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 2018

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 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 September 2018 Unaudited *HK$'000*	2017 Unaudited *HK$'000* (Restated)
CONTINUING OPERATIONS			
REVENUE	3	**71,453**	74,173
Cost of sales		**(65,943)**	(72,940)
Gross profit		**5,510**	1,233
Other income and gains	3	**204,453**	456
Selling and distribution expenses		**(4,571)**	(1,074)
Administrative expenses		**(13,249)**	(8,115)
Finance costs	4	**(1,745)**	(1,911)
Share of profits and losses of associates		**6,929**	98,687
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	5	**197,327**	89,276
Income tax credit	6	**161**	–
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**197,488**	89,276
DISCONTINUED OPERATION			
Loss for the period from a discontinued operation	7	**–**	(3,471)
PROFIT FOR THE PERIOD		**197,488**	85,805
Attributable to :			
Equity holders of the Company		**197,448**	85,805
Non-controlling interests		**40**	–
		197,488	85,805
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted			
–For profit for the period		**76.06**	33.05
–For profit from continuing operations		**76.06**	34.39

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**197,488**	85,805
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income/(loss) of associates, net of tax	**(23,568)**	9,532
Exchange differences on translation of foreign operations	**(53)**	661
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(23,621)**	10,193
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**173,867**	95,998
Attributable to:		
Equity holders of the Company	**173,827**	95,998
Non-controlling interests	**40**	–
	173,867	95,998

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2018 Unaudited** *HK$'000*	31 March 2018 Audited *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**14,885**	61,022
Investments in associates		**441,653**	494,589
Prepayments and deposits		**819**	819
Other non-current asset		**–**	540
Financial assets at fair value through profit or loss		**1,250**	–
Total non-current assets		**458,607**	556,970
CURRENT ASSETS			
Inventories		**31,001**	25,005
Trade receivables	9	**21,989**	21,403
Prepayments, deposits and other receivables		**868**	2,088
Due from associates		**142**	297
Financial assets at fair value through profit or loss		**4,324**	–
Cash and cash equivalents		**185,861**	68,427
Total current assets		**244,185**	117,220
CURRENT LIABILITIES			
Trade and bills payables	10	**5,564**	6,876
Other payables and accruals		**5,243**	21,858
Due to associates		**18**	41
Due to a non-controlling shareholder		**1,134**	282
Interest-bearing bank borrowings		**33,834**	162,561
Total current liabilities		**45,793**	191,618
NET CURRENT ASSETS/(LIABILITIES)		**198,392**	(74,398)
TOTAL ASSETS LESS CURRENT LIABILITIES		**656,999**	482,572
NON-CURRENT LIABILITIES			
Accruals		**478**	100
Deferred tax liabilities		**–**	458
Total non-current liabilities		**478**	558
Net assets		**656,521**	482,014
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**117,095**	117,095
Reserves		**536,461**	361,994
		653,556	479,089
Non-controlling interests		**2,965**	2,925
Total equity		**656,521**	482,014

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 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 2018.

The financial information relating to the year ended 31 March 2018 that is included in the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2018 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 is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2018 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 the consolidated financial statements. 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 report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

In the current period, the Group has adopted, for the first time, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and an interpretation issued by the HKICPA, which are effective for accounting periods beginning on or after 1 April 2018.

HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than explained below regarding the impact of the adoption of HKFRS 9, HKFRS 15 and Amendments to HKFRS 15, the amendments to HKFRSs and interpretation in the current period has had no significant financial effect on these condensed consolidated financial statements.

1. ACCOUNTING POLICIES (continued)

HKFRS 9 *Financial Instruments*

The Group has adopted HKFRS 9 from 1 April 2018. HKFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting which have resulted in the following significant changes in accounting policies.

The Group has not restated comparative information as at 31 March 2018 for financial instruments in the scope of HKFRS 9. Therefore, the comparative information as at 31 March 2018 is reported under HKAS 39 and is not comparable to the information presented as at 30 September 2018. Differences arising from the adoption of HKFRS 9 have been recognised directly in statement of financial position as of 1 April 2018.

(i) Classification and measurement

Except for trade receivables, under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction cost.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's financial assets are as follows:

(a) Debt instruments at amortised cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade receivables, deposits and other receivables.

(b) Financial assets at FVPL – include debt instruments of which the cash flow characteristics fail the SPPI criterion or are not held within a business model with objective either to collect contractual cash flows, or to both collect contractual cash flows and sell; and equity investments which the Group has not irrevocably elected, at initial recognition or transition, to classify as FVOCI. This category includes listed equity investments and unlisted club debenture held by the Group.

The assessment of the Group's business model was made as of the date of initial application, i.e. 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

1. ACCOUNTING POLICIES (continued)

HKFRS 9 *Financial Instruments* (continued)

(ii) Impairment of financial assets

HKFRS 9 replaces the "incurred loss" impairment model in HKAS 39 with a forward-looking expected credit loss ("ECL") model. HKFRS 9 requires the Group to record an allowance for ECL for all loans and other debt financial assets not held at FVPL. The Group applies simplified approach to recognise lifetime expected losses that were estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group applies the general approach and records twelve-month expected credit losses that are estimated based on the possible default events on its deposits and other receivables. The credit losses calculated pursuant to the new requirements are not significantly different from the amount recognised under the current practices. Therefore, the Group considered no adjustment is necessary.

(iii) Summary of effects arising from initial application of HKFRS 9

	Other non-current asset HK$'000	*Financial assets at FVPL required by HKFRS 9 HK$'000*
Closing balance at 31 March 2018	540	–
Effects arising from initial application of HKFRS 9:		
Reclassification		
From other non-current asset to financial assets at FVPL	(540)	540
Remeasurement		
From cost less impairment to fair value	–	640
Opening balance at 1 April 2018	–	1,180

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 supersedes HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The adoption of HKFRS 15 does not have any material impact on the Group's condensed consolidated financial statements.

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 2018 as follows:

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

(b) the "other" segment consists of restaurant operation and investment holding.

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 from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, gain on disposal of a subsidiary, 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.

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 Six months ended 30 September		**Others Six months ended 30 September**		**Total Six months ended 30 September**	
	2018	2017	**2018**	2017	**2018**	2017
	Unaudited	Unaudited	**Unaudited**	Unaudited	**Unaudited**	Unaudited
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
						(Restated)
Segment revenue	**65,412**	74,173	**6,041**	–	**71,453**	74,173
Segment results	**(4,090)**	(5,052)	**99**	–	**(3,991)**	(5,052)
Reconciliation:						
Interest income					**289**	–
Gain on disposal of a subsidiary					**203,169**	–
Fair value gains on financial assets at fair value through profit or loss					**562**	–
Finance costs					**(1,745)**	(1,911)
Share of profits and losses of associates					**6,929**	98,687
Corporate and other unallocated expenses					**(7,886)**	(2,448)
Profit before tax from continuing operations					**197,327**	89,276

2. OPERATING SEGMENT INFORMATION (continued)

	Trading		**Others**		**Total**	
	30 September 2018	31 March 2018	**30 September 2018**	31 March 2018	**30 September 2018**	31 March 2018
	Unaudited	Audited	**Unaudited**	Audited	**Unaudited**	Audited
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**196,464**	109,394	**9,179**	9,404	**205,643**	118,798
Reconciliation:						
Investments in associates					**441,653**	494,589
Corporate and other unallocated assets					**55,496**	60,803
Total assets					**702,792**	674,190
Segment liabilities	**42,266**	172,689	**1,767**	1,985	**44,033**	174,674
Reconciliation:						
Corporate and other unallocated liabilities					**2,238**	17,502
Total liabilities					**46,271**	192,176
Other segment Information:						
Write-down/(write-back) of inventories to net realisable value	**(782)**	782	**–**	–	**(782)**	782
Capital expenditure*	**134**	29	**86**	4,759	**220**	4,788
Unallocated capital expenditure*					**2,078**	30
					2,298	4,818
Depreciation	**109**	698	**475**	78	**584**	776
Unallocated depreciation					**934**	1,984
					1,518	2,760

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

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts and income from restaurant operation. An analysis of revenue, other income and gains from continuing operations is as follows:

	Six months ended 30 September 2018 Unaudited *HK$'000*
Disaggregation of revenue	
Sales of goods	**65,412**
Restaurant operation	**6,041**
	71,453
Timing of revenue recognition	
At a point in time	**71,453**
Over time	**–**
	71,453

	Six months ended 30 September	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
		(Restated)
Other income		
Bank interest income	**289**	–
Claims received	**–**	8
Gross rental income	**425**	448
Sundry income	**8**	–
	722	456
Gains		
Gain on disposal of a subsidiary	**203,169**	–
Fair value gains on financial assets at fair value through profit or loss	**562**	–
	204,453	456

4. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Six months ended 30 September	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Interest on bank and trust receipt loans	**1,745**	1,911

5. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 September	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
		(Restated)
Cost of inventories sold	**65,943**	72,940
Depreciation	**1,518**	1,347
Minimum lease payments under operating leases	**6,124**	3,550
Gain on disposal of a subsidiary	**(203,169)**	–
Write-back of inventories to net realisable value, included in cost of sales	**(782)**	–

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 (2017: 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 (2017: Nil). Tax credit for the current period represents deferred tax credit.

The share of tax attributable to associates amounting to HK$5,175,000 (2017: HK$6,243,000) is included in "Share of profits and losses of associates" in the unaudited condensed consolidated statement of profit or loss.

7. DISCONTINUED OPERATION

During the previous financial year, the Group decided to cease its retailing business operated by **廣州四方創意商貿有限公司**, a wholly-owned subsidiary of the Group, to focus its resources on its trading businesses. The cessation of business was completed during the previous financial year and thus classified as a discontinued operation. With the retailing business being classified as a discontinued operation, it is no longer included in the note for operating segment information.

The results of retailing business for the six months ended 30 September 2017 is presented as follows:

	Six months ended 30 September 2017 Unaudited *HK$'000*
Revenue	14,337
Cost of sales	(7,756)
Gross profit	6,581
Other income	627
Expenses	(10,679)
Loss before tax from the discontinued operation	(3,471)
Income tax credit	–
Loss for the period from the discontinued operation	(3,471)

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company of HK$197,448,000 (2017: HK$85,805,000), and the number of ordinary shares of 259,586,000 (2017: 259,586,000) in issue during the period.

The calculation of the basic and diluted earnings per share are based on:

	Six months ended 30 September	
	2018	2017
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Earnings		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation:		
From continuing operations	**197,448**	89,276
From a discontinued operation	**–**	(3,471)
	197,448	85,805

	Number of shares Six months ended 30 September	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**259,586,000**	259,586,000

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2018 and 30 September 2017 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

9. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months.

An ageing analysis of the trade receivables as at 30 September 2018 and 31 March 2018, based on the invoice date and net of impairment provisions, is as follows:

	30 September 2018	31 March 2018
	Unaudited	Audited
	HK$'000	*HK$'000*
Within 1 month	**8,163**	8,193
1 to 2 months	**4,423**	5,008
Over 2 months	**9,403**	8,202
	21,989	21,403

10. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at 30 September 2018 and 31 March 2018, based on the invoice date, is as follows:

	30 September 2018 Unaudited ***HK$'000***	31 March 2018 Audited *HK$'000*
Within 1 month	**5,564**	6,876

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

11. DISPOSAL OF A SUBSIDIARY

On 21 May 2018, a resolution was duly passed as an ordinary resolution by shareholders of the Company in relation to the disposal of its entire equity interest in Hung King Development Limited, a wholly-owned subsidiary and beneficial owner of the parcel of land and building in Sai Kung, Hong Kong, to an independent third party pursuant to the sale and purchase agreement dated 17 March 2018 for a cash consideration of HK$250,000,000. The transaction was completed on 15 August 2018. The gain on disposal (before and after tax) amounted to approximately HK$203,169,000 before directly attributable transaction costs of approximately HK$2,600,000, has been recognised in the unaudited condensed consolidated statement of profit or loss.

12. COMPARATIVE AMOUNTS

The comparative unaudited condensed consolidated statement of profit or loss and related notes to the unaudited condensed consolidated financial statements have been re-presented as if the operation discontinued during the previous financial year had been discontinued at the beginning of the comparative period.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2018 (2017: Nil).

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

For the six months ended 30 September 2018, the Group's revenue was HK$71,453,000 (2017: HK$74,173,000) and the profit attributable to equity holders of the Company was HK$197,448,000 (2017: HK$85,805,000), an increase of approximately 130% as compared with the same period last year. Such increase was primarily attributable to the completion of the disposal of the entire equity interest in Hung King Development Limited (the "Disposal"), a wholly-owned subsidiary of the Group and the beneficial owner of the parcel of land and property located at Sai Kung, Hong Kong, which resulted in a gain on Disposal (before and after tax) of approximately HK$203,169,000, before directly attributable transaction costs of approximately HK$2,600,000. Details of the Disposal were disclosed in the annual report of the Company for the year ended 31 March 2018 and other previous announcements and circular of the Company. On the other hand, during the period the share of profits of associates of the Group, Four Seas Mercantile Holdings Limited ("FSMHL"), relatively decreased, as there included an one-off gain in the same period last year from its disposal of a property.

Frozen Meats Trading

During the period under review, the supply of frozen meats from Brazil, the Group's major frozen meats supplying country, continued to be abundant in the markets. Affected by the suspension of chicken meat exporting plants by the European Union, the continuity of the Russian embargo of pork, the establishment of new halal criteria by Arab countries, and the anti-dumping duty measures of China, Brazilian exporters shifted to allocate a larger proportion of their exports to Asian countries, including Hong Kong, with lowered offer prices to counter the reduced purchases from those traditional importing countries. The Group has cautiously monitored the market development by adjusting its sales strategy.

Other Food Business

With the joint venture in the businesses of operating Japanese restaurants and trading of wagyu beef between Kamichiku Holdings Co., Ltd. and the Group in late 2017, a Japanese BBQ restaurant was opened in March 2018 in the busiest commercial and tourist district, Tsim Sha Tsui in Hong Kong. The business performance of this restaurant has been encouraging.

Food Business Investment

The Group has continued to hold equity interest in FSMHL as a strategic investment in the food business. In a "survival of the fittest" market atmosphere, FSMHL has been striving for innovation and seeking breakthroughs, together with its excellent brand image, exquisite product quality and comprehensive sales network to sustain its leading position in the market, achieving steady development and growth in business. During the period under review, the exchange rate of Japanese yen remained stable, minimising the impact of exchange rate fluctuations and benefiting general operational performance. As at 30 September 2018, the Group maintained its equity interest in FSMHL at approximately 29.98% and the share of profits of associates decreased to HK$6,929,000, as primarily there included an one-off gain from the disposal of a property in the same period last year.

BUSINESS REVIEW AND PROSPECTS (continued)

PROSPECTS

The Group will continue to leverage its competitive edge of long-term history, solid foundation in the Hong Kong frozen meats market and excellent business relationship with customers in all segments of wet market, major supermarket chains and fast food chains to consolidate its frozen meats trading business. With the platform of Japanese BBQ restaurant as a showcase, the Group will develop its trading of premium wagyu beef, aiming at enhancing its earnings.

Leveraging on the existing business foundation, the Group's associate, FSMHL, will continue to expand the diversity of its products and increase the number of its customers, so as to sustain its market leadership in the food industry in Hong Kong. At the same time, FSMHL will actively explore the Mainland China market through promoting its own and other brands products by taking advantage of its own production plants in Mainland China and its own e-commerce setup in the Nansha New District in the Guangdong Free Trade Zone, together with other e-commerce platforms such as Taobao, Tmall, Tmall Global and JD.com, so as to broaden its sales network and increase its market share in the Mainland China market. It is expected that FSMHL will continue to bring stable contributions 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 2018, the Group had banking facilities of HK$310,000,000 of which 11% had been utilised. The Group had a gearing ratio of 5% as at 30 September 2018. 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 30 September 2018, the Group held cash and cash equivalents of HK$185,861,000. There were no significant changes in the Group's contingent liabilities and no charges on the Group's assets during the period under review.

The Group completed the Disposal on 15 August 2018 and received net proceeds of approximately HK$247,000,000 (net of directly attributable transaction costs). A sum of approximately HK$149,000,000 from the proceeds has been used to repay the bank borrowings of the Group and the remaining proceeds are placed in short-term time deposits with banks as at 30 September 2018. The Group intends to apply the remaining proceeds from the Disposal as disclosed in the previous announcements.

STAFF EMPLOYMENT

The total number of employees of the Group as at 30 September 2018 was 38. 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 purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2018.

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 2018, except for the following deviations:

Code Provision A.4.1

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

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

Code Provision A.4.2

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

In accordance with the Articles of Association of the Company, any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting and shall then be eligible for re-election. The Board considers that such a deviation is not material as 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 2018.

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 2018.

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 unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2018 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 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 interim report of the Company for the six months ended 30 September 2018 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 continuous support to the Group.

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

Hong Kong, 29 November 2018

As at the date of this announcement, the executive directors of the Company are Mr. TAI Tak Fung, Stephen, Mr. TAI Chun Leung, 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.