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 2017

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 2017, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
REVENUE	4	**165,079**	180,376
Cost of sales		**(145,032)**	(160,574)
Gross profit		**20,047**	19,802
Other income and gains	4	**2,452**	1,517
Selling and distribution expenses		**(20,855)**	(23,518)
Administrative expenses		**(24,142)**	(24,283)
Finance costs	5	**(3,276)**	(3,089)
Share of profits and losses of associates		**15,076**	13,742
LOSS BEFORE TAX	6	**(10,698)**	(15,829)
Income tax credit	7	**300**	280
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**(10,398)**	(15,549)
		HK cents	*HK cents*
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
– Basic and diluted	9	**(4.01)**	(5.99)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2017

	2017	2016
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(10,398)**	(15,549)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of associates, net of tax	**(18,810)**	(12,499)
Exchange differences on translation of foreign operations	**(1,178)**	(880)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(19,988)**	(13,379)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**(30,386)**	(28,928)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**65,237**	71,915
Investments in associates		**409,324**	424,005
Prepayments and deposits		**1,504**	1,566
Other non-current asset		**540**	540
Total non-current assets		**476,605**	498,026
CURRENT ASSETS			
Inventories		**30,911**	32,640
Trade receivables	10	**17,825**	20,434
Prepayments, deposits and other receivables		**1,697**	1,580
Due from associates		**30**	459
Cash and bank balances		**39,341**	36,135
Total current assets		**89,804**	91,248
CURRENT LIABILITIES			
Due to associates		**344**	318
Trade and bills payables	11	**8,074**	13,555
Other payables and accruals		**8,967**	8,276
Interest-bearing bank borrowings		**160,683**	147,985
Total current liabilities		**178,068**	170,134
NET CURRENT LIABILITIES		**(88,264)**	(78,886)
TOTAL ASSETS LESS CURRENT LIABILITIES		**388,341**	419,140
NON-CURRENT LIABILITIES			
Accruals		**2,819**	2,932
Deferred tax liabilities		**776**	1,076
Total non-current liabilities		**3,595**	4,008
Net assets		**384,746**	415,132
EQUITY			
Share capital		**117,095**	117,095
Reserves		**267,651**	298,037
Total equity		**384,746**	415,132

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 2017, the Group had net current liabilities of HK$88,264,000. 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 2017 and the financial information relating to the year ended 31 March 2016 included in this preliminary announcement of annual results for the year ended 31 March 2017 do not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 March 2016, 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 2017 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 2016 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 2016. 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 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- 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 new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

The adoption of the above new and revised HKFRSs 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 2017 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 corporate and other unallocated assets as these assets are managed on a group basis.

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

	Trading		**Retailing**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**137,310**	146,043	**27,769**	34,333	**165,079**	180,376
Segment results	**(5,526)**	(10,701)	**(9,991)**	(9,031)	**(15,517)**	(19,732)
Reconciliation:						
Bank interest income					**32**	51
Finance costs					**(3,276)**	(3,089)
Share of profits and losses of associates					**15,076**	13,742
Corporate and other unallocated expenses					**(7,013)**	(6,801)
Loss before tax					**(10,698)**	(15,829)

3. OPERATING SEGMENT INFORMATION (continued)

	Trading		Retailing		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**158,792**	151,126	**22,372**	28,266	**181,164**	179,392
Reconciliation:						
Elimination of intersegment receivables					**(74,337)**	(66,948)
Investments in associates					**409,324**	424,005
Corporate and other unallocated assets					**50,258**	52,825
Total assets					**566,409**	589,274
Segment liabilities	**172,667**	163,950	**78,953**	72,483	**251,620**	236,433
Reconciliation:						
Elimination of intersegment payables					**(74,337)**	(66,948)
Corporate and other unallocated liabilities					**4,380**	4,657
Total liabilities					**181,663**	174,142
Other segment information:						
Capital expenditure*	**28**	169	**237**	544	**265**	713
Depreciation	**717**	725	**3,669**	4,037	**4,386**	4,762
Unallocated depreciation					**1,984**	1,984
					6,370	6,746

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

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**137,310**	146,043
Mainland China	**27,769**	34,333
	165,079	180,376

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

(b) Non-current assets

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**59,375**	62,048
Mainland China	**7,906**	11,973
	67,281	74,021

The non-current asset 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:

	2017	2016
	HK$'000	*HK$'000*
Revenue	**165,079**	180,376
Other income		
Bank interest income	**32**	51
Claims received	**14**	36
Commission income	**1,194**	506
Gross rental income	**1,034**	751
Sundry income	**5**	2
	2,279	1,346
Gains		
Foreign exchange differences, net	**173**	171
	2,452	1,517

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2017	2016
	HK$'000	*HK$'000*
Interest on bank and trust receipt loans	**3,276**	3,089

6. LOSS BEFORE TAX

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

	2017	2016
	HK$'000	*HK$'000*
Cost of inventories sold	**145,032**	160,574
Depreciation	**6,370**	6,746
Minimum lease payments under operating leases	**10,007**	9,006
Contingent rents under operating leases	**1,654**	2,140
	11,661	11,146
Auditor's remuneration	**1,090**	1,000
Employee benefit expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**18,224**	18,665
Pension scheme contributions	**1,678**	1,909
	19,902	20,574
Foreign exchange differences, net	**(173)**	(171)
Net rental income	**(524)**	(524)
Loss on disposal of items of property, plant and equipment#	**–**	8

\# In the prior year, the loss on disposal of items of property, plant and equipment was included in "Administrative expenses" 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 (2016: 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 (2016: Nil).

	2017	2016
	HK$'000	*HK$'000*
Deferred tax and total tax credit for the year	**(300)**	(280)

The share of tax attributable to associates amounting to HK$7,490,000 (2016: HK$6,406,000) 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. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK$10,398,000 (2016: HK$15,549,000), and on the 259,586,000 (2016: 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 2017 and 2016 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:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**5,666**	9,687
1 to 2 months	**7,341**	4,397
Over 2 months	**4,818**	6,350
	17,825	20,434

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:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**7,650**	9,566
1 to 2 months	**424**	3,989
	8,074	13,555

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 2017 (2016: 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 Wednesday, 30 August 2017 (the "AGM"), the Register of Members of the Company will be closed from Thursday, 24 August 2017 to Wednesday, 30 August 2017, 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 Wednesday, 23 August 2017.

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

For the year under review, the overall economies of Hong Kong and China were not satisfactory. In Hong Kong, the incoming visitors in 2016 decreased by approximately 4.5%, within which Chinese visitors, representing 76% of total visitors, reduced by approximately 6.7% compared to previous year. This led to a year-on-year decrease of 8.1% in overall sales of retailing industry, attributable to the unfavorable business environment and weak spending sentiment. Meanwhile, no strong improvement was noted in the exports of Mainland China. The central government also implemented monetary control measures to mitigate the potential risk in the over-heated property and stock markets, thereby further slowing down the economic growth and increasing challenges to the business environment. In March 2017, there was an incident that some meats producers bribed government health inspectors in Brazil. As a result, many countries (including Hong Kong) temporarily banned the imports and sales of Brazilian frozen meats from those alleged producers on the list published by the Brazilian government. As all of the Group's Brazilian suppling partners did not appear on the list, the Group operated normally without any interruption during the period of the incident.

Frozen Meats Trading

There was a general oversupply of frozen meats in the market throughout the year. In the first half of the year, due to the sluggish economic conditions and shrinking domestic demands, many major meats exporting countries, including Brazil and the European Union countries, had aggressively increased their exports to overseas which resulted in significant increase of global supply. However, the situation was slightly improved in the second half of the year and induced to the slight increase of the export price. The Hong Kong frozen meats market was affected by the decreasing number of visitors to Hong Kong and increasing number of local residents travelling overseas. As a result, the overall business environment and spending sentiment in Hong Kong continued to be sluggish. The general oversupply in the market, coupled with the conservative pricing strategy of many frozen meats importers, dampened the market selling price. In order to cope up with this challenging business environment, the Group took prudent sourcing strategies to reduce its purchase quantity so as to mitigate the business risk. For the financial year ended 31 March 2017, turnover was HK$137,310,000 (2016: HK$146,043,000). Despite a decline in turnover, the gross margin was improved compared to previous year.

BUSINESS REVIEW AND PROSPECTS (continued)

Retail Chain of Mini Department Stores

Control measures of Mainland China resulted in the continuous slowdown of economic growth, which affected the local spending sentiment and deteriorated the overall business environment of the retailing industry. Coupled with intensive competition in the industry, sales of retailing operation declined accordingly. To this end, the Group adopted a more conservative business strategy to maintain its existing number of self-operated shops and organise more marketing activities to boost sales. At present, all self-operated shops and consignment outlets are concentrated in areas with high consumption per capita, including the cities of Guangzhou, Foshan, Dongguan and Shenzhen. For the financial year ended 31 March 2017, turnover was HK$27,769,000 (2016: HK$34,333,000).

Food Business Investment

As at 31 March 2017, the Group maintained its equity interest in Four Seas Mercantile Holdings Limited ("FSMHL") at approximately 29.98%. Business environment of FSMHL was full of challenges in the first half of the year. Following the turnaround of the market conditions in Hong Kong, the softening of the Japanese Yen as well as other factors, the performance of FSMHL in the second half of the year improved and sustained its market leading position. For the financial year ended 31 March 2017, the Group's share of profit of associates was HK$15,076,000 (2016: HK$13,742,000).

PROSPECTS

Economic data of Hong Kong in the first quarter of 2017 is considered to be satisfactory and expected that its economy might gradually be improved. Furthermore, the latest general view from various economic data indicated that the economy of Mainland China is gradually and steadily improved.

Nonetheless, the Group will continue to adopt a prudent sales strategy and strictly control its operational costs in frozen meats business for the sake of steady development. In addition, the Group will strive to seek new supplies from different countries to add new brands and product varieties so as to meet the diversified needs from consumers. Leveraging on the above strategy, the Group strives to gradually diverse its potential risk of heavy reliance on supply from one single district.

For the retailing operation in Mainland China, the Group will continue to closely monitor the domestic economic conditions and market competition to adjust prudently its development strategy. In the short-term, the Group will continue to take a conservative approach to maintain its business development. At the same time, the Group will also gradually optimise its product-mix by adding new lines of high quality products so as to increase the revenue and gross margin.

BUSINESS REVIEW AND PROSPECTS (continued)

PROSPECTS (continued)

FSMHL will continue to maintain and expand its leading position in the Hong Kong market and develop its business with innovative concepts. During the year "Foodfie" was set up and has become a popular visiting place for parents and their children. Recently, "Qjiki", a well-known Japanese brand for making Kagoshima fried fish cake, has been introduced as a pioneer store in Hong Kong which was well-received with very good comments from the media and the public. FSMHL will also actively explore business opportunities in the Mainland China market, of which online shopping platform is one of the future development. FSMHL has already established a wholly-owned subsidiary in the Nansha New Area in Guangzhou Free Trade Zone, engaging in international trade in foods import and e-commerce business. Besides, food products are also sold in a number of e-commerce platforms, such as Taobao, Tmall, Tmall Global, Jingdong and Yihaodian in Mainland China. Through considering various factors, including hot selling items in the retail market and cross-border e-commerce platforms and industry data etc., FSMHL will pursue the selection of medium and high-end food products to satisfy the demand of customers in Mainland China on the online shopping platforms to generate additional revenue. 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 2017, the Group had banking facilities of HK$340,000,000 of which 47% had been utilised. The Group had a gearing ratio of 42% as at 31 March 2017. 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 2017, the Group held cash and bank balances of HK$39,341,000. 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 2017 was 131. 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 year ended 31 March 2017.

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 2017, 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 2017.

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 2017.

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. Cheung Wing Choi. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has discussed with the management in relation to risk management and internal control systems, and financial reporting matters including a review of the Group's consolidated financial statements for the year ended 31 March 2017.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

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 2017 as set out in this preliminary announcement have been agreed by the Company's auditor, 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 2017, 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, 30 June 2017

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. CHEUNG Wing Choi.