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 2016

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 2016, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
REVENUE	4	**180,376**	216,837
Cost of sales		**(160,574)**	(194,950)
Gross profit		**19,802**	21,887
Other income and gains	4	**1,517**	6,576
Selling and distribution expenses		**(23,518)**	(22,221)
Administrative expenses		**(24,283)**	(23,459)
Finance costs	5	**(3,089)**	(3,323)
Share of profits and losses of associates		**13,742**	41,898
PROFIT/(LOSS) BEFORE TAX	6	**(15,829)**	21,358
Income tax credit	7	**280**	211
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**(15,549)**	21,569
		HK cents	*HK cents*
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
– Basic and diluted	9	**(5.99)**	8.31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2016

	2016	2015
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**(15,549)**	21,569
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of associates, net of tax	**(12,499)**	(4,912)
Exchange differences on translation of foreign operations	**(880)**	90
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(13,379)**	(4,822)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**(28,928)**	16,747

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**71,915**	78,457
Investments in associates		**424,005**	433,709
Prepayments and deposits		**1,566**	1,916
Other non-current asset		**540**	540
Total non-current assets		**498,026**	514,622
CURRENT ASSETS			
Inventories		**32,640**	46,470
Trade receivables	10	**20,434**	22,790
Prepayments, deposits and other receivables		**1,580**	1,879
Due from associates		**459**	–
Cash and bank balances		**36,135**	49,420
Total current assets		**91,248**	120,559
CURRENT LIABILITIES			
Due to associates		**318**	231
Trade and bills payables	11	**13,555**	14,213
Other payables and accruals		**8,276**	8,323
Interest-bearing bank borrowings		**147,985**	164,229
Total current liabilities		**170,134**	186,996
NET CURRENT LIABILITIES		**(78,886)**	(66,437)
TOTAL ASSETS LESS CURRENT LIABILITIES		**419,140**	448,185
NON-CURRENT LIABILITIES			
Accruals		**2,932**	2,769
Deferred tax liabilities		**1,076**	1,356
Total non-current liabilities		**4,008**	4,125
Net assets		**415,132**	444,060
EQUITY			
Share capital		**117,095**	117,095
Reserves		**298,037**	326,965
Total equity		**415,132**	444,060

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These 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, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 March 2016, the Group had net current liabilities of HK$78,886,000. 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.

The unaudited financial information relating to the year ended 31 March 2016 and the financial information relating to the year ended 31 March 2015 included in this preliminary announcement of annual results for the year ended 31 March 2016 do not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 March 2015, is derived from those 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 is as follows:

The financial statements for the year ended 31 March 2016 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the 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 Hong Kong Companies Ordinance.

The Company's auditor has reported on these financial statements for the year ended 31 March 2015. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1. BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control described above. 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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The adoption of the above revised standards has had no significant financial effect on the consolidated financial statements of the Group.

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 2016 as follows:

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

(b) 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**	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**146,043**	180,056	**34,333**	36,781	**180,376**	216,837
Segment results	**(10,701)**	(2,457)	**(9,031)**	(8,356)	**(19,732)**	(10,813)
Reconciliation:						
Interest income					**51**	35
Finance costs					**(3,089)**	(3,323)
Share of profits and losses of associates					**13,742**	41,898
Corporate and other unallocated expenses					**(6,801)**	(6,439)
Profit/(loss) before tax					**(15,829)**	21,358

3. OPERATING SEGMENT INFORMATION (continued)

	Trading		Retailing		Total	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**151,126**	174,191	**28,266**	35,794	**179,392**	209,985
Reconciliation:						
Elimination of intersegment receivables					**(66,948)**	(63,660)
Investments in associates					**424,005**	433,709
Corporate and other unallocated assets					**52,825**	55,147
Total assets					**589,274**	635,181
Segment liabilities	**163,950**	180,876	**72,483**	69,044	**236,433**	249,920
Reconciliation:						
Elimination of intersegment payables					**(66,948)**	(63,660)
Corporate and other unallocated liabilities					**4,657**	4,861
Total liabilities					**174,142**	191,121
Other segment information:						
Capital expenditure*	**169**	389	**544**	552	**713**	941
Depreciation	**725**	705	**4,037**	4,113	**4,762**	4,818
Unallocated depreciation					**1,984**	1,985
					6,746	6,803

* Capital expenditure consists of additions to property, plant and equipment.

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**146,043**	180,056
Mainland China	**34,333**	36,781
	180,376	216,837

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**62,048**	64,596
Mainland China	**11,973**	16,317
	74,021	80,913

The non-current assets information above is based on the locations of the assets and excludes investments in associates.

4. 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:

	2016	2015
	HK$'000	*HK$'000*
Revenue	**180,376**	216,837
Other income		
Bank interest income	**51**	35
Claims received	**36**	6
Commission income	**506**	–
Gross rental income	**751**	701
Sundry income	**2**	9
	1,346	751
Gains		
Foreign exchange differences, net	**171**	449
Gain on disposal of items of property, plant and equipment	**–**	5,376
	171	5,825
	1,517	6,576

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2016	2015
	HK$'000	*HK$'000*
Interest on bank and trust receipt loans	**3,089**	3,323

6. PROFIT/(LOSS) BEFORE TAX

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

	2016	2015
	HK$'000	*HK$'000*
Cost of inventories sold	**160,574**	194,950
Depreciation	**6,746**	6,803
Minimum lease payments under operating leases	**9,006**	9,220
Contingent rents under operating leases	**2,140**	2,089
	11,146	11,309
Auditors' remuneration	**1,000**	975
Employee benefit expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**18,665**	18,167
Pension scheme contributions	**1,909**	1,890
	20,574	20,057
Foreign exchange differences, net	**(171)**	(449)
Net rental income	**(524)**	(524)
Reversal of impairment losses on trade receivables^	**–**	(846)
Loss/(gain) on disposal of items of property, plant and equipment#	**8**	(5,376)

^ The reversal of impairment losses on trade receivables is included in "Administrative expenses" in the consolidated statement of profit or loss.

The loss on disposal of items of property, plant and equipment is included in "Administrative expenses" in the consolidated statement of profit or loss. In the prior year, the gain on disposal of items of property, plant and equipment was included in "Other income and gains" in the consolidated statement of profit or loss.

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 (2015: 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 (2015: Nil).

	2016	2015
	HK$'000	*HK$'000*
Deferred tax and total tax credit for the year	**(280)**	(211)

The share of tax attributable to associates amounting to HK$6,406,000 (2015: HK$14,107,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

8. DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year.

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

The calculation of the basic loss (2015: earnings) per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK$15,549,000 (2015: profit for the year attributable to ordinary equity holders of the Company of HK$21,569,000), and on the 259,586,000 (2015: 259,586,000) ordinary shares in issue during the year.

No adjustment has been made to the basic loss and earnings per share amounts presented for the years ended 31 March 2016 and 2015 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:

	2016	2015
	HK$'000	*HK$'000*
Within 1 month	**9,687**	13,200
1 to 2 months	**4,397**	7,062
Over 2 months	**6,350**	2,528
	20,434	22,790

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:

	2016	2015
	HK$'000	*HK$'000*
Within 1 month	**9,566**	10,689
1 to 2 months	**3,989**	3,524
	13,555	14,213

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

PROPOSED FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2016 (2015: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' eligibility to attend and vote at the forthcoming annual general meeting of the Company to be held on Thursday, 25 August 2016 (the "AGM"), the Register of Members of the Company will be closed from Tuesday, 23 August 2016 to Thursday, 25 August 2016, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 22 August 2016.

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

For the year under review, the economic conditions of both Hong Kong and Mainland China continued to deteriorate, which weakened the consumption power of these markets and turned the business environment into more challenging. Besides, the oversupply of frozen meats from overseas led to downward pressure on the local selling price. Facing with keen competition, the Group increased its operational expenses to counteract market competition. In the absence of disposal gain from property during the year and decline in the share of profits from the food investment in Four Seas Mercantile Holdings Limited ("FSMHL"), the Group recorded a loss for this financial year.

Frozen Meats Trading

During the year, frozen meats market was volatile. On one hand, the relatively significant depreciation of exchange rates of many major meats exporting countries in South America and European Union prompted them to largely increase their exports. On the other hand, the sluggish economic conditions of many importing countries dampened their needs and demands for meat imports and thus led to global oversupply of meats. For the sales side, affected by the reduced number of visitors from Mainland China, as a result of economic slowdown of Mainland China, overall business environment and spending sentiment in Hong Kong market continued to be sluggish which resulted in keener competition and drove down the local selling price. To reduce the risk from sluggish selling price, the Group reduced its purchases and cautiously optimised its selling strategy which led to a decline in turnover for this year to HK$146,043,000 (2015: HK$180,056,000).

Retail Chain of Mini Department Stores

The slowdown of economic growth in Mainland China affected the local spending sentiment and weakened its overall retailing industry. However, the impact to our mini-store business has been mitigated as a result of the Group's strategy of expanding selling channels through increasing the number of outlets via shop-within-shop with strategic alliance partners, in addition to our self-operated stores. By now the sales territories cover the cities of Guangzhou, Foshan, Dongguan and Shenzhen. Turnover for the year was HK$34,333,000 (2015: HK$36,781,000).

BUSINESS REVIEW AND PROSPECTS (continued)

Food Business Investment

As at 31 March 2016, the Group maintained its equity interest in FSMHL at approximately 29.98%. Following the economic slowdown in Hong Kong and Mainland China, the retailing industry in these markets weakened. In addition, the strengthening of the Japanese Yen during the second half of the year under review brought along with challenge to the businesses of FSMHL. In response to the deteriorated market conditions and intensified market competition, FSMHL took proactive measures by reducing the selling price of certain products and increasing its spending in marketing and promotion. Such strategic move aimed to maintain sales at a relatively stable level and uphold its leading and competitive position in the market. As a result, the profit of FSMHL was negatively impacted. The Group's share of profit of associates for the year was HK$13,742,000 (2015: HK$41,898,000).

PROSPECTS

Recent statistics indicates that the downward pressure on the economy of Hong Kong will continue and the overall business environment will be subject to challenge. Despite of this, the Group expects that its frozen meats business will be developed steadily, by leveraging on its extensive distribution network (spanning across wet markets, supermarket chains, fast food chains and restaurants throughout Hong Kong, Kowloon and New Territories) and its long established and excellent relationship with business partners. Also, the Group will continue to adopt a prudent sales strategy and control strictly its operational costs.

The economy of Mainland China is now undergoing a transformation from a high growth stage to a lower but sustainable growth phase. The economic statistics of Mainland China for the first quarter of this year indicated that the imports and exports have been gradually improving. Coupled with Central Government's prevailing stimulus monetary policy for boosting internal consumption, it is expected that the local spending sentiment will be improved which will benefit to the Group's mini-store business in Mainland China. At the same time, the Group will continue to actively develop its business model of shop-within-shop with strategic alliance partners, aiming at expanding its selling channels and sales territory coverage so as to increase sales.

"Based in Hong Kong, Yearning for Mainland" is a committed development strategy of FSMHL. Early this year, there was the inauguration opening of the first Blue Brick Bistro by YOKU MOKU, featuring a combination of western cooking style and Japanese cuisine's concept in the golden district located at Lee Tung Avenue in Wanchai. Also, FSMHL introduced into Hong Kong the first Calbee PLUS, an innovative concept snack shop offering cook-to-order snacks with local flavours, which was well received with positive market response. FSMHL is planning for its future expansion. Again, early this year, FSMHL officially launched its first Okashi Land Foreign Flagship Store in Tmall Global, a comprehensive online shopping platform covering the whole country to capture the rapid development of online sales market. As the market responses have been encouraging, FSMHL will actively develop this one-stop online shopping channel, so as to drive up the sales of its food products. Besides, FSMHL has enhanced its business at Nansha New Area in Guangzhou by operating its own e-commerce platform and setting in trial a cross-border e-commerce direct purchase store to attract local residents and business units, with the fusion of an experience store and online shopping store, to buy direct its various imported products. To capture the vast potential of the huge snack food market in Mainland China, FSMHL commits to seize every business opportunity and explore various new sales channels. It is expected that FSMHL will continue to contribute stable 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 31 March 2016, the Group had banking facilities of HK$340,000,000 of which 44% had been utilised. The Group had a gearing ratio of 36% as at 31 March 2016. This is expressed as the total interest-bearing 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 2016, the Group held cash and bank balances of HK$36,135,000. There were no significant changes in the Group's contingent liabilities and no charges on the Group's assets as at the end of the reporting period.

STAFF EMPLOYMENT

The total number of employees of the Group as at 31 March 2016 was 157. 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 2016.

CORPORATE GOVERNANCE

The Company and management are committed to maintaining 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 "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 annual report for the year ended 31 March 2016, 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 2016.

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 year ended 31 March 2016.

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 consolidated financial statements for the year ended 31 March 2016.

SCOPE OF WORK OF THE COMPANY'S AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in this preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is 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 annual report of the Company for the year ended 31 March 2016, 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.

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

Hong Kong, 29 June 2016

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.