted on 21 November 2006 for a term of ten years for the purpose of rewarding eligible employees of the Group (including executive directors and non-executive directors of the Company) based on individual merits and the Option Scheme expired on 20 November 2016. Details of the Option Scheme are set out in the section of Corporate Governance Highlights and Other Information headed "Share Option Scheme" below.

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CHANGE IN THE STRUCTURE OF THE GROUP

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During the period, COFCO Wines & Spirits International Holdings Limited, a wholly-owned subsidiary of the Company, set up a 60% owned joint-venture company in Tianjin named COFCO W&W International Co., Ltd., which is mainly engaged in sales and distribution of imported wines. COFCO Coca-Cola Beverages (China) Investment Limited, a 65% owned subsidiary of the Company, set up a wholly-owned subsidiary in Tianjin named Zhongke Enterprise Management (Tianjin) Limited, which is mainly engaged in enterprise management services.

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In addition, COFCO Coca-Cola Beverages (China) Investment Limited has acquired all the equity interest in Swire Coca-Cola Beverages Shaanxi Limited, Coca-Cola (Chongqing) Beverages Ltd, Coca-Cola (Jilin) Beverages Ltd, Coca-Cola Liaoning (Central) Beverages Ltd and Coca-Cola (Heilongjiang) Beverages Ltd., 93.75% equity interest in Coca-Cola Liaoning (North) Beverages Ltd, 89.3% equity interest in Coca-Cola (Sichuan) Beverages Ltd, 75% equity interest in Coca-Cola (Shanxi) Beverages Ltd, and 60% equity interest in Coca-Cola Liaoning (South) Beverages Ltd.

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During the period, CCBL has disposed all the equity interest in COFCO Coca-Cola Beverages (Jiangxi) Limited, Zhanjiang COFCO Coca-Cola Beverages Limited and Hainan COFCO Coca-Cola Beverages Limited, 20% equity interest in Swire Coca-Cola Beverages Jiangsu Limited, 20% equity interest in Swire Coca-Cola Beverages Zhejiang Limited, 19% equity interest in Swire Guangdong Coca-Cola Limited, 7.6% equity interest in Swire Guangdong Coca-Cola (Huizhou) Limited, and 7.15% equity interest in Swire Coca-Cola Beverages Wenzhou Limited.

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Subsequent to the end of the period and on 1 July 2017, COFCO Beverages Limited, a wholly-owned subsidiary of the Company, completed the disposal of its 14% interests in The Coca-Cola Bottling Unit of Shanghai Shen-Mei Beverages and Food Co., Ltd.

, œ (õ2017 Ë7 Ü1 Ú d I ® ! Œ • n ® ! • · Ø Þ " ® ! Š • Ó / I ¯ j a Õ · Ø . Ü Þ " ® ! y € ' Å Y14% Æ B f

Hong Kong, 29 August 2017

0 ¥ d2017 Ë 8 Ü29 Ú

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

è + õ p … ¿ ´ ë p … ˜ Æ B ¿ ñ Q

As at 30 June 2017, the interests and short positions of the directors of the Company (the "Director(s)") and their associates in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register of interests of the Company required to be kept under section 352 of the SFO; or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (collectively the "Discloseable Interests") were set out below.

õ 2017 Ë 6 Ü 30 Ú d I ® ! è + € è + ™ ¿ ¾ ˜ L © [õ I ® ! Ð I , ´ L , € › È • Ç N ¿ , ¬ â 7 ' € Ç N ¿ , ¬ â 7 ™ XV Å • p … e ´ ë p … Ð À N • ¹ Þ ˜ Æ B ¿ ñ Q þ ì ½ Ç N ¿ , ¬ â 7 K 352 â ¾ } õ I ® ! Ô À Ä ˜ Æ B î ¾ « i Ð ì ½ Ç N ¿ , ¬ â 7 K XV Å K7 ¿ K8 ± Æ < ½ ä ü A — V * Ð … * ¹ Þ ˜ Æ B ¿ ñ Q Ð ì ½ 0 ¥ L ¥ t ø Ô Þ " ® ! Ç N j 9 • Æ € j 9 • Æ ™ Ô 1 j 9 ï [è + † Ç N t ø Y z _ Â Æ € z _ Â Æ ™] 6 I ® ! ¿ 0 ¥ L ¥ t ø Ô Þ " ® € L t Ô ™ U Ḧ ² Þ £ Æ B ™ ¾ } 1 õ h Ö f

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

(a) õ I ® ! ˜ p … ¿ ´ ë p … ˜ ² Þ £ Æ B

Name of Director è + ' ¤	Capacity/Nature of interest … J Æ B Ì /	Number of shares held Ô 5 p … p f (Note 1) (• W1)	Number of underlying shares held Ô 5 ´ ë p … p f (Note 2) (• W2)	Total number of shares and underlying shares held Ô 5 p … ¿ ´ ë p … < p	Approximate percentage of issued shares & Š ï p … Y ? Ò õ ± â (Note 3) (• W3)
Mr. Ma Jianping õ ; ‹ [	Beneficial Owner ¼ B ¹ Þ [	–	600,000	600,000	0.02%
Mr. Jiang Guojin ê 7 – ‹ [	Beneficial Owner ¼ B ¹ Þ [	426,000	–	426,000	0.02%
Ms. Luan Xiuju 4 ø @ ~ {	Beneficial Owner ¼ B ¹ Þ [	–	740,000	740,000	0.03%

Notes:

1. Long positions in the shares of the Company, other than 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 the Option Scheme.

3. The percentages were calculated based on the total number of shares of the Company in issue as at 30 June 2017, i.e. 2,797,223,396 shares.

(b) Discloseable interests in the shares and underlying shares of an associated corporation, China Agri-Industries Holdings Limited (“China Agri”)

SUBSTANTIAL SHAREHOLDERS' AND OTHER

Notes:

1. Long positions in the shares of the Company, other than equity derivatives such as share options, warrants or convertible bonds.
2. The percentages were calculated based on the total number of shares of the Company in issue as at 30 June 2017, i.e. 2,797,223,396 shares.
3. COFCO (Hong Kong) Limited ("COFCO (HK)") was deemed to be interested in 2,072,688,331 shares held by China Foods (Holdings) Limited which was a wholly-owned subsidiary of COFCO (HK).
4. COFCO Corporation was deemed to be interested in 2,072,688,331 shares held by China Foods (Holdings) Limited and COFCO (HK) which were wholly-owned subsidiaries of COFCO Corporation.

Save as disclosed herein, as at 30 June 2017, so far as was known to the Directors, no other persons had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company operates the "Option Scheme for the purposes of attracting, retaining and motivating senior management personnel and key employees of the Company, and providing eligible participants with an opportunity to acquire proprietary interests in the Company and encouraging 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.

The Option Scheme was adopted on 21 November 2006 which has a term of 10 years and expired on 20 November 2016. Share options granted under the Option Scheme are valid for seven years, must be held for a minimum period of two years from the date of grant before it can be exercised subject to the satisfaction of certain requirements under the Option Scheme.

The first batch of share options, which were granted on 27 September 2007, has lapsed on 27 September 2014 due to the expiry of the exercised period.

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1. I ® ! p … ˜ » Œ€ p I [ˆ H ½ … p Æ e © p Æ Ç Ð I p À N ð . ⨍
2. õ ± â W ì ½ I ® ! õ2017 Ë6 Ü30 Ú ˜ Š ï p … < p € C2,797,223,396 p p … • Q f
3. • « € 0 ¥ •Þ " ® !€˜ • 0 ¥ ™•— V ‰ õ • 7 . Ü€ › p •Þ " ® !€ ‰ • 0 ¥ Y Œ • n ® ! •Ô 5 2,072,688,331 p p … • ¹ Þ Æ B f
4. • « Þ " ® ! — V ‰ õ • 7 . Ü€ › p •Þ " ® ! ¿ • 0 ¥€ i ‰ • « Þ " ® ! Y Œ • n ® ! •Ô 5 ¥ • 2,072,688,331 p p … • ¹ Þ Æ B f

ð I S Þ £ k . d õ2017 Ë6 Ü30 Ú d 1 è + Ô] „ d ? Ì I ü [{ õ I ® ! Y p … ¿ ´ ë p … • ¹ Þ Æ B Ð ñ Q þ ² ì ½ Ç N ¿ , ¬ â 7 KXV Å K2 ¿ K3 ± Å â Ö Y • › £ I ® ! ¿ L t Ô Þ £ d Ð ì ½ Ç N ¿ , ¬ â 7 K 336 â Y • › ² ¾ } õ I ® ! Ô À Ä Y Æ B î ¾ « f

… p Æ Œ

I ® ! £ Þ … p Æ Œ d ø V Ï e Ð 5 ¿ ç ¸ I ® ! ÷ t M # 4 [p ¿ ô ‡ p d + ¥ ø ~ k ä ¯ I ® ! …] H [Y Æ B d | ¸ ¥ ø ~ k ç b õ ‰ I ® ! ¿ I p Æ ; B d º I ® ! ¿ I p … ˜ = f

… p Æ Œ õ2006Ë11 Ü21 Ú ® v d I Þ Ö , ‰ d Ë (õ2016 Ë11 Ü20 Ú £ f ì ½ … p Æ Œ ¬ ˜ … p Æ Y Þ Ö , ‰ V Ë d ~ k õ 4 Ã ² ¬ Ú , Î 5 Þ ð õ G Ë Û œ d " ² L ¥ … p Æ Œ º h ˜ ð • • › f

õ 2007 Ë9 Ü27 Ú ¬ Y K S - … p Æ ª 4 , " £ Š õ 2014 Ë9 Ü27 Ú 0 Ö f

As at 1 January 2017, a total of 22,120,000 share options of the Company remained outstanding. During the period, a total of 940,000 share options lapsed. Accordingly, as at 30 June 2017, a total of 21,180,000 share options of the Company remained outstanding. Details of the movements in the share options during the period are as follows:

õ 2017 Ë 1 Ü 1 Ú d I ® ! J 4 Y … p Æ < p ‰ 22,120,000 … f , œ « d ¥ •940,000 … … p Æ Š 0 Ö f ª ä d õ2017 Ë6 Ü30 Ú d I ® ! J 4 Y … p Æ < p Þ21,180,000 … f , œ « d … p Æ Y ‹ ½ h j

Name or category of participants ~ k ' ¤ ¿ ó 9	Date of grant of share options ¬ … p Æ Ú ,	Number of share options … p Æ Y p f At 01.01.2017 õ 2017 Ë 1 Ü1 Ú	Granted during the period , « ¬	Exercised during the period , « 4	Lapsed during the period , « 0 Ö	At 30.06.2017 õ 2017 Ë 6 Ü30 Ú	Exercise period of share options … p Æ 4 ,	Exercise price of share options … p Æ 4 HK$ ¥ ©
Current Directors $, è +								
Mr. Ma Jianping õ ; ‹ [	29.03.2011	600,000	–	–	–	600,000	29.03.2013–28.03.2018	4.910
Ms. Luan Xiujiu 4 ø @ ~ {	29.03.2011	740,000	–	–	–	740,000	29.03.2013–28.03.2018	4.910
Other employees I ü ‡ p	29.03.2011	20,780,000	–	–	(940,000) (Note 1) (• W1)	19,840,000	29.03.2013–28.03.2018	4.910
Total < p		22,120,000	–	–	(940,000)	21,180,000		

Note:

1. During the period, 900,000 vested options lapsed upon the expiry of stipulated period in accordance with the term of the Option Scheme, while 40,000 unvested options lapsed upon the retirement of an employee of the Company in accordance with the terms of the Option Scheme.

• W j

1. , œ « d ì ½ … p Æ Œ Y â › d 900,000 … Š å n Y … p Æ ¯ Ô • › Y Û œ £ Û 0 Ö d þ40,000 … J å n Y … p Æ ª I ® ! S ¤ ‡ p × ~ þ 0 Ö f

The fair values of the share options granted on 27 September 2007 and the share options granted on 29 March 2011 under the Option Scheme were HK$32,227,000 (approximately HK$1.563 each) and HK$47,124,000 (approximately HK$1.526 each), respectively, of which the Company recognised a share option expense write-back of HK$1,154,000 during the period (six months ended 30 June 2016: expense of HK$148,000). The share options granted on 27 September 2007 had been expired on 27 September 2014.

ì ½ … p Æ Œ õ2007 Ë9 Ü27 Ú ¿2011 Ë3 Ü29 Ú ¬ Y … p Æ ˜ ® ; = ± 9 ‰32,227,000 ¥ ©€ Ê … Ò1.563 ¥ @ 47,124,000 ¥ ©€ Ê … Ò1.526 ¥ © d I • I ® ! , œ « ½ © … p Æ š Õ Ù « ‰1,154,000 ¥ ©€ Ú 2016 Ë6 Ü30 Ú ß ¬ H Ü j š Õ ‰148,000 ¥ © f õ 2007 Ë9 Ü27 Ú ¬ Y … p Æ Š õ2014 Ë 9 Ü27 Ú 0 Ö f

The fair values of equity-settled share options granted during the years ended 31 December 2007 and 2011 were estimated as at the date of grant, using the Black-Scholes-Merton option pricing model and the Binomial Option Pricing Model, respectively, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the models used:

õ Ú 2007 Ë12 Ü31 Ú ß Ë ¿ Ú 2011 Ë12 Ü31 Ú ß Ë « ¬ ø p I Q ˜ … p Æ ˜ ® ; = W õ ¬ … p Æ … Ú ± 9 ø a b 4 Ñ , ' v , Æ › | Ì ¿ Z ° Ì , Æ › | Ì * d (Š ý G ¬ … p Æ ˜ â › ¿ â • f h Œ • | Ì ˜ i] p = j

		2011 Options 2011 Ë … p Æ	2007 Options 2007 Ë … p Æ
Date of grant	¬ Ú ,	29 March 2011 2011 Ë3 Ü29 Ú	27 September 2007 2007 Ë9 Ü27 Ú
Dividend yield (%)	p ¹ (%)	2.109	0.8
Expected volatility (%)	k , * 7(%)	33.716	30.570
Historical volatility (%)	@ » * 7(%)	33.716	30.570
Risk-free interest rate (%)	Ì , ˆ ; (%)	2.40	4.102
Expected life of options (year)	… p Æ k Ë ,(Ë)	7	5
Weighted average share price (HK$)	Æ ; i p … ø(¥ ©)	4.910	4.952

The expected life of the options is determined with reference to the vesting term and original contractual term of the Option 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.

… p Æ k Ë , W ý Œ ˜ å n , " ¿ a Þ ¥ Ò â › þ > › d J @ • j 4 … p Æ Y | Ì f k , * 7 À H @ » * 7 j J 8 ˆ Ð Y ÿ £ d " J 8 ˆ Ð J @ J ¼ ç f

No other feature of the options granted was incorporated into the measurement of fair value.

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

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

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CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2017.

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SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Following specific enquiries by the Company, all directors of the Company confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2017.

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UPDATES ON DIRECTORS' INFORMATION

With effect from 17 January 2017, (i) Mr. Wang Zhiying resigned as a non-executive director of the Company and a member of the Remuneration Committee; (ii) Mr. Qin Yelong and Ms. Xiao Jianping were appointed as non-executive directors of the Company; and (iii) Ms. Luan Xiuju was appointed as an executive director of the Company. Please refer to the announcement of the Company dated 17 January 2017 for the details.

With effect from 1 April 2017, (i) Mr. Wu Fei resigned as an executive director of the Company and a member of the Executive Committee; and (ii) Mr. Paul Kenneth Etchells resigned as an independent non-executive director and a member of each of the Audit Committee and Remuneration Committee. Please refer to the announcement of the Company dated 28 March 2017 for the details.

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2017 Ë1 Ü17 Ú Î [Ö d (i) î ˜ ® ‹ [Š Ø , I ® ! ¢ B è + ¿ Z G ‰ p 6 Ó p i(ii) U 8 ² ‹ [¿ ý ; ~ { ‰ , ‰ I ® ! ¢ B è + i ø ¿(iii) 4 ø @ ~ { ‰ , ‰ I ® ! B è + f ‹ a I ® ! Ú , ‰2017 Ë1 Ü 17 Ú Y ® S f

2017 Ë4 Ü1 Ú Î [Ö d (i) N - ‹ [Ø , I ® ! B è + ¿ B ‰ p 6 Ó p i ø ¿(ii) … … ‹ [(Mr. Paul Kenneth Etchells)Ø , I ® ! ù m ¢ B è + ¿ 2 è ‰ p 6 (Z G ‰ p 6 Ó p f ‹ a I ® ! Ú , ‰2017 Ë3 Ü28 Ú Y ® S f

At the annual general meeting of the Company held on 1 June 2017, ordinary resolutions were passed to (i) elect Ms. Luan Xiuju and Mr. Zhou Chenguang as executive directors and Mr. Qin Yelong and Ms. Xiao Jianping as non-executive directors; and (ii) re-elect Mr. Jiang Guojin as executive director; and Mr. Stephen Edward Clark and Mr. Li Hung Kwan, Alfred as independent non-executive directors. Please refer to Appendix 1 to the Company's circular dated 27 April 2017 for their biographies and other information.

õ 2017 Ë6 Ü1 Ú I ® ! X Y p „ Ë } 6 d w · Ô D é Š · @(i) o X4 ø @ ~ { ¿ t Ë ˆ ‹ [‰ B è + ¿ U 8 ² ‹ [¿ ý ; ~ { ‰ ¢ B è + i ø ¿(ii) o ê 7 – ‹ [‰ B è + ¿ Á m C ‹ [(Mr. Stephen Edward Clark) ¿ ½ ¿ " ‹ [‰ ù m ¢ B è + f Þ ë ¾ Y 5 Ý ¿ l ü Ø d a I ® ! Ú , ‰ 2017 Ë4 Ü27 Ú Y · L ˜ • } S f

With effect from 29 August 2017 (after the conclusion of the Board meeting held on the even date), (i) Mr. Yuen Tin Fan, Francis resigned as an independent non-executive director of the Company, a member of each of the Audit Committee and Nomination Committee and the chairman of the Remuneration Committee; and (ii) Mr. Mok Wai Bun, Ben was appointed as an independent non-executive director of the Company, a member of each of the Audit Committee and Nomination Committee and the chairman of the Remuneration Committee. Please refer to the announcement of the Company dated 29 August 2017 for the details.

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REVIEW OF INTERIM RESULTS

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The unaudited condensed consolidated interim financial information of the Group for the period has been reviewed by the Audit Committee of the Board.

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INTERIM DIVIDEND

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The Board did not declare the payment of an interim dividend for the six months ended 30 June 2017 (30 June 2016: HK$1.2 cents per share).

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Report on Review of Interim Financial Information
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To the board of directors of China Foods Limited
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 44 to 84, which comprises the condensed consolidated statement of financial position of China Foods Limited (the “Company”) and its subsidiaries as at 30 June 2017 and the related condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants.

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong

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CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

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Certified Public Accountants

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1 Tim Mei Avenue
Central, Hong Kong

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29 August 2017

2017 Ë8 Ü29 Ú

Condensed Consolidated Statement of Profit or Loss

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For the six months ended 30 June 2017 | 截至2017年6月30日止六個月

		Notes • W	For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü 2017 2017 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	 2016 2016 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •
CONTINUING OPERATIONS	5 ƒ ¾ 8			
REVENUE	×]	4	15,628,243	14,590,646
Cost of sales	V / Ó I		(11,723,731)	(11,134,307)
Gross profit	ã ;		3,904,512	3,456,339
Other income and gains	I ü ×] ¿ × B	4	1,961,212	667,760
Selling and distribution expenses	V / ¿ ± V Õ		(3,100,313)	(2,761,856)
Administrative expenses	A Õ		(420,361)	(341,042)
Other expenses and losses	I ü Õ ¿ f &		(567,094)	(14,507)
Finance costs	D Ó I	5	(41,654)	(21,605)
Share of profits of associates	Ð & L ® ! P ;		26,430	26,254
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	8 5 ƒ ¾ 8 ˜ ð ü Ã P ;	6	1,762,732	1,011,343
Income tax expense	Ô { ü Õ	7	(607,013)	(193,627)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	, « 8 5 ƒ ¾ 8 ˜ P ;		1,155,719	817,716
DISCONTINUED OPERATION	^ ß ¾ 8			
Loss for the period attributable to a discontinued operation	, « 8 ^ ß ¾ 8 ˜ f &	8	–	(43,518)
PROFIT FOR THE PERIOD	, « P ;		1,155,719	774,198
Attributable to:	Ð & Ù j			
Owners of the parent	N ® ! ¹ Þ [		756,111	616,677
Non-controlling interests	¢ › p Æ B		399,608	157,521
			1,155,719	774,198
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	N ® ! w · p Æ B 5 Þ [Ð & Ê p ® ;	10		
Basic	? I			
– For the profit for the period	Ñ , « P ;		HK27.03 cents ¥	HK22.05 cents ¥
– For the profit from continuing operations	Ñ , « 8 5 ƒ ¾ 8 ˜ P ;		HK27.03 cents ¥	HK23.60 cents ¥
Diluted	Å [			
– For the profit for the period	Ñ , « P ;		HK27.03 cents ¥	HK22.05 cents ¥
– For the profit from continuing operations	Ñ , « 8 5 ƒ ¾ 8 ˜ P ;		HK27.03 cents ¥	HK23.60 cents ¥

Condensed Consolidated Statement of Comprehensive Income

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For the six months ended 30 June 2017 | 截至2017年6月30日止六個月

		For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü	
		2017 2017 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	2016 2016 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •
PROFIT FOR THE PERIOD	, « P ;	1,155,719	774,198
OTHER COMPREHENSIVE INCOME/(LOSS)	I ü Œ & ×] J€ f & •		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:	Z õ ø , œ - ± ó & B ˜ I ü Œ & ×] J € f & j•		
Exchange differences related to foreign operations	I Q . 8 Û ˜ Ò 3 ¨ X	223,339	(188,544)
Share of other comprehensive loss of an associate	Ð & S œ L ® ! I ü Œ & f &	(1,054)	–
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	Z õ ø , œ - ± ó & B ˜ I ü Œ & ×] J € f & • X	222,285	(188,544)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	, « I ü Œ & ×] J€ f & • € Š Ô ð ü ° •	222,285	(188,544)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	, « Œ & ×] < X	1,378,004	585,654
Attributable to:	Ð & Ù j		
Owners of the parent	N ® ! ¹ Þ [	900,928	449,090
Non-controlling interests	¢ › p Æ B	477,076	136,564

Condensed Consolidated Statement of Financial Position

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30 June 2017 | 2017年6月30日

		Notes • W	30 June 2017 2017 Ë 6 Ü30 Ú HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	31 December 2016 2016 Ë 12 Ü31 Ú HK$'000 w ¥ © (Audited) € ¾ 2 è •
NON-CURRENT ASSETS	¢ t *			
Property, plant and equipment	J 8 e @ Ò ¿ £ ê	11	7,361,900	4,012,050
Investment properties	³ J 8		33,644	32,644
Prepaid land premiums	k ù z ® –		627,804	472,574
Prepayments for items of property, plant and equipment	J 8 e @ Ò ¿ £ ê ° f ˜ k ù › °		21,238	54,304
Goodwill	‘		3,344,141	1,522,354
Other intangible assets	I ü Ì – *		9,854	11,272
Investments in associates	õ L ® ! ˜ ³		751,787	726,412
Available-for-sale investments	6 / ³		12,690	12,975
Deferred tax assets	È · ü ° *		230,580	154,964
Total non-current assets	¢ t * < =		12,393,638	6,999,549
CURRENT ASSETS	t *			
Inventories	À ¬		3,946,489	4,007,825
Accounts and bills receivables	Ð × * › ¿ C ½	12	1,852,177	1,319,672
Prepayments, deposits and other receivables	k ù › ° e 2 – ¿ I ü Ð × › °		1,826,108	1,269,455
Due from fellow subsidiaries	• û • n ® ! Þ ›	18(d)	291,749	321,552
Due from the immediate holding company	\ û › p ® ! Þ ›	18(d)	162	162
Due from the ultimate holding company	ð ^ › p ® ! Þ ›	18(d)	13,411	13,037
Due from non-controlling shareholders of subsidiaries	• n ® ! ˜ ¢ › p p Þ ›	18(d)	1,896	946
Due from associates	L ® ! Þ ›	18(d)	40,969	26,297
Prepaid tax	k ® ü °		14,730	26,722
Pledged deposits	ê å À ›		45,260	51,607
Cash and cash equivalents	$ – ¿ $ – = ° f		1,292,843	1,120,224
			9,325,794	8,157,499
Assets of a disposal group classified as held for sale	± ó ‰ 5 * / ˜ / \ 9 *	8	101,010	958,220
Total current assets	t * < =		9,426,804	9,115,719

Condensed Consolidated Statement of Financial Position
ü] ¥ Ì K 1 Œ

30 June 2017 | 2017年6月30日

		Notes • W	30 June 2017 2017 Ë 6 Ü30 Ú HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	31 December 2016 2016 Ë 12 Ü31 Ú HK$'000 w ¥ © (Audited) € ¾ 2 è •
CURRENT LIABILITIES	t À			
Accounts and bills payables	Ð ù * › ¿ C ½	13	2,418,582	1,199,220
Other payables and accruals	I ü Ð ù › ° ¿ Ð À		3,865,860	3,146,051
Due to fellow subsidiaries	Þ • û • n ® ! › °	18(d)	1,368,965	1,885,271
Due to the ultimate holding company	Þ ð ^ › p ® ! › °	18(d)	24,805	23,989
Due to related companies	Þ ë ¹ ® ! › °	18(d)	6,605	6,232
Due to non-controlling shareholders of subsidiaries	Þ • n ® ! ˜ ¢ › p p › °	18(d)	66,393	64,612
Due to associates	Þ L ® ! › °	18(d)	77,866	124,753
Interest-bearing bank and other borrowings	¹ Õ r › ¿ I ü r ›		2,208,481	820,000
Tax payable	Ð ù ü °		510,106	78,371
			10,547,663	7,348,499
Liabilities directly associated with the assets of a disposal group classified as held for sale	~ ± ó ‰ 5 * / ˜ / \ 9 * \ Ÿ ´ ë ˜ À	8	–	329,299
Total current liabilities	t À < =		10,547,663	7,677,798
NET CURRENT ASSETS/(LIABILITIES)	t * Ꜵ À • =		(1,120,859)	1,437,921
TOTAL ASSETS LESS CURRENT LIABILITIES	* < = ¯ t À		11,272,779	8,437,470
NON-CURRENT LIABILITIES	¢ t À			
Interest-bearing bank and other borrowings	¹ Õ r › ¿ I ü r ›		2,042,170	825,086
Deferred income	È · ×]		329,963	294,719
Deferred tax liabilities	È · ü ° À		37,177	25,545
Total non-current liabilities	¢ t À < =		2,409,310	1,145,350
Net assets	* =		8,863,469	7,292,120
EQUITY	p I			
Equity attributable to owners of the parent	N ® ! ¹ Þ [Ð & p I			
Issued capital	Š ï p I		279,722	279,722
Reserves	· ê		6,047,561	5,181,359
			6,327,283	5,461,081
Non-controlling interests	¢ › p Æ B		2,536,186	1,831,039
Total equity	p I < =		8,863,469	7,292,120

Condensed Consolidated Statement of Changes in Equity

ü] ¥ p l Œ

For the six months ended 30 June 2017 丨 截至2017年6月30日止六個月

		Attributable to owners of the parent N®!¹Þ[Ð&										
		Issued capital Šï p l	Share premium account p…P *	Employee share-based compensation reserve ‡p p l Q ZG·ê	Capital reserve l·ê	Reserve funds ·ê–	Exchange fluctuation reserve Ò3 * ·ê	Asset revaluation reserve * ·ê	Retained profits -5P;	Total <	Non-controlling interests ¢›pÆB	Total equity p l<=
		HK$'000 w¥© (Unaudited) €J¾2è•	HK$'000 w¥© (Unaudited) €J¾2è•	HK$'000 w¥© (Unaudited) €J¾2è•	HK$'000 w¥© (Unaudited) €J¾2è•	HK$'000 w¥© (Unaudited) €J¾2è•	HK$'000 w¥© (Unaudited) €J¾2è•	HK$'000 w¥© (Unaudited) €J¾2è•	HK$'000 w¥© (Unaudited) €J¾2è•	HK$'000 w¥© (Unaudited) €J¾2è•	HK$'000 w¥© (Unaudited) €J¾2è•	HK$'000 w¥© (Unaudited)
At 1 January 2017	õ2017 Ë1 Ü1 Ú	279,722	37,367	23,778	3,247,688	354,848	207,116	9,663	1,300,899	5,461,081	1,831,039	7,292,120
Profit for the period	,«P;	–	–	–	–	–	–	–	756,111	756,111	399,608	1,155,719
Other comprehensive income/(loss) for the period:	,«lüŒ&×]J €f&þ											
Exchange differences related to foreign operations	Þë .8 Ò3¨X	–	–	–	–	–	145,502	–	–	145,502	77,837	223,339
Share of other comprehensive loss of associate	Ð&SœL ®!lüŒ&f&	–	–	–	(685)	–	–	–	–	(685)	(369)	(1,054)
Total comprehensive income for the period	,«Œ&×]<X	–	–	–	(685)	–	145,502	–	756,111	900,928	477,076	1,378,004
Acquisition of subsidiaries (note 14)	×…•n®€•W14•	–	–	–	–	–	–	–	–	–	187,161	187,161
Release of reserves upon disposal of subsidiaries	õ /•n®!Û ð·ê	–	–	–	–	(30,796)	–	–	30,796	–	–	–
Equity-settled share option arrangements	pl Q…pÆÄ°	–	–	(1,154)	–	–	–	–	–	(1,154)	–	(1,154)
Transfer form retain earning	-5®;7a	–	–	–	–	1,691	–	–	(1,691)	–	–	–
Contribution from non-controlling shareholders of a subsidiary	Sœ•n®!¢›pp 6›	–	–	–	–	–	–	–	–	–	40,910	40,910
Final 2016 dividend declared	Š ｜ 2016 Ë K,p¹	–	–	–	–	–	–	–	(33,572)	(33,572)	–	(33,572)
At 30 June 2017	õ2017 Ë6 Ü30 Ú	279,722	37,367*	22,624*	3,247,003*	325,743*	352,618*	9,663*	2,052,543*	6,327,283	2,536,186	8,863,469

* These reserve accounts comprise the consolidated reserves of HK$6,047,561,000 (31 December 2016: HK$5,181,359,000) in the condensed consolidated statement of financial position.

* ·ê*fôÓ ü]¥Ì K1Œ•˜]¥·ê 6,047,561,000¥© 2016 Ë12 Ü31 Ú j5,181,359,000 ¥©•

Condensed Consolidated Statement of Changes in Equity
ü] ¥ p l Œ

For the six months ended 30 June 2017 | 截至2017年6月30日止六個月

		Attributable to owners of the parent N®!¹Þ[Ð&										
		Issued capital Šï pl	Share premium account p…P *	Employee share-based compensation reserve ‡p pl Q ZG·ê	Capital reserve l·ê	Reserve funds ·ê–	Exchange fluctuation reserve Ò3 * ·ê	Asset revaluation reserve * ·ê	Retained profits -5P;	Total <	Non-controlling interests ¢›pÆB	Total equity pl<=
		HK$'000 w¥©	HK$'000 w¥©	HK$'000 w¥©	HK$'000 w¥©	HK$'000 w¥©	HK$'000 w¥©	HK$'000 w¥©	HK$'000 w¥©	HK$'000 w¥©	HK$'000 w¥©	HK$'000 w¥©
		(Unaudited) €J¾2è•	(Unaudited) €J¾2è•	(Unaudited) €J¾2è•	(Unaudited) €J¾2è•	(Unaudited) €J¾2è•	(Unaudited) €J¾2è•	(Unaudited) €J¾2è•	(Unaudited) €J¾2è•	(Unaudited) €J¾2è•	(Unaudited) €J¾2è•	(Unaudited)
At 1 January 2016	õ2016 Ë1 Ü1 Ú	279,722	37,367	31,074	3,247,332	352,019	674,517	16,573	854,157	5,492,761	1,559,438	7,052,199
Profit for the period	,«P;	–	–	–	–	–	–	–	616,677	616,677	157,521	774,198
Other comprehensive loss for the period:	,«lüŒ&f&j											
Exchange differences related to foreign operations	Þë .8 Ò3¨X	–	–	–	–	–	(167,587)	–	–	(167,587)	(20,957)	(188,544)
Total comprehensive income for the period	,«Œ&×]<X	–	–	–	–	–	(167,587)	–	616,677	449,090	136,564	585,654
Disposal of subsidiaries	/•n®!	–	–	–	–	–	–	(6,910)	6,910	–	–	–
Equity-settled share option arrangements	pl Q…pÆÄ°	–	–	148	–	–	–	–	–	148	–	148
Transfer of employee share-based compensation reserve upon the forfeiture or expiry of share options	õ…pÆÚ×Ð Q,Û7a‡p pl QZG·ê	–	–	(1,371)	–	–	–	–	1,371	–	–	–
Final 2015 dividend declared	Š | 2015 ËK,p¹	–	–	–	–	–	–	–	(27,977)	(27,977)	–	(27,977)
Dividends paid to non-controlling shareholders of subsidiaries	£•n®!˜¢›pp ŠÕù˜p¹	–	–	–	–	–	–	–	–	–	(19,527)	(19,527)
At 30 June 2016	õ2016 Ë6 Ü30 Ú	279,722	37,367	29,851	3,247,332	352,019	506,930	9,663	1,451,138	5,914,022	1,676,475	7,590,497

Condensed Consolidated Statement of Cash Flows
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For the six months ended 30 June 2017 | Ú 2017 Ë 6 Ü30 Ú ß ¬ H Ü

		Notes • W	For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü 2017 2017 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	 2016 2016 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •
CASH FLOWS FROM OPERATING ACTIVITIES	¾ 8 ˜ $ – t Ž			
Profit/(loss) before tax:	ð ü Ã P ; Æ f & j•			
From continuing operations	8 5 ƒ ¾ 8		1,762,732	1,011,343
From a discontinued operation	8 ^ ß ¾ 8	8	–	(43,723)
Adjustments for:	1 h • ° f * Æ j			
Finance costs	D Ó I	5	41,654	21,605
Share of profits of associates	Ð & L ® ! P ;		(26,430)	(26,254)
Interest income	; ¹ ×]		(9,572)	(7,653)
Dividend income from available-for-sale investments	6 / ³ ˜ p ¹ ×]	4	(49,944)	(48,689)
Impairment of receivables	Ð × › ° ¯ =	6	83,422	13,014
Equity-settled share option expense	p I Q … p Æ š Õ		(1,154)	148
Amortisation of other intangible assets	I ü Ì – * Å V	6	1,639	2,270
Depreciation	±		282,662	247,807
Changes in fair value of investment properties	³ J 8 ˜ ® ; =		–	174
Loss on disposal/write-off of items of property, plant and equipment	J 8 e @ Ò ¿ £ ê ° f ˜ / f & J Û V		4,248	1,535
4,248	4,248			

		Notes • W	For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü 2017 2017 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	 2016 2016 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •
Decrease in inventories	À ¬ ¯ Ç		600,125	530,918
Decrease/(increase) in accounts and bills receivables	Ð × * › ¿ C ½ ¯ Ç J€ # •		12,661	(311,647)
Decrease in prepayments, deposits and other receivables	k ù › ° e 2 – ¿ l ü Ð × › ° ¯ Ç		49,716	302,143
Decrease in amounts due from fellow subsidiaries	• û • n ® ! Þ › ¯ Ç		26,851	33,073
Decrease/(increase) in an amount due from the ultimate holding company	ð ^ › p ® ! Þ › ¯ Ç J€ # •		(374)	302
Increase in amounts due from non-controlling shareholders of subsidiaries	• n ® ! ¢ › p p Þ › #		(950)	(928)
Increase in amounts due from associates	L ® ! Þ › #		(14,671)	(2,212)
Increase in accounts and bills payables	Ð ù * › ¿ C ½ #		228,607	196,331
Decrease in other payables and accruals	l ü Ð ù › ° ¿ Ð À ¯ Ç		(823,223)	(775,153)
Increase/(decrease) in amounts due to fellow subsidiaries	Þ • û • n ® ! › ° # J € ¯ Ç •		(432,530)	781,422
Increase/(decrease) in an amount due to the ultimate holding company	(432,530)			

Condensed Consolidated Statement of Cash Flows

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For the six months ended 30 June 2017 | Ú 2017 Ë 6 Ü30 Ú ß ¬ H Ü

		Notes • W	For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü 2017 2017 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	 2016 2016 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •
Net cash flows from operating activities	¾ 8 Ô { ˜ $ – t X		(20,532)	1,063,535

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1. CORPORATE INFORMATION

1. ® ! Ø

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.

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The Company is a subsidiary of COFCO (Hong Kong) Limited, a company incorporated in Hong Kong. Based on the confirmation of the Board, the ultimate holding company is COFCO Corporation, which is a state-owned enterprise registered in the People's Republic of China (the "PRC").

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During the six months ended 30 June 2017, the Group was involved in the following principal activities:

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- processing, bottling and distribution of sparkling beverage and distribution of still beverage;
- production, sale and trading of grape wine and other wine products;
- distribution of retail packaged cooking oil and seasoning products;
- distribution of other consumer food and beverage products that are not categorised under the aforementioned activities.

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2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2. Ü ¡ ? _ ¿ 6 A

The condensed consolidated interim financial information is prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants.

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2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

The condensed consolidated interim financial information have been prepared on a going concern basis notwithstanding that the Group had net current liabilities of HK$1,120,859,000 at the end of the reporting period. In preparing this condensed consolidated interim financial information, the directors have given careful consideration to the current and anticipated future liquidity of the Group. Taking into account, inter alia, (i) the expected net cash inflows generated from the Group's operations for the next twelve months; and (ii) the unutilised loan facilities at the end of the reporting period, the directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due. Accordingly, the directors consider that the preparation of this condensed consolidated interim financial information on a going concern basis is appropriate.

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2016.

The accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial information are the same as those used in the annual financial statements for the year ended 31 December 2016, except in relation to the following revised Hong Kong Financial Reporting Standards ("HKFRSs") that affect the Group and are adopted for the first time for the current period's financial information:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements 2014-2016 cycle	Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs has no material impact on the accounting policies of the Group.

2. Ü ¡ ? _ ¿ 6 A € ƒ •

‹ M I « õ S , K Þ t À X 1,120,859,000 ¥ © d ü] ¥ • , Ì Ø ¥ 2 5 ƒ ¾ ? _ Ü ¡ f õ Ü ¡ I ü] ¥ • , Ì Ø Û d è + Š ú Z ý G I « ˜ $ Þ ¿ k , J 8 t – f ¾ ý G€ I • < • (i) I « 8 õ J 8 d Z H Ü * [˜ k , $ – t] X i ¿(ii) õ S , K J \ ˜ r › ¬ ¦ d è + © ‰ d I « Z • D Ð ù I Q , À f ª ä d è + © ‰ 2 5 ƒ ¾ ? _ Ü ¡ I ü] ¥ • , Ì Ø W n G … f

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3. OPERATING SEGMENT INFORMATION

3. ¾ ± Å Ø

For management purposes, the Group is organised into business units based on the nature of their products and has four reportable operating segments as follows:

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(a) the beverage segment is engaged in the processing, bottling and distribution of sparkling beverage products and the distribution of still beverage products;

(a) · Ø ± Å d } + Û å * Ü Y ˆ e ' ¿ ± V ¿ " ^ · Ø * Ü Y ± V i

(b) the wine segment is engaged in the production, sale and trading of grape wine and other wine products;

(b) â Ü ó ± Å d } + [* e V / ¿ o - ç C â ¿ I ü â Ü ó * Ü i

(c) the kitchen food segment is engaged in the distribution of retail packaged cooking oil and seasoning products; and

(c) < Ò . Ü ± Å d } + ± V g / è 0 ¿ b Ü i ¿

(d) the "others" segment is engaged in the distribution of other consumer food and beverage products that are not categorised under the aforementioned segments.

(d) ˜ I ü ™± Å d } + ± V J ¾ j ± Å Ô Œ ± ˜ I ü I . Ü ¿ · Ø * Ü f

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that interest income, dividend income, gain on disposal of subsidiaries, the equity interests in associates and available-for-sale investments, finance costs, share of profits of associates, as well as unallocated head office and corporate results are all excluded from such measurement.

M # 4 9 À I « H 9 ¾ ± Å Y 8 6 d ä * Þ ë U ± ã Y Ô › ¿ Y Œ $ f ± Å Œ $ W ì ½ š O ± Å P ; J€ f & € I W 8 5 ƒ ¾ 8 Y ¾ Æ ð ü Ã P ; J€ f & • ˜ Ž •† Y f 8 5 ƒ ¾ 8 Y ¾ Æ ð ü Ã P ; J€ f & • ˜ I « 8 5 ƒ ¾ 8 Y ð ü Ã P ; J€ f & • ˜ Ž - 5 S ç d " Ž " < ; ¹ ×] e p ¹ ×] e / • n ® ! e õ L ® ! ¿ 6 / ³ ˜ p Æ × B e D Ó I e Ð & L ® ! P ; ø ¿ J ± ã < Å ¿ ® ! 8 6 f

Segment assets exclude deferred tax assets, prepaid tax, restricted bank balances, pledged deposits, cash and cash equivalents, available-for-sale investments, investments in associates and other unallocated head office and corporate assets as these assets are managed on a group basis.

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3. OPERATING SEGMENT INFORMATION (continued)

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Six months ended 30 June 2017

3. OPERATING SEGMENT INFORMATION (continued) 3. ¾ ± Å Ø€ ƒ •

Six months ended 30 June 2016 Ú 2016 Ë 6 Ü30 Ú ß ¬ H Ü

		Beverage · Ø HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	Wine â Ü ó HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	Kitchen food < Ò . Ü HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	Others I ü HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	Total ¥ HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •
Segment revenue:	± Å × B j					
Sales to external customers	V / š . ¢ Ò	6,156,482	1,285,220	6,987,176	161,768	14,590,646
Other revenue	I ü × B	59,368	14,997	4,838	8,310	87,513
		6,215,850	1,300,217	6,992,014	170,078	14,678,159
Segment results	± Å 8 6	455,430	110,985	45,079	318	611,812
Reconciliation:	Á * j					
Interest income	; ¹ ×]					7,566
Dividend income	p ¹ ×]					48,689
Gain on disposal of subsidiaries	/ • n ® ! × B					522,969
Finance costs	D Ó I					(21,605)
Share of profits of associates	Ð & L ® ! P ;					26,254
Corporate and other unallocated expenses	® ! ¿ I ü J ± ã Õ					(184,342)
Profit before tax from continuing operations	8 5 ƒ ¾ 8 ˜ ð ü Ã P ;					1,011,343

3. OPERATING SEGMENT INFORMATION (continued) 3. ¾ ± Å Ø€ ƒ •

31 December 2016 2016 Ë12 Ü31 Ú

		Beverage · Ø HK$'000 w ¥ © (audited) € ¾ 2 è •	Wine â Ü ó HK$'000 w ¥ © (audited) € ¾ 2 è •	Kitchen food < Ò . Ü HK$'000 w ¥ © (audited) € ¾ 2 è •	Others l ü HK$'000 w ¥ © (audited) € ¾ 2 è •	Total ¥ HK$'000 w ¥ © (audited) € ¾ 2 è •
Segment assets	± Å *	5,532,300	4,296,663	2,987,885	251,826	13,068,674
Reconciliation:	Á * j					
Investments in associates	õ L ® ! ˜ ³					726,412
Corporate and other unallocated assets	® ! ¿ l ü J ± ã *					1,361,962
Assets of a disposal group classified as held for sale	± ó ‰ 5 * / ˜ / \ 9 *					958,220
Total assets	* < =					16,115,268
Segment liabilities	± Å À	2,764,734	680,321	3,247,436	–	6,692,491
Reconciliation:	Á * j					
Corporate and other unallocated liabilities	® ! ¿ l ü J ± ã À					1,801,358
Liabilities directly associated with the assets classified as held for sale	\ Ÿ ~ ± ó ‰ 5 * / * ´ ë ˜ À					329,299
Total liabilities	À < =					8,823,148

4. 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 period.

An analysis of the Group's other income and gains from continuing operations is as follows:

		For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü 2017 2017 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	 2016 2016 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •
Other income	I ü ×]		
Gross rental income	a – ×] < X	2,047	2,062
Bank interest income	Õ ; ¹ ×]	9,572	7,566
Dividend income from available-for-sale investments	6 / ³ ˜ p ¹ ×]	49,944	48,689

5. FINANCE COSTS

An analysis of the Group's finance costs from continuing operations is as follows:

	For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü	
	2017 2017 Ë HK$'000 w ¥ © (Unaudited)	2016 2016 Ë HK$'000 w ¥ © (Unaudited)

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

6.

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

		For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü 2017 2017 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	 2016 2016 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •
Cost of inventories sold	/ À ¬ Ó I	11,711,766	11,115,545
Provision against inventories	À ¬ a ê	11,965	18,762
Cost of sales	V / Ó I	11,723,731	11,134,307
Depreciation	±	282,662	243,491
Amortisation of other intangible assets	I ü Ì – * Å V	1,639	2,270
Recognition of prepaid land premiums	½ © k ù z ® –	6,936	6,874
Loss on disposal/write-off of items of property, plant and equipment*	J 8 e @ Ò ¿ £ ê ° f ˜ / f & J Û V*	4,248	1,493
Impairment of receivables*	Ð × › ° ¯ =*	83,422	13,014
Impairment of available-for-sale investments*	6 / ³ ˜ ¯ =*	671	–
Impairment of goodwill*	' ¯ =*	478,753	–
Foreign exchange differences, net	Ò 3 ¨ X d X	3,431	(1,023)

* These items are included in "other expenses and losses" in the condensed consolidated statement of profit or loss.

7. INCOME TAX EXPENSE

7. Ô { ü Õ

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2016: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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Pursuant to the approvals issued by the State Administration of Taxation of the PRC during 2013, the Company and certain of its subsidiaries are regarded as Chinese Resident Enterprises (collectively the "CREs") and relevant enterprise income tax policies of the PRC are applicable to the CREs commencing from 1 January 2013.

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		For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü	
		2017 2017 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	2016 2016 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •
Current – Mainland China:	C , Ñ • 7 } Ô j		
Charge for the period	, « Ô ð	649,457	191,204
Current – Elsewhere:	C , Ñ I ü ® j		
Charge for the period	, « Ô ð	–	57
Overprovision in prior years	@ » Ë t X a ê	(942)	–
Deferred	È ·	(41,502)	2,366
Total tax charge for the period	, « ü ° Õ < X	607,013	193,627

The share of tax attributable to associates amounting to HK$9,243,000 (six months ended 30 June 2016: HK$7,936,000) is included in "Share of profits of associates" in the condensed consolidated statement of profit or loss.

L ® ! Ð & ü ° : ç9,243,000 ¥ ©€ Ú 2016 Ë 6 Ü30 Ú ß ¬ H Ü j 7,936,000 ¥ © ɗ W] ü] ¥ & B Œ ˜• Ð & L ® ! P ; ™f

8. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(1) Discontinued operation

Prized Developments Limited and its subsidiaries (the “Target Group”) are engaged in the production of the Group’s chocolate and other confectionary products, which are sold and distributed via COFCO Food Sales & Distribution Co., Ltd., a wholly-owned subsidiary of the Group. Together these two components comprise the Group’s confectionery segment (the “Discontinued Segment”).

On 31 December 2015, the Company announced the decision of its board of directors to dispose of the Target Group by entering into an equity transfer and debt assignment agreement with Tops Properties Limited, a wholly-owned subsidiary of COFCO Property (Group) Co., Ltd. which is a Shenzhen-listed company owned as to 45.67% by COFCO, for a total consideration of RMB611,000,000 (subject to certain potential adjustments). The Group has decided to cease the Discontinued Segment because it plans to focus its resources on its other business.

As a result, the Discontinued Segment was classified as a disposal group held for sale and as a discontinued operation. With the Discontinued Segment being classified as a

8. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

8. ^ ß ¾ 8 ¿ ± ó ‰ 5 Þ / ˜ / \ ¥€ ƒ •

(1) Discontinued operation (continued)

(1) ^ ß ¾ 8 € ƒ •

On 31 May 2016, the disposal in relation to the Target Group was completed. The results of the Discontinued Segment for the period are presented below:

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		For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü	
		2017 2017 Ë HK$'000 w ¥ ©	2016 2016 Ë HK$'000 w ¥ ©
Revenue	×]	–	114,747
Cost of sales	V / Ó I	–	(77,377)
Other income and gains	I ü ×] ¿ × B	–	1,917
Selling and distribution expenses	V / ¿ ± V Õ	–	(77,576)
Administrative expenses	A Õ	–	(5,218)
Other expenses and losses	I ü Õ ¿ f &	–	(216)
Loss before tax from a discontinued operation	^ ß ¾ 8 ˜ ð ü Ã f &	–	(43,723)
Income tax credit related to pre-tax loss	Þ ë ð ü Ã f & ˜ Ô { ü ê 5	–	205
Loss for the period from a discontinued operation	^ ß ¾ 8 ˜ , « f &	–	(43,518)

8. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

8. ^ ß ¾ 8 ¿ ± ó ‰ 5 Þ / ˜ / \ ¥€ ƒ •

(1) Discontinued operation (continued)

(1) ^ ß ¾ 8 € ƒ •

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

^ ß ¾ 8 ± Å * [Y $ – t Ž X ½ h j

		For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü 2017 2017 Ë HK$'000 w ¥ ©	2016 2016 Ë HK$'000 w ¥ ©
Operating activities	¾ z	–	9,612
Investing activities	³ z	–	(1,583)
Net cash flow inflow	$ – t Ž t] X	–	8,029
Loss per share:	Ê p f & j		
Basic, attributable to the discontinued operation	? I d ^ ß ¾ 8	–	HK$1.55 cents ¥
Diluted, attributable to the discontinued operation	Å [d ^ ß ¾ 8	–	HK$1.55 cents ¥

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

Q ^ ß ¾ 8 Ð & Y Ê p ? I ¿ Å [f & W ? õ j

		For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü 2017 2017 Ë	2016 2016 Ë
Loss attributable to ordinary equity holders of the parent attributable to the discontinued operation	N ® ! w · p Æ B 5 Þ [Ð & ^ ß ¾ 8 Y Ð & f &	–	HK$43,518,000 ¥ ©
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation (Note 10)	Q Ê p ? I ¿ Å [f & 4 \ Y , « Š ï w · p Æ ; i p€ • W10 •	2,797,223,396	2,797,223,396

8. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

(2) Disposal group classified as held for sale

On 16 December 2016, COFCO Coca-Cola Beverages Limited ("CCBL"), a 65%-owned subsidiary of the Company, and the Company entered into the public sale equity transfer master agreement with Swire Beverages Holdings Limited ("Swire") pursuant to which the Company agreed to dispose of its entire investments in subsidiaries in Hainan COFCO Coca-Cola Beverages Limited, COFCO Coca-Cola Beverages (Jiangxi) Limited and Zhanjiang COFCO Coca-Cola Beverages Limited, and its investments in associates in Swire Coca-Cola Beverages Jiangsu Limited, Swire Coca-Cola Beverages Zhejiang Limited and Swire Coca-Cola Beverages Wenzhou Limited, and its available-for-sale investments in Swire Guangdong Coca-Cola Limited, Swire Guangdong Coca-Cola (Huizhou) Limited and The Coca-Cola Bottling Unit of Shanghai Shen-Mei Beverage and Food Co., Ltd (collectively referred to as the "Public Sale Companies") to Swire at an aggregate consideration of approximately RMB2,122 million.

The Public Sale Companies are engaged in the processing, bottling and distribution of sparkling beverage products, and distributing still beverage products in various regions in Mainland China, which are part of the Group's beverage segment. The above transactions, which are expected to be completed within one year, together with the acquisitions of various beverage companies from The Coca-Cola Company ("KO") and Swire as well as the disposal of the Discontinued Segment, form part of the Group's overall strategy of concentrating on expanding its core activities.

On 1 April 2017, the disposal in relation to the Public Sale Companies was completed, except the disposal in relation to The Coca-Cola Bottling Unit of Shanghai Shen-Mei Beverage and Food Co., Ltd.

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(2) ± ó ‰ 5 Þ / ˜ / \ ¥

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8. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

(2) Disposal group classified as held for sale (continued)

The major classes of assets and liabilities of the Public Sale Companies classified as held for sale as the end of reporting period are as follows:

	30 June 2017 2017 Ë 6 Ü30 Ú HK$'000 w ¥ ©	31 December 2016 2016 Ë 12 Ü31 Ú HK$'000 w ¥ ©
Assets w ¥ ©		

9. DIVIDEND 9. p ¹

		For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü	
		2017 2017 Ë HK$'000 w ¥ ©	2016 2016 Ë HK$'000 w ¥ ©
Interim – Nil (six months ended 30 June 2016: HK1.2 cents) per ordinary share	• , Ñ Ê p w · p j Ì € Ú 2016 Ë6 Ü30 Ú ß ¬ H Ü m 1.2 ¥ •	–	33,567

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT 10. N ® ! w · p Æ B 5 Þ [Ð & Ê p ® ;

The calculation of basic earnings per share amount for the period ended 30 June 2017 is based on the profit for the period attributable to ordinary equity holders of the parent of HK$756,111,000 (six months ended 30 June 2016: HK$616,677,000), and the weighted average number of ordinary shares of 2,797,223,396 (six months ended 30 June 2016: 2,797,223,396) in issue during the period.

Ú 2017 Ë6 Ü30 Ú ß , œ Ê p ? I ® ; p X W 2 N ® ! w · p Æ B 5 Þ [Ð & , « P ;756,111,000 ¥ ©€ Ú 2016 Ë6 Ü30 Ú ß ¬ H Ü j 616,677,000 ¥ © •d ø ¿ , œ « Š ï w · p ˜ Æ ; i p 2,797,223,396 p€ Ú 2016 Ë6 Ü30 Ú ß ¬ H Ü j 2,797,223,396 p • Q f

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2016 and 2017 in respect of the dilution as the impact of the Company's share options outstanding had no dilutive effect on the basic profit per share amounts presented.

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11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired items of property, plant and equipment at a total cost of HK$420,470,000 (six months ended 30 June 2016: HK$237,672,000), and disposed of items of property, plant and equipment with a total net carrying amount of HK$8,403,000 (six months ended 30 June 2016: HK$4,264,000).

12. ACCOUNTS AND BILLS RECEIVABLES

		30 June 2017 2017 Ë6 Ü30 Ú HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	31 December 2016 2016 Ë12 Ü31 Ú HK$'000 w ¥ © (Audited) € ¾ 2 è •
Accounts and bills receivables	Ð × * › ¿ C ½	2,027,217	1,446,904
Impairment	¯ =	(175,040)	(127,232)
		1,852,177	1,319,672

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for one to three months. Each

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12. ACCOUNTS AND BILLS RECEIVABLES (continued) 12. Ð × * › ¿ C ½€ ƒ •

An ageing analysis of the Group's accounts and bills receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

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		30 June 2017 2017 Ë6 Ü30 Ú HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	31 December 2016 2016 Ë12 Ü31 Ú HK$'000 w ¥ © (Audited) € ¾ 2 è •
Within 3 months	g H Ü «	1,485,659	1,039,048
3 to 12 months	g H Ü d Z H Ü «	324,029	252,501
1 to 2 years	S Ë G Ë «	32,733	19,296
Over 2 years	t @ G Ë	9,756	8,827
		1,852,177	1,319,672

13. ACCOUNTS AND BILLS PAYABLES 13. Ð ù * › ¿ C ½

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

õ S , K ˜ I « Ð ù * › ¿ C ½ * g 2 ï C Ú , ± ½ h j

		30 June 2017 2017 Ë6 Ü30 Ú HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	31 December 2016 2016 Ë12 Ü31 Ú HK$'000 w ¥ © (Audited) € ¾ 2 è •
Within 3 months	g H Ü «	2,272,303	1,114,518
3 to 12 months	g H Ü d Z H Ü «	131,132	75,035
1 to 2 years	S Ë G Ë «	6,297	1,251
Over 2 years	t @ G Ë	8,850	8,416
		2,418,582	1,199,220

At 30 June 2017, certain of the Group's bills payable were secured by the Group's bank deposits amounting to HK$45,260,000 (31 December 2016: HK$51,607,000).

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14. BUSINESS COMBINATION

On 17 November 2016, CCBL entered into the non-public sale equity transfer master agreement with KO and Swire pursuant to which:

(i) KO will procure its subsidiaries to transfer to CCBL all the issued share capital in Coca-Cola (Chongqing) Beverages Ltd, Coca-Cola (Jilin) Beverages Ltd, Coca-Cola Liaoning (Central) Beverages Ltd, and Coca-Cola (Heilongjiang) Beverages Ltd., 93.75% of the issued share capital in Coca-Cola Liaoning (North) Beverages Ltd, 89.3% of the issued share capital in Coca-Cola (Sichuan) Beverages Ltd, 75% of the issued share capital in Coca-Cola (Shanxi) Beverages Ltd, and 60% of the issued share capital in Coca-Cola Liaoning (South) Beverages Ltd, (the “CBL Companies”), for an aggregate base consideration of RMB2,900,000,000;

(ii) Swire will procure its subsidiaries to transfer to CCBL all the issued share capital in Swire Coca-Cola Beverages Shaanxi Limited (“Coca-Cola Shaanxi”) for an aggregate base consideration of RMB487,000,000; and

(iii) Such base considerations shall be subject to customary closing accounts adjustments by reference to the net cash balance and the working capital level of each entities as at the date of completion.

The CBL Companies and Coca-Cola Shaanxi are engaged in the processing, bottling and distribution of sparkling beverage products, and distributing still beverage products in various regions in Mainland China.

On 1 April 2017, the aforementioned acquisitions in relation to the CBL Companies and Coca-Cola Shaanxi were completed.

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(ii) Ä Z ® 4 I • n ® ! £ • 7 + ï Ä y € · Ø Þ " ® I€˜ y € ï ™•˜ Œ Å Š ï p I d ? I þ < X ‰ [O Æ 487,000,000 © i ¿

(iii) Þ ë ? I þ ² ý ¢ ¼ õ • Ó Ú , ˜ $ – q X ¿ 6 – å ; 1 Õ I t ò * f * Æ f

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14. BUSINESS COMBINATION (continued)

14. 8 ¥ € ƒ •

The Group has elected to measure the non-controlling interest in Coca-Cola Liaoning (North) Beverages Ltd, Coca-Cola (Sichuan) Beverages Ltd, Coca-Cola (Shanxi) Beverages Ltd, and Coca-Cola Liaoning (South) Beverages Ltd at the non-controlling interest's proportionate share of respective identifiable net assets.

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The fair values of the identifiable assets and liabilities of the CBL Companies and Coca-Cola Shaanxi as at the date of acquisition were as follows:

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		Notes • W	Fair value recognised on acquisition õ × … Û ½ © ˜ ® ; = HK$'000 w ¥ ©
Property, plant and equipment	J 8 e @ Ò ¿ £ ê		3,024,560
Prepaid land premiums	k ù z ® –		147,681
Other intangible assets	I ü Ì – *		–
Deferred tax assets	È · ü ° *		27,798
Inventories	À ¬		491,508
Accounts receivable	Ð × * ›		599,896
Prepayments, deposits and other receivables	k ù › ° e 2 – ¿ I ü Ð × › °		644,363
Cash and cash equivalents	$ – ¿ $ – = ° f		478,647
Accounts payable	Ð ù * ›		(1,024,590)
Other payables and accruals	I ü Ð ù › ° ¿ Ð À		(1,237,150)
Interest-bearing bank borrowings	¹ Õ > r		(1,123,740)
Tax payable	Ð ù ü °		(29,633)
Deferred income	È · ×]		(29,521)
Deferred tax liabilities	È · ü ° À		(10,158)
Total identifiable net assets at fair value	2 ® ; = Ž ˜ Æ 9 * = < X		1,959,661
Non-controlling interests	¢ › p Æ B		(187,161)
			1,772,500
Goodwill on acquisition	× … ‘	(b)	2,223,003
			3,995,503
Satisfied by:	ø h • Ù Ì µ ù j		
Cash	$ –		3,995,503
Contingent consideration	Ð Þ þ	(c)	–
			3,995,503

14. BUSINESS COMBINATION (continued)

(a) The fair value of the acquired identifiable intangible assets are provisional pending to the final valuation results performed by independent professionally qualified valuers.

(b) The goodwill is provisional subject to final valuation results of identified intangible assets, contingent consideration and other identifiable assets and liabilities.

(c) The contingent consideration represents the customary closing accounts adjustments on the base considerations by reference to the net cash balance and the working capital level of each entities as at the date of completion. As of 30 June 2017, contingent consideration is not recognised pending to the final valuation results performed by independent professionally qualified valuers and final confirmation on adjustments on the base considerations, if any, between counter parties.

14. 8 ¥ € ƒ •

(a) …] Y Æ 9 Ì – * ˜ ® ; = ‰ r › = d ð ^ – X _ Ô õ ¥ ø ù m = ª ˜ ð ^ = f

(b) ‘ ‰ r › = d ð ^ p X _ Ô õ Š Æ 9 Ì – * e Ð Þ þ ¿ I ü Æ 9 * ¿ À ˜ ð ^ = f

(c) Ð Þ þ 8 ý ¢ ¼ õ • Ó Ú , ˜ $ – q X ¿ 6 – å ; 1 ? I þ * ˜ Õ I t ò * f Æ f Ú 2017 Ë6 Ü30 Ú d _ õ ¥ ø ù m = ª Y ð ^ = S J • Ó d ø ¿ ¢ t ø Á Ó Ù ˜ œ Y ? I þ Æ€ ½ Þ • ð ^ ½ © d B Ð Þ þ J š ½ © f

14. BUSINESS COMBINATION (continued) 14. 8 ¥ € ƒ •

The Group incurred transaction costs of HK$49,262,000 for this acquisition. These transaction costs have been expensed and are included in profit or loss.

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An analysis of the net outflow of cash and cash equivalents in respect of the acquisition is follows:

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		HK$'000 w ¥ ©
Cash consideration	$ – þ	(3,995,503)
Cash and bank balances acquired	…] ˜ $ – ¿ Õ q	478,647
Net outflow of cash and cash equivalents in respect of the acquisition	× … Ô ¿ ˜ $ – ¿ $ – = ° f t X	(3,516,856)

Since the acquisition, the CBL Companies and Coca-Cola Shaanxi contributed HK$1,722,739,000 to the Group's revenue and profit of HK$19,977,000 to the consolidated profit for the six months ended 30 June 2017.

× … + ° ø 8 d y € · Ø ¿ y € ï ‰ I « Í ×]1,722,739,000 ¥ © ¿ ‰ Ú 2017 Ë 6 Ü30 Ú ß ¬ H Ü ˜] ¥ P ; Í P ;19,977,000 ¥ © f

Had the combination taken place at the beginning of the reporting period, the revenue from continuing operations of the Group and the profit of the Group for the period would have been HK$17,356,179,000 and HK$1,199,853,000, respectively.

J ¥ ; õ S , ‹ † d , œ « I « ˜ 5 ƒ ¾ 8 ×] ¿ I « ˜ P ; Z ± 9 ‰17,356,179,000 ¥ © ¿1,199,853,000 ¥ © f

15. DISPOSAL OF SUBSIDIARIES

	‘	Notes • W	For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü 2017 2017 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	2016 2016 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •
Net assets disposed of:	/ * = ½ h j			
Property, plant and equipment	J 8 e @ Ò ¿ £ ê		318,570	128,207
Investment properties	³ J 8		–	79,297
Prepaid land premiums	k ù z ® –		34,673	–
Prepayments for items of property, plant and equipment	J 8 e @ Ò ¿ £ ê ° f ˜ k ù › °		28	–
Goodwill	‘		102,897	–
Deferred tax assets	È · ü ° *			

15. DISPOSAL OF SUBSIDIARIES (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

		For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü	
		2017 2017 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	2016 2016 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •
Cash consideration	$ – þ	1,154,552	700,549
Cash and cash equivalents disposed of	/ ˜ $ – ¿ $ – = ° f	(51,278)	(17,329)

17. CAPITAL COMMITMENTS

17. I Õ Ä

In addition to the operating lease commitments detailed in note 16 above, the Group had the following capital commitments at the end of the reporting period:

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		30 June 2017 2017 Ë6 Ü30 Ú HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	31 December 2016 2016 Ë12 Ü31 Ú HK$'000 w ¥ © (Audited) € ¾ 2 è •
Contracted, but not provided for:	Š Ò (J d j		
Property, plant and equipment	J 8 e @ Ò ¿ £ ê	464,008	297,986

18. RELATED PARTY TRANSACTIONS 18. ë ¹ [{ t ø

(a) Apart from the transactions and balances disclosed elsewhere in the financial information, the Group had the following material transactions with related parties during the period:

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		For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü	
		2017 2017 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	2016 2016 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •
Transactions with fellow subsidiaries:	~ • û • n ® ! ˜ t øj		
Sales of goods	V / ¬ Ü	105,849	190,540
Purchases of goods	… o ¬ Ü	5,375,393	5,901,953
Service fee income	I ×]	3,135	8,310
Rental expenses	a – Õ	8,056	8,064
Service fee expenses	I Õ	4,726	10,480
Transactions with the ultimate holding company:	~ ð ^ › p ® ! ˜ t ø j		
Sales of goods	V / ¬ Ü	19	19
Rental expenses	a – Õ	11,717	11,773
Service fee expenses	I Õ	891	1,174
Transactions with associates:	~ L ® ! ˜ t ø j		
Sales of goods	V / ¬ Ü	95	8
Purchases of goods	… o ¬ Ü	865,742	901,772
Service fee income	I ×]	2,974	6,382
Commission income	) – ×]	27,589	29,424
Transactions with related companies#	~ ë ¹ ® ! ˜ t ø # j		
Purchases of goods	… o ¬ Ü	95,367	27,165

Related companies are companies under significant influence by the Group's ultimate holding company.

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These transactions were carried out in accordance with terms and conditions mutually agreed by the parties involved.

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18. RELATED PARTY TRANSACTIONS (continued)

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(b) Transaction with a related party

Pursuant to certain licensing agreements entered into between a subsidiary of the Group and COFCO Corporation, the Group was granted the exclusive rights to use certain trademarks for its kitchen food business. The licensing fees for the current period and the prior period were waived by COFCO Corporation.

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(c) Commitments with related parties

Pursuant to certain lease agreements entered into between the Group and COFCO Plaza Development Co., Ltd., a subsidiary of COFCO Corporation, the Group's future minimum lease payments amounted to approximately HK$5,517,000 as at 30 June 2017 (31 December 2016: HK$13,822,000).

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(d) Outstanding balances with related parties and non-controlling shareholders of the Group's subsidiaries

Except for (1) amounts due to non-controlling shareholders of subsidiaries of the Group of HK$25,855,000 (31 December 2016: HK$25,086,000) which are unsecured, interest-bearing at the rate of 4.3% (31 December 2016: 4.3%) and are not repayable within one year; and (2) amounts due to the ultimate holding company of HK$13,181,000 (31 December 2016: HK$12,789,000) which are unsecured, interest-free and repayable within one year, the remaining balances with the holding companies, fellow subsidiaries, associates, related companies and non-controlling shareholders of the Group's subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

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ð (1) Þ S ¤ l « • n ® ! ¢ › p p › ° 25,855,000 ¥€ 2016 Ë 12 Ü 31 Ú j 25,086,000 ¥ © •‰ Ì ê å e 24.3€ 2016 Ë12 Ü31 Ú j4.3 v • ¹ ¿ á ² õ S Ë « µ " i ¿ (2) Þ ð ^ › p ® ! › °13,181,000 ¥ © € 2016 Ë12 Ü31 Ú j12,789,000 ¥ © •‰ Ì ê å e 5 ¹ ¿ ² õ S Ë « µ " d l « • n ® ! ˜ › p ® ! e • û • n ® ! e L ® ! e ë ¹ ® ! ¿ ¢ › p p Y l q q i Ì ê å e 5 ¹ ò Ì x › " › , f

18. RELATED PARTY TRANSACTIONS (continued)

(e) Compensation of key management personnel of the Group

		For the six months ended 30 June Ú 6 Ü30 Ú ß ¬ H Ü 2017 2017 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •	 2016 2016 Ë HK$'000 w ¥ © (Unaudited) € J ¾ 2 è •
Short term employee benefits	õ , ‡ p E ;	4,189	5,166
Equity-settled share option expense	p I Q … p Æ š Õ	67	134
Pension scheme contributions	× ~ Œ 6 ›	247	262
Total compensation paid to key management personnel	ù š ô M # 4 [p ˜ G < X	4,503	5,562

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 30 June 2017 and 31 December 2016, other than the available-for-sale investments, of which the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably, the carrying amounts of the Group's financial instruments approximate to their fair values largely due to the short term maturities or long term maturities with floating interest rates of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

20. EVENTS AFTER THE REPORTING PERIOD

On 25 May 2017, COFCO Food Sales & Distribution Co., Ltd., a wholly-owned subsidiary of the Company, entered into an equity transfer and debt assignment agreement with COFCO Fortune Holdings Limited, a wholly-owned subsidiary of China Agri-Industries Holdings
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