HONG KONG FOOD INVESTMENT HOLDINGS LIMITED
香 港 食 品 投 資 控 股 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code : 60)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

INTERIM RESULTS

The board of directors (the "Board") of Hong Kong Food Investment Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2012, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	**Six months ended 30 September** **2012** **Unaudited** ***HK$'000***	2011 Unaudited *HK$'000*
REVENUE	3	**230,271**	375,416
Cost of sales		**(222,253)**	(360,805)
Gross profit		**8,018**	14,611
Other income and gains	3	**3,213**	827
Selling and distribution expenses		**(5,556)**	(1,748)
Administrative expenses		**(13,238)**	(12,152)
Finance costs	4	**(2,056)**	(1,085)
Share of profits and losses of associates		**12,902**	9,036
Fair value gains/(losses) on financial assets at fair value through profit or loss		**6**	(7,849)
PROFIT BEFORE TAX	5	**3,289**	1,640
Income tax	6	**–**	–
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**3,289**	1,640
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY – Basic and diluted	8	**1.27**	0.63

Details of the dividends payable and proposed for the period are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September 2012 Unaudited *HK$'000*	2011 Unaudited *HK$'000*
PROFIT FOR THE PERIOD	**3,289**	1,640
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		
Share of other comprehensive income/(loss) of associates, net of tax	**4,107**	(1,592)
Exchange differences on translation of foreign operation	**160**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**4,267**	(1,592)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**7,556**	48

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2012 Unaudited** *HK$'000*	31 March 2012 Audited *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**83,559**	76,822
Investments in associates		**348,536**	338,838
Deferred tax assets		**2,961**	2,961
Other non-current asset		**540**	540
Total non-current assets		**435,596**	419,161
CURRENT ASSETS			
Due from associates		**–**	154
Inventories		**136,854**	168,068
Trade receivables	9	**40,256**	52,603
Tax recoverable		**269**	269
Prepayments, deposits and other receivables		**8,266**	1,623
Financial assets at fair value through profit or loss		**255**	15,118
Cash and cash equivalents		**63,468**	63,960
Total current assets		**249,368**	301,795
CURRENT LIABILITIES			
Trade and bills payables	10	**39,681**	26,873
Other payables and accruals		**12,731**	12,622
Interest-bearing bank borrowings		**203,332**	255,292
Total current liabilities		**255,744**	294,787
NET CURRENT ASSETS/(LIABILITIES)		**(6,376)**	7,008
TOTAL ASSETS LESS CURRENT LIABILITIES		**429,220**	426,169
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,450**	1,450
Net assets		**427,770**	424,719
EQUITY			
Issued capital		**25,959**	25,959
Reserves		**401,811**	396,164
Proposed dividends		**–**	2,596
Total equity		**427,770**	424,719

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those adopted in the preparation of the annual financial statements for the year ended 31 March 2012.

Despite the Group's net current liabilities of HK$6,376,000 as at 30 September 2012, the unaudited condensed consolidated interim financial statements have been prepared on a going concern basis on the basis of the contention of the Company's directors that the Group has sufficient cash flows in the foreseeable future to enable it to continue its operations and meet its liabilities as and when they fall due.

In the current period, the Group has adopted, for the first time, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretations issued by the HKICPA, which are effective for accounting periods beginning on or after 1 April 2012.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures - Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes - Deferred Tax: Recovery of Underlying Assets*

The adoption of these new and revised HKFRSs has had no material effect on the unaudited condensed consolidated interim financial statements of the Group for the current and prior accounting periods.

The Group has not adopted the new or revised HKFRSs that have been issued but are not yet effective for the current accounting period. The directors of the Company anticipate that the adoption of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments for the period ended 30 September 2012 as follows:

(i) the trading segment is engaged in the trading of frozen meat, seafood and vegetables

(ii) the retailing segment is engaged in the retailing of consumer goods

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's profit before tax except that interest income, dividend income and unallocated gains, fair value gains on financial assets at fair value through profit or loss, finance costs, share of profits and losses of associates and corporate and other unallocated expenses are excluded from such measurement.

For the period ended 30 September 2011, the Group had only one single operating segment which was the trading of frozen meat, seafood and vegetables. The Group's turnover, representing sales of goods, and operating results were substantially derived from the business activities in Hong Kong. Accordingly, no segment information was presented as only one business report was reviewed by management to make strategic decisions.

	Trading Six months ended 30 September 2012 Unaudited *HK$'000*	Retailing Six months ended 30 September 2012 Unaudited *HK$'000*	Total Six months ended 30 September 2012 Unaudited *HK$'000*
Segment revenue:			
Sales to external customers	**217,417**	**12,854**	**230,271**
Segment results	**(5,194)**	**(3,180)**	**(8,374)**
Reconciliation:			
Interest income			**13**
Dividend income and unallocated gains			**2,006**
Fair value gains on financial assets at fair value through profit or loss			**6**
Finance costs			**(2,056)**
Share of profits and losses of associates			**12,902**
Corporate and other unallocated expenses			**(1,208)**
Profit before tax			**3,289**

3. 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. An analysis of revenue, other income and gains is as follows:

	Six months ended 30 September	
	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Revenue	**230,271**	375,416
Other income		
Bank interest income	**13**	39
Dividend income from financial assets at fair value through profit or loss	**686**	163
Gross rental income	**338**	484
Commission income	**–**	55
Claims received	**111**	86
	1,148	827
Gains		
Foreign exchange differences, net	**386**	–
Gain on disposal of financial assets at fair value through profit or loss	**1,320**	–
Gain on deemed acquisition of additional interests in an associate	**359**	–
	2,065	–
	3,213	827

4. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Interest on bank and trust receipt loans wholly repayable within one year	**2,056**	1,085

5. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Cost of inventories sold	**233,718**	362,085
Depreciation	**1,577**	1,446
Minimum lease payments under operating leases in respect of land and buildings	**14,434**	11,621
Reversal of write-down of inventories to net realisable value	**(11,465)**	(1,280)

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had adequate tax losses available for utilisation against assessable profits generated in Hong Kong. In the prior period, no provision for Hong Kong profits tax was made as the Group did not generate any assessable profits arising in Hong Kong during that period. No tax on profits assessable elsewhere has been calculated at the rate of tax prevailing in the country/jurisdiction in which the Group operates during the current period.

The share of tax attributable to associates amounting to HK$3,744,000 (2011: HK$2,941,000) is included in "Share of profits and losses of associates" in the unaudited condensed consolidated income statement.

7. DIVIDEND

	Six months ended 30 September	
	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Proposed interim – Nil (2011: HK1.0 cent per ordinary share)	**–**	2,596

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

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company of HK$3,289,000 (2011: HK$1,640,000), and on the 259,586,000 (2011: 259,586,000) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2012 and 2011 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

9. TRADE RECEIVABLES

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 one to three months.

An aged analysis of trade receivables as at 30 September 2012 and 31 March 2012, based on the invoice date and net of impairment provisions, is as follows:

	30 September 2012	31 March 2012
	Unaudited	Audited
	HK$'000	*HK$'000*
Within 1 month	**27,005**	37,194
1 to 2 months	**13,131**	13,502
Over 2 months	**120**	1,907
	40,256	52,603

10. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at 30 September 2012 and 31 March 2012, based on the invoice date, is as follows:

	30 September 2012	31 March 2012
	Unaudited	Audited
	HK$'000	*HK$'000*
Within 1 month	**35,178**	25,245
1 to 2 months	**4,503**	1,628
	39,681	26,873

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

Included in trade payables is an amount due to the Group's associate of HK$577,000 (31 March 2012 : Nil), which is settled on similar credit terms of other trade payables and is in accordance with the master supply agreement entered into between Four Seas Mercantile Holdings Limited and the Company. Details of which is included in the Company's announcement dated 6 August 2012.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2012 (2011: HK1.0 cent per ordinary share).

BUSINESS REVIEW AND PROSPECTS

Business Review

For the six months ended 30 September 2012, the Group's turnover was HK$230,271,000 (2011: HK$375,416,000) and the profit attributable to equity holders of the Company was HK$3,289,000 (2011: HK$1,640,000).

Frozen Meat Trading

For the period under review, market condition of frozen meat trading was similar to the latter part of last financial year. Local demand remained weak whilst overseas import was plentiful which led to lowering of gross margin. In order to minimise risk, the Group reduced the volume of purchases and hence the sales for the period also decreased.

Capturing Mainland China's policy of building wealthy communities throughout the nation, stimulating internal consumption, raising income level and living standards of its people, the Group has started to focus on establishing 10-dollar specialty retail chain of mini department stores, "Daiso Living Department Store", to sell consumer products at budget prices. During the period, two specialty stores were successfully opened in Guangzhou, which offer more than ten thousand items for customers' choice. The products have been well received by the customers and gained an overwhelming response.

Investment in Food Business

Apart from frozen meat trading, the Group has strategically held equity interests in an associate, Four Seas Mercantile Holdings Limited ("FSMHL"), as a long-term investment, which enables the Group to have a diversified business portfolio and enjoy the share of profit from FSMHL. As at 30 September 2012, the Group held equity interests in FSMHL of approximately 29.67% and shared a profit after tax of HK$12,902,000.

Food distribution is the core business of FSMHL. It has developed excellent relationships with suppliers all over the world and distributes the finest products under hundreds of internationally renowned brands for more than forty years. Capitalising on FSMHL's superb sales management team and comprehensive distribution network, it has commanded a leading position in the food industry of Hong Kong.

BUSINESS REVIEW AND PROSPECTS (Continued)

Investment in Food Business (Continued)

For food manufacturing, with 20 manufacturing plants in both Mainland China and Hong Kong, FSMHL continued to exert its strength on production. Benefiting from the advantage of integrating production facilities with comprehensive marketing strategies, FSMHL has been able to produce a wide variety of high quality products including seaweed, candies, puffed snacks, peanuts, potato chips, prawn crackers, corn sticks, instant noodles, biscuits, cakes, chestnuts, ham, sausages, frozen dim sum, Tsubu Tsubu orange drinks, coffee, milk tea, lemon tea, green tea, Oolong tea and dairy drinks, all of which have been well received by consumers. It has been the core corporate value of FSMHL for complying stringent standard of quality controls. Over the years, FSMHL has established a strong culture of food safety control which received numerous accreditations from relevant international institutions.

With diligent effort to develop its own-private brand, “Four Seas” brand has now been the super brandname in Hong Kong which gained numerous accolades and awards. Its brand value continues to increase. Benefiting from the launch of a series of brand reinforcement of television commercial advertisements by celebrity endorsers, “Four Seas” brand has been highly recognised and well received by consumers.

For catering business, Panxi Restaurant, located along the lakeside of Liwan which is one of the most famous sightseeing spots in Guangzhou, has dining seats of more than 3,000. It received the status of “National Grade Restaurant”, the titles of “Old Chinese Trademark” and “Guangzhou Top 10 Gifts”. The well-known “Eight Famous Dishes and Eight Delicious Dim Sum” of Panxi Restaurant won various prizes from national and international cuisine competitions. Its old-fashioned furniture, hand-painted window glass and classic interior settings along with its winding corridors show the unique southern Chinese architecture style in Panxi Restaurant. Serving with famous authentic cuisine and Chinese imperial dishes, Panxi Restaurant has been a favourable venue for parties and business get together and a new focus for tourism which contributes a noteworthy business. Furthermore, FSMHL’s specialty restaurants, including a Japanese-style restaurant, “Restaurant Shiki”, Japanese dumpling shops “Osaka Ohsho”, and the award-winning vegetarian restaurant “Kung Tak Lam Shanghai Vegetarian Cuisine” and sushi restaurant chain “Sushi Oh” in Mainland China, have been well received by customers.

For retail business, with over 80 outlets scattered over every district of Hong Kong providing trendy snack foods to consumers, “Okashi Land” is a leading specialty chain in retail business. It is highly applauded by consumers in both Mainland China and Hong Kong. Celebrating the commemoration of its 15th anniversary this year, “Okashi Land” was delighted to launch a series of promotional campaigns and customer loyalty reward program in the period which were also well received by the customers.

BUSINESS REVIEW AND PROSPECTS (Continued)

Prospects

Looking forward, in view of high volatility of supply prices over the years, continued excess overseas supply recently, and anticipated increase in market risk, the Group will prudently reduce the business of frozen meat trading temporarily. At the same time, the Group will aggressively develop the business of 10-dollar specialty retail chain of mini department stores. The Group will initially focus on developing the retail operation in the region of Guangdong Province. More shops will be opened in future to expand the sources of income. Besides, the long-term investment in FSMHL will continue to contribute earnings to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and facilities granted by its principal bankers. As at 30 September 2012, the Group had banking facilities of HK$446,000,000 of which 46% had been utilised. The Group had a gearing ratio of 48% as at 30 September 2012. This is expressed as the total bank borrowings to equity attributable to equity holders of the Company. Bank borrowings of the Group, denominated in Hong Kong dollars, are mainly short term loans and trust receipt loans (the "Interest-Bearing Bank Borrowings") at prevailing market interest rates. The Interest-Bearing Bank Borrowings which are classified as current liabilities are repayable within one year. As at 30 September 2012, the Group held cash and cash equivalents of HK$63,468,000. There were no significant changes in the Group's contingent liabilities and no charges on the Group's assets during the period under review.

STAFF EMPLOYMENT

The total number of employees of the Group as at 30 September 2012 was 147. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2012.

CORPORATE GOVERNANCE

The Group strives to maintain high standards of corporate governance to enhance shareholders value and safeguard shareholders interests. The Company's directors are of the view that the Company has met the code provisions listed in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules for the six months ended 30 September 2012, except for the following deviations:

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

Currently, all independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Code Provision A.4.2

Under the code provision A.4.2, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the Articles of Association of the Company, any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting and shall then be eligible for re-election. The Board considers that such a deviation is not material as casual vacancy seldom appears and interval between the appointment made to fill casual vacancy and the immediate following annual general meeting is short.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding securities transactions by directors of the Company (the "Code of Conduct"). Having made specific enquiry of all directors of the Company, the directors have confirmed that they have complied with the required standard as set out in the Code of Conduct throughout the six months ended 30 September 2012.

The Company has also established the Code for Securities Transactions by the Relevant Employees (the "Employees Code") on no less exacting terms than the Model Code for securities transactions by the employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Code by the employees was noted by the Company throughout the six months ended 30 September 2012.

AUDIT COMMITTEE

The Audit Committee of the Company comprises all the three independent non-executive directors, namely Mr. Chan Kay Cheung *(Chairman of the Audit Committee)*, Mr. Lan Yee Fong, Steve John and Mr. Lui Shing Ming, Brian. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2012 and discussed with the management on the accounting principles and practices adopted by the Group, internal controls and financial reporting matters.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Company's interim results announcement was published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hongkongfoodinvestment.com.hk.

The interim report of the Company for the six months ended 30 September 2012 containing information required by Appendix 16 of the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

The Board of Directors of the Company would like to express sincere appreciation to the shareholders, business partners and staff for their continued support to the Group.

THE BOARD

As at the date of this announcement, the directors of the Company are Dr. TAI Tak Fung, Stephen, Mr. MAN Wing Cheung, Ellis, Mr. YIP Wai Keung, Mr. TSE Siu Wan and Mr. LAI Yuk Chuen as executive directors, and Mr. CHAN Kay Cheung, Mr. LAN Yee Fong, Steve John and Mr. LUI Shing Ming, Brian as independent non-executive directors.

On behalf of the Board
Dr. TAI Tak Fung, Stephen, *SBS, GBS, JP*
Chairman

Hong Kong, 30 November 2012