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 2015

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 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 September	
		2015	2014
		Unaudited	Unaudited
	Notes	***HK$'000***	*HK$'000*
REVENUE	3	**103,231**	106,566
Cost of sales		**(92,569)**	(94,798)
Gross profit		**10,662**	11,768
Other income and gains	3	**630**	5,983
Selling and distribution expenses		**(11,506)**	(11,169)
Administrative expenses		**(10,750)**	(10,017)
Finance costs	4	**(1,650)**	(1,595)
Share of profits and losses of associates		**12,030**	21,781
PROFIT/(LOSS) BEFORE TAX	5	**(584)**	16,751
Income tax	6	**–**	–
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**(584)**	16,751
		HK cents	*HK cents*
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY – Basic and diluted	7	**(0.22)**	6.45

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September **2015** **Unaudited** ***HK$'000***	2014 Unaudited *HK$'000*
PROFIT/(LOSS) FOR THE PERIOD	**(584)**	16,751
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of associates, net of tax	**(6,401)**	(2,252)
Exchange differences on translation of foreign operations	**(677)**	456
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(7,078)**	(1,796)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**(7,662)**	14,955

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2015 Unaudited *HK$'000*	31 March 2015 Audited *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**75,114**	78,457
Investments in associates		**431,847**	433,709
Prepayments and deposits		**1,706**	1,916
Other non-current asset		**540**	540
Total non-current assets		**509,207**	514,622
CURRENT ASSETS			
Inventories		**31,541**	46,470
Trade receivables	8	**17,978**	22,790
Prepayments, deposits and other receivables		**1,865**	1,879
Cash and bank balances		**52,793**	49,420
Total current assets		**104,177**	120,559
CURRENT LIABILITIES			
Due to associates		**618**	231
Trade and bills payables	9	**13,795**	14,213
Other payables and accruals		**7,907**	8,323
Interest-bearing bank borrowings		**150,498**	164,229
Total current liabilities		**172,818**	186,996
NET CURRENT LIABILITIES		**(68,641)**	(66,437)
TOTAL ASSETS LESS CURRENT LIABILITIES		**440,566**	448,185
NON-CURRENT LIABILITIES			
Accruals		**2,812**	2,769
Deferred tax liabilities		**1,356**	1,356
Total non-current liabilities		**4,168**	4,125
Net assets		**436,398**	444,060
EQUITY			
Share capital		**117,095**	117,095
Reserves		**319,303**	326,965
Total equity		**436,398**	444,060

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 2015.

Despite the Group's net current liabilities of HK$68,641,000 as at 30 September 2015, 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.

The financial information relating to the year ended 31 March 2015 that is included in the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2015 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) (the "Companies Ordinance") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditors have reported on the consolidated financial statements. The auditors' report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

In the current period, the Group has adopted, for the first time, a number of revised Hong Kong Financial Reporting Standards ("HKFRSs") and amendments issued by the HKICPA, which are effective for accounting periods beginning on or after 1 April 2015.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated interim financial statements.

The HKICPA has issued a number of new or revised standards and amendments to standards which are not effective for accounting period beginning on 1 April 2015. The Group has not early adopted these new or revised HKFRSs.

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 2015 as follows:

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

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

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 profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs, share of profits and losses of associates and corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude investments in associates, certain items of property, plant and equipment and other corporate unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities and other corporate unallocated liabilities as these liabilities are managed on a group basis.

	Trading		**Retailing**		**Total**	
	Six months ended 30 September		**Six months ended 30 September**		**Six months ended 30 September**	
	2015	2014	**2015**	2014	**2015**	2014
	Unaudited	Unaudited	**Unaudited**	Unaudited	**Unaudited**	Unaudited
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**84,791**	87,471	**18,440**	19,095	**103,231**	106,566
Segment results	**(5,222)**	2,171	**(4,032)**	(3,929)	**(9,254)**	(1,758)
Reconciliation:						
Interest income					**35**	13
Finance costs					**(1,650)**	(1,595)
Share of profits and losses of associates					**12,030**	21,781
Corporate and other unallocated expenses					**(1,745)**	(1,690)
Profit/(loss) before tax					**(584)**	16,751

2. OPERATING SEGMENT INFORMATION (continued)

	Trading		**Retailing**		**Total**	
	30 September 2015	31 March 2015	**30 September 2015**	31 March 2015	**30 September 2015**	31 March 2015
	Unaudited	Audited	**Unaudited**	Audited	**Unaudited**	Audited
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**152,113**	174,191	**32,338**	35,794	**184,451**	209,985
Reconciliation:						
Elimination of intersegment receivables					**(63,785)**	(63,660)
Investments in associates					**431,847**	433,709
Corporate and other unallocated assets					**60,871**	55,147
Total assets					**613,384**	635,181
Segment liabilities	**165,807**	180,876	**70,282**	69,044	**236,089**	249,920
Reconciliation:						
Elimination of intersegment payables					**(63,785)**	(63,660)
Corporate and other unallocated liabilities					**4,682**	4,861
Total liabilities					**176,986**	191,121

3. REVENUE, OTHER INCOME AND GAINS

Revenue 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	
	2015	2014
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Revenue	**103,231**	106,566
Other income		
Bank interest income	**35**	13
Claims received	**27**	2
Gross rental income	**383**	360
Sundry income	**1**	2
	446	377
Gains		
Foreign exchange differences, net	**184**	230
Gain on disposal of items of property, plant and equipment	**–**	5,376
	184	5,606
	630	5,983

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2015	2014
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Interest on bank and trust receipt loans wholly repayable within one year	**1,650**	1,595

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 September	
	2015	2014
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Cost of inventories sold	**92,569**	94,798
Depreciation	**3,412**	3,386
Minimum lease payments under operating leases	**5,685**	4,946
Contingent rents under operating leases	**998**	1,120
	6,683	6,066
Reversal of impairment losses on trade receivables	**–**	(846)
Gain on disposal of items of property, plant and equipment	**–**	(5,376)

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profit arising in Hong Kong during the period (2014: Nil). No provision for Mainland China corporate income tax has been made as the Group had no assessable profit in Mainland China during the period (2014: Nil).

The share of tax attributable to associates amounting to HK$4,865,000 (2014: HK$7,535,000) is included in "Share of profits and losses of associates" in the unaudited condensed consolidated statement of profit or loss.

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company of HK$584,000 (2014: profit of HK$16,751,000), and on the 259,586,000 (2014: 259,586,000) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the six months ended 30 September 2015 and 30 September 2014 as the Group had no potentially dilutive ordinary shares in issue during these periods.

8. 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 the trade receivables as at 30 September 2015 and 31 March 2015, based on the invoice date and net of impairment provisions, is as follows:

	30 September 2015 Unaudited ***HK$'000***	31 March 2015 Audited *HK$'000*
Within 1 month	**6,326**	13,200
1 to 2 months	**9,244**	7,062
Over 2 months	**2,408**	2,528
	17,978	22,790

9. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at 30 September 2015 and 31 March 2015, based on the invoice date, is as follows:

	30 September 2015 Unaudited ***HK$'000***	31 March 2015 Audited *HK$'000*
Within 1 month	**13,172**	10,689
1 to 2 months	**623**	3,524
	13,795	14,213

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

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2015 (2014: Nil).

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

For the six months ended 30 September 2015, the Group's turnover was HK$103,231,000 (2014: HK$106,566,000) and the loss attributable to equity holders of the Company was HK$584,000 (2014: profit of HK$16,751,000), primarily attributable to a decline in the share of profits from associates and the absence of one-off gain on disposal of a property which amounted to approximately HK$5,376,000 during the corresponding period of last year.

Frozen Meats Trading

For the period under review, global supply of frozen meats generally exceeded demand. For pork items, leading exporting countries, particularly Brazil and countries of the European Union, aggressively increased their exports to earn more foreign currencies as induced by the currency exchange rates gain due to the substantial depreciation of their local currencies. While the supplies from these key export countries surged, the demands of major importing countries remained weak due to sluggish economic conditions, except for Mainland China that showed relatively stronger demand (due to shrinking domestic supply in 2015 affected by its previous enormous cull of herd by farmers in late 2014 because of the unpromising local selling prices). Consequently, it created an imbalance of supply over demand for the pork industry. For poultry items, the outbreaks of avian flu and massive killing of birds in many key producing countries, including the United States, Russia, China, India and certain African countries, caused the reduction of supply. Nevertheless, constrained by the global weak economies and competition from falling pork prices, there was slight over-supply of poultry products prevailed in the market.

During the period, economic condition of Hong Kong remained weak. Affected by the slowdown of economic growth in Mainland China, tourists from Mainland China remarkably reduced and this adversely impacted on the business of the catering industry. The weakened consumption market and the surge of global supply softened the local market selling prices. Leveraging on its long-established and good relationship with customers, extensive distribution network and excellent customer services, the Group was able to slightly increase its selling volume despite a sluggish business environment. However, affected by the softened selling prices, sales decreased slightly to HK$84,791,000 compared to the same period of last year. At the end of the period, the inventories were reduced and controlled at a prudent level of HK$20,817,000 compared to the same period of last year.

Retail Chain and Mini Department Stores

For the period under review, the Group maintained a total of 6 self-operated stores and continued to engage in consignment sales arrangement in exclusively designated areas within business partner's supermarket stores to increase sales and broaden sales channel. By now, sales territories span across Guangzhou City, Foshan City, Dongguan City and Shenzhen City. Impacted by the persistent slowdown of economic growth in Mainland China, the local spending sentiment and the business of retail industry were weakened. Compared to the same period of last year, sales dropped slightly to HK$18,440,000.

BUSINESS REVIEW AND PROSPECTS (continued)

Food Business Investment

The Group has strategically held equity interest in Four Seas Mercantile Holdings Limited ("FSMHL") as investment. During the period, in response to the overall weak performance and intensified market competition of the retail industry as a result of economic slowdown in Mainland China and Hong Kong, FSMHL took decisive measures to increase its expenses in marketing and promotional activities, and adjust strategically the selling prices of selected products which reduced the short-term profits to consolidate its overall competitiveness and underpin its long-term leadership position in the market. As at 30 September 2015, the Group maintained its equity interest in FSMHL at approximately 29.98% and shared a profit of associates of HK$12,030,000.

Following FSMHL's procurement of the distribution right of German famous candy brand "HARIBO" in Hong Kong and Mainland China, the sales in both territories have been growing satisfactorily after a series of active promotional efforts. Early this year, "Four Seas Food International Trading Platform" at the Nansha New Area in Guangdong Pilot Free Trade Zone ("Guangdong Free Trade Zone") was officially registered and will be in operation within this year. Based on this food trading platform, FSMHL is now organising relevant logistics arrangements for its cross-border e-commerce business, and is in the pipe-line of setting up a physical store in Nansha which will lay a solid foundation for the development of cross-border e-commerce business. Also, FSMHL has jointly developed with Jinan University to set up the "Four Seas Seaweed Life Hall", a practicing platform of innovation and entrepreneurship for students.

PROSPECTS

Looking ahead, under the almost stand-still recovery of global economies and persistent slowdown of economic growth in Mainland China, business environment will be full of uncertainties and challenges in the short-term. In view of the changing landscape of business environment, the Group will cautiously operate its frozen meats business, by focusing on stringent cost control and exercising prudent strategies in its purchase and sales. In addition, the Group will continue to seek suitable business partners in Mainland China to develop its consignment sales of mini-store products, in order to increase sales and expand sales outlets. Besides, FSMHL will continue to expand its food businesses in the Hong Kong market, promote "Four Seas" brand and develop the snack market in Mainland China. Recently, FSMHL acquired a food provider engaging in manufacturing and providing of lunch boxes and tuck shop services for the schools in Hong Kong. With this provider's central kitchen, it further strengthens FSMHL's high-quality food manufacturing business and expands its distribution network into schools. Capitalising on the national policy to actively develop cross-border e-commerce, FSMHL will commit to develop this line of business through its "Four Seas Food International Trading Platform" in Guangdong Free Trade Zone, with the setting up of a physical store at the end of this year. Combining the two advantageous characteristics of cross-border e-commerce platform and the physical store, these will provide competitive edge for further development of on-line shopping business of and bring significant growth momentum to FSMHL in the future. It is expected that FSMHL will continue to contribute profit 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 2015, the Group had banking facilities of HK$340,000,000 of which 44% had been utilised. The Group had a gearing ratio of 34% as at 30 September 2015. 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 2015, the Group held cash and bank balances of HK$52,793,000. 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 2015 was 141. 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, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2015.

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 2015, 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.

CORPORATE GOVERNANCE (continued)

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 a casual vacancy seldom appears and the interval between the appointment made to fill a 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 of dealings as set out in the Code of Conduct throughout the six months ended 30 September 2015.

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 inside 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 2015.

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 2015 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

This announcement was published on the website of Hong Kong Exchanges and Clearing Limited 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 2015 containing information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

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

On behalf of the Board
Hong Kong Food Investment Holdings Limited
TAI Tak Fung, Stephen, *GBS*, *SBS*, *JP*
Chairman

Hong Kong, 27 November 2015

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