

17 April 2009

**China Food Company Plc**  
("China Food" or "the Group")

**Final Results**  
**for the year ended 31 December 2008**

China Food (AIM: CFC.L), the established manufacturer of branded consumer condiment products (namely, soya sauce, vinegar and other condiments) and animal feeds, based in Shandong province of the People's Republic of China ("PRC"), is today pleased to announce its Preliminary Results for the year ended 31 December 2008.

<b>Financial Highlights</b>	<b>Year ended 31 December 2008</b>	<b>Year ended 31 December 2007</b>	<b>Change</b>
Revenue	£38.2m	£25.3m	+51.2%
EBITDA	£8.2m	£8.0m	+2.7%
Profit after tax	£5.2m	£5.3m	-1.8%
EPS <sup>1</sup>	7.89p	14.45p	-45.4%
Adjusted EPS <sup>2</sup>	7.89p	8.03p	-1.8%

<sup>1</sup>In 2007, the shares were only in issue for part of the year.

**Highlights**

- Early economic indicators for the PRC are positive as industrial output expanded by 5.1 per cent in the first quarter of 2009 from a year earlier, whilst in March it increased by 8.3 per cent year on year.
- Strong growth in revenues and good profit performance against a challenging domestic economic environment:
  - Strong profits growth in the condiments business contributing divisional profit<sup>3</sup> of £6.2m (2007: £5.5m) on higher turnover of £15.3m (2007: £11.8m)
  - Feed business accounted for higher proportion of turnover at £22.9m (2007: £13.4m) contributing divisional profit<sup>3</sup> of £3.0m (2007: £2.7m)
- The Group's investment in the expansion of its distribution network and the range of brands has been very successful, particularly in respect of its premium brands. As a result, the Group's "Fushi" soya sauce brand has risen in the national rankings from 47<sup>th</sup> place in 2007 to 9<sup>th</sup> place in 2008.
- China Food maintained its profitability, in the face of significant commodity price inflation, through improved inventory management, improved manufacturing efficiencies and price increases.
- Net cash at year end was £4.4m.
- Net assets at year end were £31.3m.
- New 50,000 tonnes factory is targeted for completion in the second half of 2009.

Commenting, John McLean, Chairman of China Food, said: "Our operations have continued to produce significant profits despite challenging conditions. Our brands continue to gain recognition and we are well invested for future growth and able to bring substantial new capacity on stream as conditions dictate. The Board is confident of the overall prospects of the Group and our investment into premium grade soya sauce will benefit from the inevitable growing affluence of the Chinese population."

<sup>2</sup>The Divisional Profit represents operating result of each division before finance income/expenses and unallocated corporate overheads (see paragraph on business segments in Chairman's Statement).

<sup>3</sup>The Adjusted EPS has been calculated using the number of shares in issue as at 31 December 2008 as the denominator for both years.

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# Chairman's Statement

## Introduction

We are delighted to report that despite the challenging conditions placed on both the Chinese economy and the well documented external conditions, the Group managed to continue its growth and achieve significant profits. The Group achieved revenues of £38.2 million with an EBITDA of £8.2 million for the financial year ending 2008. We were able to increase our sales and maintain profitability by improving both our inventory management and our manufacturing processes and also raising our prices. We ended the year with net assets of £31.3 million and net cash of £4.4 million.

## Market Overview

2008 was an eventful year for the People's Republic of China (the "PRC"). Triggered by one of its worst winters, commodity prices started rising immediately after the Chinese Lunar New Year in February 2008. Amidst the prices increases, the Chinese government removed the export rebate scheme, enacted stricter labour laws (increasing manpower costs), increased interest rates and raised bank reserve ratios in the bid to moderate the growth of the economy. Other significant events such as the Sichuan Earthquake and the Beijing Olympics also added strain on the supply-side economics which saw the Purchasing Price Index for raw materials, fuel and power rise significantly for the first nine months of the year.

The business climate was made worse in the last quarter of 2008 due to the food safety issues in the PRC caused by milk poisoning (melamine) incident and the collapse of the world financial sector. As a result of these two issues in late 2008, many companies in the PRC were forced to close down or lay off a significant number of employees. The Group was fortunate not to be in this position. The Chinese government passed a new food safety law in February 2009 (to be effective on 1 June 2009) as part of the ongoing efforts to ensure high food manufacturing standards. In addition, the Chinese government also implemented a stimulus package of RMB 4 trillion in January 2009 to boost the Chinese economy and set a GDP growth of 8.0% for FYE2009. Early economic indicators for the PRC are positive as industrial output expanded by 5.1 per cent in the first quarter of 2009 from a year earlier, whilst in March it increased by 8.3 per cent.

## 2008 Review

### Financial Performance

	Year ended 31 December 2008	Year ended 31 December 2007	Percentage Change
	£	£	
Revenue	38,215,255	25,268,223	+51.2%
EBITDA	8,244,556	8,027,121	+2.7%
Profit after tax	5,239,848	5,333,243	-1.8%
Gross profit margin	28.2%	35.3%	
Net profit margin	13.7%	21.1%	

Turnover for the financial year ended 31 December 2008 was £38.2 million (2007: £25.3 million). This represents annual growth of approximately 51.2 per cent. It was partially due to the depreciation of GBP against RMB during the year. The average rate of GBP to RMB for the year ended 31 December 2008 was 12.7762 (2007: 15.2293). Turnover denominated in original currency, i.e. RMB, shows an annual growth of approximately 26.9% per cent. The majority of the revenue growth was from the feed business which increased sales by 43.2% while the condiments business, which currently has significant capacity constraints, grew only 8.4%. However, net profit from the condiments business grew 4.4% while net profit from the feed business fell by 15.3% as the feed business was more vulnerable to the commodity price inflation in the first half of 2008.

The gross margin decreased from 35.3 per cent. to 28.2 per cent., and net profit margin dropped from 21.1 per cent. to 13.7 per cent. The decrease in gross margin was mainly due to a lower margin in the feed business. It was a combined result of increased raw material costs and change of sales mix in the feed business. We also incurred higher marketing and selling costs (approximately £833,000) in our expansion into neighbouring provinces, and the increased corporate overheads and professional fees after the listing due to full year effect (approximately £588,000).

EBITDA for the year was £8.2 million or 2.7% higher than 2007. Profit after tax was £5.2 million (2007: £5.3 million) representing a slight decrease only of approximately 1.8% on 2007. The increase in costs and decrease in margins was largely offset by the depreciation of GBP against RMB during the year.

### **Business Segments**

	Year ended 31 December 2008			Year ended 31 December 2007		
	Animal feed	Condiments	Total	Animal feed	Condiments	Total
	£	£	£	£	£	£
<b>Segment revenue</b>						
Sales to external customers	22,908,506	15,306,749	<b>38,215,255</b>	13,417,031	11,851,192	<b>25,268,223</b>
<b>Segment result</b>	3,008,885	6,174,258	<b>9,183,143</b>	2,662,366	5,530,260	<b>8,192,626</b>

From a segmental perspective, the animal feeds business continued to account for the majority of the Group's revenue comprising 59.9 per cent. of total turnover or £22.9 million (2007: 53.1%), with condiments representing the balance of £15.3 million. However, the condiments business contributed profits of £6.2 million which is approximately double the level of profits achieved by the animal feeds business.

Gross margin for the condiments business remained high at 48.3% (2007: 50.8%) as we were able to pass the bulk of the price increases to our customers. We also produced more high-end products as we tried to optimize revenue from our limited production capacity which saw our average revenue per tonne increase to RMB2,711 (2007: RMB2,266). While we raised our feed prices several times in 2008 (average revenue per tonne increased from RMB2,959 to RMB3,271 in 2008), we were only able to pass some of the price increases to our customers. The costs of raw materials rose higher than we could adjust our prices resulting in gross margins falling to 14.7% (2007: 21.6%). This is because the business remains highly competitive and the customer base (the livestock farmers) cannot absorb the price increases.

### **Shou Guang Facility**

Construction of our new facility has progressed significantly over 2008. The Group has to date invested approximately £10.5 million into the facility. The construction progress slowed deliberately due to the inflationary increases in construction material prices in the first 9 months of 2008. By the end of 2008, the bulk of the civil and structural works has been completed and the installation of the equipment is targeted for completion in 2009. We have already moved our corporate headquarters to the new facility.

### **Strategy**

There is no doubt that the PRC's economy will continue to grow and its people will become more affluent. Coupled with the Chinese government's aggressive fiscal policies, any slowdown should be temporary. However, the events in 2008 have significantly changed the playing field and the slowdown in early 2009 will create risks and uncertainty to the business. Accordingly the Group has decided to be prudent in its expansion plans and will prioritize its expenditures while pursuing its long term objectives.

The Group's strategy for 2009 is divided into 4 main areas:

#### *i. Improving our production capabilities*

With the Group's existing production facility operating at full capacity, the Group will continue to look into streamlining and improving its production process to increase production yield. The Group has also recently conducted a review of the condiments production process in relation to its food safety procedures and will be pursuing the international accreditation of the ISO22000 standard for its food manufacturing process by end 2009. The Group already has a strict set of quality checks and controls, and there were no food safety issues in the year.

#### *ii. Completion of our new facility*

We remain committed to completing the facility this year. While the short term business outlook remains difficult to predict, we are confident of the overall prospects of the business. The completion of the facility will allow us the flexibility to increase our production once the economy improves.

*iii. Building new markets*

The Group will continue to look at gaining and expanding a foothold into the neighbouring provinces like Hebei, Henan, Anhui, Jiangsu and Beijing. We will also look into participation in international food fairs to increase our brand presence and to build contacts outside the PRC. This will provide the Group with more avenues when we launch our premium grade soya sauce products.

*iv. Production and cost controls*

The Group will be reviewing its selling and marketing costs which increased significantly in 2008 in our efforts to build new markets. Instead of advertising and promotional events, we will be aiming for more below-the-line strategies, including sharing the costs with the distributors through higher sales rebates. This may not be as effective in building brand awareness but is more cost effective and it is anticipated that the results will be more tangible. The Group will also be reviewing other aspects of our cash management including inventory controls.

**Outlook**

Both business divisions were profitable in 2008 but neither has been immune from the inflationary pressures in commodity prices experienced last year. The feed business was badly affected by commodity price inflation last year and will continue to face challenges in the short term as the livestock industry is hit by reduced export demand and from increased competition. The Board remains optimistic about the condiment business and sees this as the driver for the Group. While it may still be affected, our range of products are essential to the staple diets of the Chinese population. The margins achievable from the condiments business are both higher and more sustainable than those in animal feeds.

The business remains resilient as we are able to change our product offerings. In 2008, we read the market accurately and produced and sold more compound feed over pre-mix feed. However, as margins for compound feed were lower, this change in sales mix led to a lower margin for feed business. Similarly, the current economic downturn has affected the sales of our premium condiment products. In response, we focused production on our low to medium range products which may have an effect on our margins. Regardless of the economic climate, our broad product range provides the Group with the flexibility to adapt to market conditions.

We look forward to the completion of our new 50,000 tonnes soya sauce factory which will produce mid to premium grade soya sauce and which is planned for later this year. However, in the light of the worldwide economic crisis, we will defer the completion and production launch date until there is greater visibility of demand, and the receipt of a bank facility which will provide additional funds for the completion of the factory and working capital for expansion. The bank discussions are at an advanced stage. In the current challenging conditions, we have adopted a more cautious financial plan for 2009 but results to date have been above the plan. We will look to review the plan in the second half of the year which traditionally performs better than the first half due to the seasonal nature of our business.

More importantly, our brand name and our products are gaining recognition, including being in the top 10 soya brands in the PRC. Our products are now being sold in TESCO which opened its first supermarket for Shandong Province in March 2009. The Board is confident of the overall prospects of the Group and our investment into premium grade soya sauce will benefit from the inevitable growing affluence of the Chinese population.

We would like to thank the management and the employees for their hard work and their continued dedication to the Group. We would also like to thank the shareholders for their support.

John McLean  
Chairman  
17 April 2009

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Revenue		38,215,255	25,268,223
Cost of sales		(27,450,231)	(16,356,400)
Gross profit		<u>10,765,024</u>	<u>8,911,823</u>
Other operating income		11,732	77,083
Selling and marketing costs		(1,309,728)	(476,839)
Administrative costs		(1,685,150)	(820,470)
Operating result		<u>7,781,878</u>	<u>7,691,597</u>
Finance costs		(356,489)	(245,808)
Finance income		80,616	74,496
Profit before tax		<u>7,506,005</u>	<u>7,520,285</u>
Taxation	3	(2,266,157)	(2,187,042)
Profit for the year		<u><u>5,239,848</u></u>	<u><u>5,333,243</u></u>
Earnings per share			
- Basic (pence)	4	7.89	14.45
- Fully diluted (pence)	4	7.89	14.45

There are no discontinued operations.

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Notes	As at 31 December 2008 £	As at 31 December 2007 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		29,731,896	11,176,170
Land use rights lease prepayments		9,017,917	6,393,551
<b>Total non-current assets</b>		<b>38,749,813</b>	<b>17,569,721</b>
<b>Current assets</b>			
Inventories		1,317,679	576,319
Land use rights lease prepayments		196,020	113,811
Trade and other receivables		520,119	578,338
Cash and cash equivalents		4,414,136	7,269,551
<b>Total current assets</b>		<b>6,447,954</b>	<b>8,538,019</b>
<b>Total assets</b>		<b>45,197,767</b>	<b>26,107,740</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		4,928,590	3,978,481
Bank loans		2,484,820	1,339,372
Current portion of shareholders' loans	5	478,137	546,868
Current tax payable		906,101	737,807
<b>Total current liabilities</b>		<b>8,797,648</b>	<b>6,602,528</b>
<b>Net current (liabilities)/assets</b>		<b>(2,349,694)</b>	<b>1,935,491</b>
<b>Total assets less current liabilities</b>		<b>36,400,119</b>	<b>19,505,212</b>
<b>Non-current liabilities</b>			
Shareholder's loan	5	5,132,001	2,550,464
		5,132,001	2,550,464
<b>Net assets</b>		<b>31,268,118</b>	<b>16,954,748</b>
<b>EQUITY</b>			
Share capital	6	2,656,000	2,656,000
Share premium		25,677,529	25,677,529
PRC statutory reserve		2,340,388	1,806,903
Reverse acquisition reserve		(23,991,766)	(23,991,766)
Shares to be issued reserve		50,000	50,000
Foreign exchange translation reserve		9,408,210	334,688
Merger reserve		2,216,046	2,216,046
Retained profits		12,911,711	8,205,348
		31,268,118	16,954,748

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

Notes	Year ended 31 December 2008 £	Year ended 31 December 2007 £
<b>Cash flows from operating activities</b>		
Profit before tax	7,506,005	7,520,285
Adjustments for:		
Depreciation	283,077	227,280
Amortisation of land use rights lease prepayments	179,601	108,244
Loss on disposal of property, plant and equipment	166	6,595
Reversal of impairment loss on trade and other receivables	(298)	(1,284)
Interest expenses	356,489	245,808
Other income	(80,616)	(151,579)
<b>Operating profit before working capital changes</b>	8,244,424	7,955,349
Changes in working capital:		
Inventories	(741,360)	(288,599)
Trade and other receivables	58,517	512,056
Trade and other payables	588,142	1,948,410
<b>Cash generated from operations</b>	8,149,723	10,127,216
Interest received	80,616	93,774
Income taxes paid	(2,097,863)	(2,034,642)
<b>Net cash generated from operating activities</b>	6,132,476	8,186,348
<b>Cash flows from investing activities</b>		
Net cash flow arising from acquisitions	-	1,784,292
Payment for acquisition of property, plant and equipment	(10,572,892)	(6,752,193)
Repayment of convertible loan receivable	-	167,113
Proceeds from disposal of property, plant and equipment	2,912	3,414
Pre-payment for land use rights	-	(169,411)
Proceeds from sale of business license	-	65,663
<b>Net cash used in investing activities</b>	(10,569,980)	(4,901,122)
<b>Cash flows from financing activities</b>		
Proceeds from bank loan	469,623	39,398
Repayment of bank loan	(46,962)	(517,425)
Proceeds from issue of ordinary shares of Full Fortune	-	2,492,494
Proceeds from shareholder loan	1,261,798	2,474,629
Repayment of shareholder loan	(217,867)	-
Interest paid	(286,326)	(153,377)
Dividend paid	-	(4,103,945)
<b>Net cash generated from financing activities</b>	1,180,266	231,774
<b>Net (decrease)/increase in cash and cash equivalents</b>	(3,257,238)	3,517,000
Effect of foreign exchange rate changes	401,823	95,950
<b>Cash and cash equivalents at beginning of period</b>	7,269,551	3,656,601
<b>Cash and cash equivalents at end of period</b>	4,414,136	7,269,551

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Share capital £	Share premium £	Shares to be issued reserve £	Reverse acquisition reserve £	Merger reserve £	PRC statutory reserves £	Foreign currency translation reserve £	Retained profits £	Total equity £
<b>As at 1 January 2007</b>	3,425	-	-	-	2,216,046	1,219,197	(453,024)	7,559,219	10,544,863
Foreign currency translation differences	-	-	-	-	-	-	787,712	-	787,712
Net income/(expense) recognised directly in equity	-	-	-	-	-	-	787,712	-	787,712
Profit for the year	-	-	-	-	-	-	-	5,333,243	5,333,243
Total recognised income and expense for the year	-	-	-	-	-	-	787,712	5,333,243	6,120,955
Issue of ordinary shares of China Food	2,656,000	25,677,529	-	-	-	-	-	-	28,333,529
Reverse acquisition adjustments in share capital	(3,425)	-	-	-	-	-	-	-	(3,425)
Share options granted	-	-	50,000	-	-	-	-	-	50,000
Reverse acquisition of Full Fortune	-	-	-	(23,991,766)	-	-	-	4,537	(23,987,229)
Transfer to PRC statutory reserves	-	-	-	-	-	587,706	-	(587,706)	-
Dividends paid	-	-	-	-	-	-	-	(4,103,945)	(4,103,945)
<b>As at 31 December 2007</b>	2,656,000	25,677,529	50,000	(23,991,766)	2,216,046	1,806,903	334,688	8,205,348	16,954,748
Foreign currency translation differences	-	-	-	-	-	-	9,073,522	-	9,073,522
Net income/(expense) recognised directly in equity	-	-	-	-	-	-	9,073,522	-	9,073,522
Profit for the year	-	-	-	-	-	-	-	5,239,848	5,239,848
Total recognised income and expense for the year	-	-	-	-	-	-	9,073,522	5,239,848	14,313,370
Transfer to PRC statutory reserves	-	-	-	-	-	533,485	-	(533,485)	-
<b>As at 31 December 2008</b>	2,656,000	25,677,529	50,000	(23,991,766)	2,216,046	2,340,388	9,408,210	12,911,711	31,268,118

## Notes

### 1. General Information

Principal activities of China Food Company Plc ("China Food" or the "Company") and its subsidiaries (the "Group") include the development, manufacture and distribution of condiments and animal feed products. The Group's main operations are in the People's Republic of China (the "PRC").

China Food, a public limited company, is the Group's ultimate parent company. It is incorporated and domiciled in the United Kingdom. The address of China Food's registered office is 17 Handover Square, London W1S 1HU. China Food's shares are listed on the AIM market of the London Stock Exchange.

### 2. Changes in accounting policies

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous financial year.

#### 2.1 Standards and Interpretations in issue, not yet effective

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in China Food's 2008 group financial statements.

		<i>Effective date (Annual periods beginning on or after)</i>
IAS 1	Presentation of Financial Statements (revised 2007)	1 January 2009
IAS 23	Borrowing Costs (revised 2007)	1 January 2009
IAS 27	Consolidated and Separate Financial Statements (revised 2008)	1 July 2009*
IAS 27	Consolidated and Separate Financial Statements – Costs of Investment in a Subsidiary, Jointly Controlled Entity and Associate	1 January 2009
IAS 32	Financial Instruments: Presentation	1 January 2009
IFRS 2	Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
IFRS 3	Business Combinations (revised 2008)	1 July 2009*
IFRS 7	Financial Instruments: Disclosures – Improving Disclosures About Financial Instruments	1 January 2009*
IFRS 8	Operating Segments	1 January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008*

\* not endorsed by the European Union at the date on which the financial statements were approved

IAS 1 (revised) and IFRS 8 are both expected to have a significant impact on presentation and disclosure within the financial statements, although neither will result in measurement changes.

Based on China Food's current business model and accounting policies, management does not expect material impacts on China Food's group financial statements when the standards and Interpretations become effective.

China Food does not intend to apply any of these pronouncements early.

### 3. Income tax

(a) The major components of income tax expense are as follows:

	<b>Year ended 31 December 2008</b>	<b>Year ended 31 December 2007</b>
	£	£
Current income tax		
Provision for PRC Enterprise Income Tax	2,266,157	2,187,042
<b>Income tax expense recognised in the income statement</b>	<b>2,266,157</b>	<b>2,187,042</b>

China Food is subject to a United Kingdom Tax rate of 30% (2007: 30%).

Full Fortune is subject to a Singapore Income Tax rate of 18% (2007:18%). As Full Fortune has no trading income, the expenses incurred cannot be carried forward as tax losses.

Fuss Feed is subject to a PRC Enterprise Income Tax rate of 25% (2007: 15%).

Fu-Rich is subject to a PRC Enterprise Income Tax rate of 25% (2007: 33%).

With effect from 1 January 2008, both Fu-Rich and Fuss Feed were subject to a unified PRC Enterprise Income Tax rate of 25%.

Fuss Biotech is not subject to PRC Enterprise Income Tax as it enjoyed tax holiday for the year ended 31 December 2008 (2007: Nil).

(b) A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates is as follows:

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Accounting profit before tax	7,506,005	7,520,285
Tax at the domestic income tax rates applicable to profits in the countries where the Group operates	2,260,579	2,184,549
<i>Adjustments:</i>		
- Income not subject to taxation	(37)	(205)
- Non-deductible expenses	5,419	22
- Others	196	2,676
<b>Income tax expense recognised in the income statement</b>	<b>2,266,157</b>	<b>2,187,042</b>

No deferred tax asset or liability is recognised, principally as a result of the taxable profits for the China companies equating to accounting profits, and there being no differences between the tax basis of assets and liabilities and the carrying values in the balance sheet.

(c) There was no material unprovided deferred tax as at 31 December 2008.

#### 4. Earnings per share and dividends

	Year ended 31 December 2008			Year ended 31 December 2007		
	Net Profit £	Weighted average number of shares	Earnings per share pence	Net Profit £	Weighted average number of shares	Earnings per share pence
Basic earnings per ordinary share	5,239,848	66,399,991	7.89	5,333,243	36,913,304	14.45
Fully diluted earnings per ordinary share	5,239,848	66,399,991	7.89	5,333,243	36,919,233	14.45
Adjusted earnings Per ordinary share	5,239,848	66,399,991	7.89	5,333,243	66,399,991	8.03

Earnings per share has been calculated on 66,399,991 shares (2007: 36,913,304 shares), and on attributable earnings of £5,239,848 (2007: £5,333,243)

The warrant granted to Strand Partners to subscribe 1,328,000 shares at 50 pence per share has no dilution effect on the calculation of the earnings per share as the market price of the Company's share was lower than 50 pence at 31 December 2008. In 2007 the dilution had no impact on the EPS amounts disclosed.

The adjusted EPS has been calculated using the number of shares in issue as at 31 December 2008 as the denominator for both years.

Prior to the completion of the reverse acquisition, a Full Fortune subsidiary company paid dividends of £4,103,945 directly to one of the equity shareholders. This payment was made with the consent of the other equity shareholders, all of whom had waived their rights to dividends.

No dividend is proposed for the year ended 31 December 2008 (2007: Nil).

#### 5. Shareholders' loans

	As at 31 December 2008 £	As at 31 December 2007 £
Current	478,137	546,868
Non-current	5,132,001	2,550,464
	<b>5,610,138</b>	<b>3,097,332</b>

These are two shareholder loans in place – one denominated in USD which is non-current, and one denominated in SGD which is current. In 2007, there were two shareholder loans in place – one denominated in USD which had both current and non-current elements, and one denominated in SGD which was current only.

The current portion of the loan from a shareholder is denominated in SGD (2007 loans: USD and SGD), and is unsecured, interest free (2007: interest at a rate of 6.5% per annum) and repayable on demand.

The non-current portion of the loan from a shareholder is denominated in USD, and is unsecured, bears interest of 5% per annum and will expire on 11 November 2010.

**6. Share capital**

	No. of shares	£
<b>Authorised</b>		
As at 1 February 2007 - Ordinary shares of 0.1p each	500,000,000	500,000
Increase in authorised share capital effected on 9 December 2007	3,500,000,000	3,500,000
	<u>4,000,000,000</u>	<u>4,000,000</u>
1 for 40 consolidation effected on 9 December 2007	100,000,000	4,000,000
As at 31 December 2007 and 31 December 2008		
- Ordinary shares of 4p each	<u>100,000,000</u>	<u>4,000,000</u>
<b>Issued, called up and fully paid</b>		
As at 1 February 2007 - Ordinary shares of 0.1p each	2	0
Shares issued on 17 April 2007	50,000,000	50,000
Shares issued on 12 June 2007	320,000,000	320,000
Shares subscribed on 5 December 2007	38	0
	<u>370,000,040</u>	<u>370,000</u>
1 for 40 consolidation effected on 9 December 2007	9,250,001	370,000
Subscription of shares of 4p each on 9 December 2007	16,666,666	666,667
Shares issued in respect of the acquisition of Full Fortune	40,333,333	1,613,333
Shares issued for partial settlement of advisory fees payable to Strand Partners	149,991	6,000
As at 31 December 2007 and 31 December 2008		
- Ordinary shares of 4p each	<u>66,399,991</u>	<u>2,656,000</u>

**7. Publication of non-statutory accounts**

The financial information set out in this preliminary announcement does not constitute the Group's financial statements for the year ended 31 December 2008 and the year ended 31 December 2007.

The financial statements for the year ended 31 December 2007 were prepared in accordance with applicable International Financial Reporting Standards ("IFRSs") as adopted by the EU and under the historical cost convention and have been delivered to the Registrar of Companies.

The financial statements for the year ended 31 December 2008 will be delivered to the Registrar of Companies following the Company's Annual General Meeting on 27 May 2009. The auditors' report on both accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under sections 237(2) or (3) of the Companies Act 1985.

The full audited financial statements of China Food Company Plc for the period ended 31 December 2008 are expected to be posted to shareholders in due course and will be available to the public at the Company's registered office, and available to view on the Company's website at [www.chinafoodcompany.com](http://www.chinafoodcompany.com).