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 RESULTS FOR THE YEAR ENDED 31 MARCH 2013

RESULTS

The Board of Directors (the "Board") of Hong Kong Food Investment Holdings Limited (the "Company") announces the preliminary consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
REVENUE	4	**386,056**	711,865
Cost of sales		**(393,679)**	(725,838)
Gross loss		**(7,623)**	(13,973)
Other income and gains	4	**3,902**	2,980
Selling and distribution expenses		**(16,549)**	(3,387)
Administrative expenses		**(28,975)**	(29,885)
Finance costs	5	**(3,979)**	(3,088)
Share of profits and losses of associates		**32,874**	15,506
Fair value gains/(losses) on financial assets at fair value through profit or loss		**18**	(5,044)
LOSS BEFORE TAX	6	**(20,332)**	(36,891)
Income tax expense	7	**(3,288)**	(292)
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**(23,620)**	(37,183)
		HK cents	*HK cents*
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY – Basic and diluted	9	**(9.10)**	(14.32)

Details of the dividends are disclosed in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	2013	2012
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(23,620)**	(37,183)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		
Share of other comprehensive income/(loss) of associates, net of tax	**8,232**	(480)
Exchange differences on translation of foreign operations	**391**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**8,623**	(480)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**(14,997)**	(37,663)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2013

	Notes	**2013**	2012
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**88,794**	76,822
Investments in associates		**370,465**	338,838
Prepayments and deposits		**2,522**	–
Deferred tax assets		**–**	2,961
Other non-current asset		**540**	540
Total non-current assets		**462,321**	419,161
CURRENT ASSETS			
Due from associates		**–**	154
Inventories		**74,830**	168,068
Trade receivables	10	**22,377**	52,603
Tax recoverable		**269**	269
Prepayments, deposits and other receivables		**6,059**	1,623
Financial assets at fair value through profit or loss		**178**	15,118
Cash and cash equivalents		**65,884**	63,960
Total current assets		**169,597**	301,795
CURRENT LIABILITIES			
Due to an associate		**181**	–
Trade and bills payables	11	**28,904**	26,873
Other payables and accruals		**11,157**	12,622
Interest-bearing bank borrowings		**183,786**	255,292
Total current liabilities		**224,028**	294,787
NET CURRENT ASSETS/(LIABILITIES)		**(54,431)**	7,008
TOTAL ASSETS LESS CURRENT LIABILITIES		**407,890**	426,169
NON-CURRENT LIABILITIES			
Accruals		**897**	–
Deferred tax liabilities		**1,777**	1,450
Total non-current liabilities		**2,674**	1,450
Net assets		**405,216**	424,719
EQUITY			
Issued capital		**25,959**	25,959
Reserves		**379,257**	396,164
Proposed final dividend		**–**	2,596
Total equity		**405,216**	424,719

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 March 2013, the Group had net current liabilities of HK$54,431,000. The directors believe that the Group has sufficient cash flows from operations to meet its liabilities as and when they fall due. Therefore, the consolidated financial statements are prepared on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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 the revised HKFRSs has had no significant financial effect on these financial statements.

3. 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 year ended 31 March 2013 as follows:

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

(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 loss before tax except that interest income, dividend income and unallocated gains, gain on deemed acquisition of additional interests in an associate, 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 year ended 31 March 2012, the Group had only one single operating segment which was the trading of frozen meats, seafood and vegetables, and 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.

Segment assets exclude tax recoverable and investments in associates as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION (continued)

	Trading 2013 *HK$'000*	Retailing 2013 *HK$'000*	Total 2013 *HK$'000*
Segment revenue	**359,627**	**26,429**	**386,056**
Segment results	**(32,747)**	**(12,617)**	**(45,364)**
Reconciliation:			
Interest income			**34**
Dividend income and unallocated gains			**2,016**
Gain on deemed acquisition of additional interests in an associate			**496**
Fair value gains on financial assets at fair value through profit or loss			**18**
Finance costs			**(3,979)**
Share of profits and losses of associates			**32,874**
Corporate and other unallocated expenses			**(6,427)**
Loss before tax			**(20,332)**
Segment assets	**155,411**	**43,817**	**199,228**
Reconciliation:			
Investments in associates			**370,465**
Corporate and other unallocated assets			**62,225**
Total assets			**631,918**
Segment liabilities	**217,721**	**3,721**	**221,442**
Reconciliation:			
Corporate and other unallocated liabilities			**5,260**
Total liabilities			**226,702**
Other segment information:			
Write-down of inventories to net realisable value	**2,968**	**–**	**2,968**
Capital expenditure*	**199**	**15,630**	**15,829**
Depreciation	**857**	**1,208**	**2,065**
Unallocated depreciation			**1,984**
			4,049
Non-current assets**	**17,259**	**17,136**	**34,395**
Unallocated non-current assets			**57,461**
			91,856

* Capital expenditure consists of additions of property, plant and equipment.
** Non-current assets exclude investments in associates.

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

	2013	2012
	HK$'000	*HK$'000*
Revenue	**386,056**	711,865
Other income		
Bank interest income	**34**	100
Commission income	**–**	320
Claims received	**192**	202
Dividend income from financial assets at fair value through profit or loss	**693**	205
Gross rental income	**698**	923
Sundry Income	**2**	8
	1,619	1,758
Gains		
Foreign exchange differences, net	**354**	–
Gain on disposal of items of property, plant and equipment	**110**	–
Gain on disposal of financial assets at fair value through profit or loss	**1,323**	1,194
Gain on deemed acquisition of additional interests in an associate	**496**	28
	2,283	1,222
	3,902	2,980

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2013 *HK$'000*	2012 *HK$'000*
Interest on bank and trust receipt loans wholly repayable within one year	**3,979**	3,088

6. LOSS BEFORE TAX

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

	2013 *HK$'000*	2012 *HK$'000*
Cost of inventories sold	**390,711**	715,722
Depreciation	**4,049**	2,851
Rental expenses under operating leases in respect of land and buildings:		
Minimum lease payments	**27,668**	30,484
Contingent rents	**841**	–
	28,509	30,484
Auditors' remuneration	**883**	715
Employee benefits expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**20,358**	17,070
Pension scheme contributions	**1,547**	995
	21,905	18,065
Foreign exchange differences, net	**(354)**	338
Net rental income	**(524)**	(524)
Fair value losses/(gains) on financial assets at fair value through profit or loss	**(18)**	5,044
Impairment of trade receivables	**–**	3,129
Write-down of inventories to net realisable value*	**2,968**	10,116
Gain on deemed acquisition of additional interests in an associate^	**(496)**	(28)

* The write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated income statement.

^ The gain on deemed acquisition of additional interests in an associate is included in "Other income and gains" in the consolidated income statement.

7. INCOME TAX

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 year (2012: Nil). No provision for Mainland China corporate income tax has been made as the Group did not generate any assessable profits in Mainland China during the year (2012: Nil).

	2013	2012
	HK$'000	*HK$'000*
Deferred tax and total tax charge for the year	**3,288**	292

The share of tax attributable to associates amounting to HK$9,952,000 (2012: HK$7,003,000) is included in "Share of profits and losses of associates" in the consolidated income statement.

8. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Interim – Nil		
(2012: HK1.0 cent per ordinary share)	–	2,596
Proposed final – Nil		
(2012: HK1.0 cent per ordinary share)	–	2,596
	–	5,192

The Board has not recommended the payment of any dividend in respect of the year.

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company of HK$23,620,000 (2012: HK$37,183,000), and on the 259,586,000 (2012: 259,586,000) ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

10. 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. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment provisions, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**9,841**	37,194
1 to 2 months	**11,486**	13,502
Over 2 months	**1,050**	1,907
	22,377	52,603

11. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**23,367**	25,245
1 to 2 months	**5,537**	1,628
	28,904	26,873

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

PROPOSED FINAL DIVIDEND

The Board has not recommended the payment of any final dividend for the year ended 31 March 2013 (2012: HK1.0 cent per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 23 August 2013 (the "AGM"), the Register of Members of the Company will be closed from Wednesday, 21 August 2013 to Friday, 23 August 2013, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 August 2013.

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

It was a challenging year for the Group. Faced with a volatile frozen meats market, the Group adopted a series of prudent measures to adjust downward its frozen meats trading business. Meanwhile, the Group initiated to expand its business platform and inaugurated this year the retail chain of mini department store business in Mainland China to capitalise on the rising living standards and customers' changing shopping habit. For food business investment, the Group was benefited by the earnings from its investment in Four Seas Mercantile Holdings Limited ("FSMHL") which had a remarkable year of performance.

Frozen Meats Trading

Supply prices remained highly fluctuating and continued downward trend throughout the year. To reduce market risks, the Group strategically consolidated its frozen meats trading and also adjusted downward its inventories to a prudent level. As a result, both frozen meats sales and inventories declined considerably compared to last year to HK$359,627,000 and HK$64,245,000 respectively.

Retail Chain of Mini Department Stores

Since its inauguration in June 2012, the Group operated a total of 3 stores of "Daiso Living Department Store" as at 31 March 2013. These stores were strategically located in modern shopping malls with high customer flow and broad clientele of different ages of customers. As well, these stores accommodate over tens of thousands of items at budget prices, including living essentials, trendy souvenirs and ornaments, and snack foods. Targeting customers who are seeking for leisure and convenient shopping experience, the stores are specially designed in fashionable style and provide a leisure shopping environment. Coupled with a wide variety of products for different customer groups' choices, these chain stores have been well received and achieved expected sales.

Food Business Investment

The Group holds investment in FSMHL which had a remarkable year of performance. All business segments of FSMHL, including food distribution, manufacturing, retailing and catering, achieved steady sales growth. Meanwhile, gross margin and operating profit were increased, attributable to effective cost control in purchasing and production. Besides, benefited by the depreciation of Japanese yen, the purchase costs of imported Japanese products,

BUSINESS REVIEW AND PROSPECTS (continued)

Food Business Investment (continued)

which constitute major portion of sales, were largely lowered and thus contributed to high profit growth. The Group held equity interest in FSMHL of approximately 29.70% as at 31 March 2013 and thus shared a considerable profit after tax of HK$32,874,000 (2012: HK$15,506,000).

PROSPECTS

Moving forward, the Group will cautiously operate its frozen meats trading to maintain at the present business level. On the other hand, the Group will focus on developing the business platform of retail chain of mini department store to build up a strategic network to achieve operation efficiency and brand image. Leveraging on growing brand image and enlarging customer groups of our retail stores which bring large supply of customers to the shopping malls, the Group has been able to negotiate with shopping mall operators for very favourable leasing terms and rentals which will further enhance the earnings of this operation.

Besides, FSMHL has formulated in the coming years a policy of focusing on network expansion in Mainland China to penetrate into inner cities beyond the currently dominated Guangdong province. Furthermore, capitalising on the long established superb "Four Seas" brand and the popularity of "Four Seas" brand products in the Guangdong province, FSMHL will vigorously launch in phases large-scale sales campaigns in those target cities to increase profits. Hence, it is expected that FSMHL will continue to provide sustainable earnings growth 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 31 March 2013, the Group had banking facilities of HK$406,000,000 of which 45% had been utilised. The Group had a gearing ratio of 45% as at 31 March 2013. 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 31 March 2013, the Group held cash and cash equivalents of HK$65,884,000. There were no significant changes in the Group's contingent liabilities and no charges on the Group's assets during the year under review.

STAFF EMPLOYMENT

The total number of employees of the Group as at 31 March 2013 was 168. 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 year ended 31 March 2013.

CORPORATE GOVERNANCE

The Company and management are committed to maintain a good corporate governance with an emphasis on the principles of transparency, accountability and independence to all shareholders. The Company believes that good corporate governance is essential to continual growth and enhancement of shareholders' value. The Company periodically reviews its corporate governance practices with reference to the latest development of corporate governance. Throughout the year under review, the Company has applied the principles of and complied with most of the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") 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 (the "Articles of Association"). 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 their 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, 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 a casual vacancy seldom appears and the interval between the appointment made to fill casual vacancy and the immediate following annual general meeting is short.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's 2013 Annual Report, which will be sent to the shareholders in due course.

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 of dealings as set out in the Code of Conduct throughout the year ended 31 March 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS (continued)

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 year ended 31 March 2013.

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 accounting principles and practices adopted by the Group and has discussed with the management in relation to internal controls and financial reporting matters including a review of the Group's preliminary consolidated financial statements for the year ended 31 March 2013.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This 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 annual report of the Company for the year ended 31 March 2013, containing information required by the Listing Rules, will be despatched to shareholders and published on the above websites in due course.

APPRECIATION

The Board of the Company would like to take this opportunity to thank our shareholders and business partners for their continuous support and the fellow directors and our staff for their dedication and hard work throughout the reporting year.

THE BOARD

As at the date of this announcement, the directors of the Company are Mr. TAI Tak Fung, Stephen, Mr. MAN Wing Cheung, Ellis, Mr. TAI Chun Kit, Mr. YIP Wai Keung, Mr. TSE Siu Wan and Mr. LAI Yuk Chuen as executive directors, 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
TAI Tak Fung, Stephen, *GBS*, *SBS*, *JP*
Chairman

Hong Kong, 27 June 2013