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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 2020**

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 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended	
		30 September	
		2020	2019
		Unaudited	Unaudited
		HK\$'000	HK\$'000
	<i>Notes</i>		
REVENUE	3	63,983	76,831
Cost of sales		<u>(56,279)</u>	<u>(68,949)</u>
Gross profit		7,704	7,882
Other income and gains, net	3	2,091	2,449
Selling and distribution expenses		(4,327)	(5,478)
Administrative expenses		(8,354)	(11,645)
Finance costs	4	(515)	(997)
Share of profits and losses of associates		<u>9,001</u>	<u>5,663</u>
PROFIT/(LOSS) BEFORE TAX	5	5,600	(2,126)
Income tax	6	<u>–</u>	<u>–</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>5,600</u>	<u>(2,126)</u>
Attributable to :			
Equity holders of the Company		5,459	(2,160)
Non-controlling interests		<u>141</u>	<u>34</u>
		<u>5,600</u>	<u>(2,126)</u>
		<i>HK cents</i>	<i>HK cents</i>
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE COMPANY			
– Basic and diluted	7	<u>2.10</u>	<u>(0.83)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30 September	
	2020	2019
	Unaudited	Unaudited
	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	<u>5,600</u>	<u>(2,126)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income/(loss) of associates, net of tax	10,401	(16,435)
Exchange differences on translation of foreign operations	<u>297</u>	<u>(82)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>10,698</u>	<u>(16,517)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u><u>16,298</u></u>	<u><u>(18,643)</u></u>
Attributable to:		
Equity holders of the Company	16,157	(18,677)
Non-controlling interests	<u>141</u>	<u>34</u>
	<u><u>16,298</u></u>	<u><u>(18,643)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2020 Unaudited HK\$'000	31 March 2020 Audited HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		27,475	28,440
Right-of-use assets		16,561	18,347
Investments in associates	8	417,600	406,093
Prepayments and deposits		1,406	1,406
Goodwill		2,103	2,103
Financial assets at fair value through profit or loss		1,300	1,300
Total non-current assets		<u>466,445</u>	<u>457,689</u>
CURRENT ASSETS			
Inventories		30,913	27,450
Trade receivables	9	10,536	9,970
Prepayments, deposits and other receivables		849	1,283
Due from associates		152	235
Financial assets at fair value through profit or loss		7,188	6,106
Tax recoverable		41	41
Cash and cash equivalents		159,888	154,389
Total current assets		<u>209,567</u>	<u>199,474</u>
CURRENT LIABILITIES			
Trade and bills payables	10	7,414	4,694
Other payables and accruals		4,324	4,416
Due to associates		116	144
Due to a non-controlling shareholder		1,471	3,128
Tax payable		–	5
Interest-bearing bank borrowings		22,922	20,469
Lease liabilities		5,541	4,846
Total current liabilities		<u>41,788</u>	<u>37,702</u>
NET CURRENT ASSETS		<u>167,779</u>	<u>161,772</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>634,224</u>	<u>619,461</u>
NON-CURRENT LIABILITIES			
Accruals		100	100
Lease liabilities		12,302	14,631
Total non-current liabilities		<u>12,402</u>	<u>14,731</u>
Net assets		<u><u>621,822</u></u>	<u><u>604,730</u></u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		117,095	117,095
Reserves		500,335	484,584
		<u>617,430</u>	<u>601,679</u>
Non-controlling interests		<u>4,392</u>	<u>3,051</u>
Total equity		<u><u>621,822</u></u>	<u><u>604,730</u></u>

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 (“Stock Exchange”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those adopted in the preparation of the annual financial statements for the year ended 31 March 2020.

The financial information relating to the year ended 31 March 2020 that is included in the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2020 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 2020 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 2020.

Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 3	<i>Definition of Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>

The application of the revised HKASs and HKFRSs in the current period has had no material effect on the amounts reported and/or disclosure set out in these 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 2020 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, marketing of meat products, communication and advertising design 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. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that bank interest income, dividend income and unallocated losses, non-lease-related 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.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

2. OPERATING SEGMENT INFORMATION (continued)

	Trading		Others		Total	
	Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September	
	2020	2019	2020	2019	2020	2019
Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue						
Sales to external customers	56,563	68,785	7,420	8,046	63,983	76,831
Intersegment sales	657	391	122	187	779	578
	57,220	69,176	7,542	8,233	64,762	77,409
<i>Reconciliation:</i>						
Elimination of intersegment sales					(779)	(578)
					63,983	76,831
Segment results	(447)	(4,570)	(362)	(1,079)	(809)	(5,649)
<i>Reconciliation:</i>						
Bank interest income					905	1,288
Dividend income and unallocated losses					(466)	264
Finance costs (other than interest on lease liabilities)					(219)	(632)
Share of profits and losses of associates					9,001	5,663
Corporate and other unallocated expenses					(2,812)	(3,060)
Profit/(loss) before tax					5,600	(2,126)

2. OPERATING SEGMENT INFORMATION (continued)

	Trading		Others		Total	
	30 September 2020 Unaudited HK\$'000	31 March 2020 Audited HK\$'000	30 September 2020 Unaudited HK\$'000	31 March 2020 Audited HK\$'000	30 September 2020 Unaudited HK\$'000	31 March 2020 Audited HK\$'000
Segment assets	188,566	184,576	27,346	27,642	215,912	212,218
<i>Reconciliation:</i>						
Elimination of intersegment receivables					(137)	(59)
Investments in associates					417,600	406,093
Corporate and other unallocated assets					42,637	38,911
Total assets					676,012	657,163
Segment liabilities	34,942	30,388	9,832	10,891	44,774	41,279
<i>Reconciliation:</i>						
Elimination of intersegment payables					(137)	(59)
Corporate and other unallocated liabilities					9,553	11,213
Total liabilities					54,190	52,433

3. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts. An analysis of revenue, other income and gains/(losses) is as follows:

	Six months ended 30 September	
	2020	2019
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Disaggregation of revenue		
Sales of goods	56,563	68,785
Others	<u>7,420</u>	<u>8,046</u>
	<u>63,983</u>	<u>76,831</u>
Timing of revenue recognition		
At a point in time	<u>63,983</u>	<u>76,831</u>
Other income		
Bank interest income	905	1,288
Dividend income from financial assets at fair value through profit or loss	268	508
Gross rental income	927	742
Sundry income	<u>1</u>	<u>21</u>
	<u>2,101</u>	<u>2,559</u>
Gains/(losses), net		
Fair value losses on financial assets at fair value through profit or loss	(734)	(244)
Foreign exchange difference, net	<u>724</u>	<u>134</u>
	<u>(10)</u>	<u>(110)</u>
	<u>2,091</u>	<u>2,449</u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2020	2019
	Unaudited HK\$'000	Unaudited HK\$'000
Interest on bank and trust receipt loans	219	632
Interest on lease liabilities	296	365
	<u>515</u>	<u>997</u>

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 September	
	2020	2019
	Unaudited HK\$'000	Unaudited HK\$'000
Cost of inventories sold	56,279	68,949
Depreciation of items of property, plant and equipment	1,217	1,167
Depreciation of right-of-use assets	2,709	2,726
Lease payments not included in the measurement of lease liabilities	3,117	4,791
Government subsidies (<i>Note</i>)	(1,474)	–
Impairment of trade receivables	–	2,047
	<u>–</u>	<u>2,047</u>

Note:

The government subsidies mainly represented the grants from the Employment Support Scheme of the Hong Kong Government, which aims to retain employment and combat COVID-19. There are no unfulfilled conditions or contingencies relating to these subsidies. During the current period, government subsidies of HK\$488,000 and HK\$986,000 are included in “Selling and distribution expenses” and “Administrative expenses”, respectively, in the condensed consolidated statement of profit or loss.

6. INCOME TAX

No provision for profit tax has been made as the Group did not generate any assessable profit arising in Hong Kong and elsewhere during the period (2019: Nil).

The share of tax attributable to associates amounting to HK\$3,509,000 (2019: HK\$4,313,000) is included in “Share of profits and losses of associates” in the unaudited condensed consolidated statement of profit or loss.

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

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company, and the number of ordinary shares in issue during the period.

The calculation of the basic and diluted earnings/(loss) per share are based on:

	Six months ended 30 September	
	2020	2019
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings/(loss) per share calculation	<u>5,459</u>	<u>(2,160)</u>
	Number of shares	
	2020	2019
	Unaudited	Unaudited
Shares		
Number of ordinary shares in issue during the period used in the basic and diluted earnings/(loss) per share calculation	<u>259,586,000</u>	<u>259,586,000</u>

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the six months ended 30 September 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

8. INVESTMENTS IN ASSOCIATES

On 16 April 2020, Four Seas (Japan) Holdings Company Limited (“Four Seas Japan”), an indirect wholly-owned subsidiary of the Group’s associate, Four Seas Mercantile Holdings Limited (“FSMHL”), acquired the option shares, representing an additional 55% of the issued share capital of Miyata Holding Co., Ltd. (“Miyata”) at a cash consideration of approximately HK\$71. Upon completion of the acquisition of the option shares, the equity interest of Four Seas Japan in Miyata increased from 15% to 70%, and Miyata became a subsidiary of Four Seas Japan and FSMHL.

8. INVESTMENTS IN ASSOCIATES (continued)

The fair value of the identifiable assets and liabilities of Miyata as at the date of acquisition based on provisional assessment were as follows:

	Provisional Fair Value Unaudited HK\$'000
Property, plant and equipment	207,986
Investment properties	22,699
Investments in associates	3,509
Financial assets at fair value through other comprehensive income	10,293
Financial assets at fair value through profit or loss	1,168
Prepayments, deposits and other receivables	4,196
Deferred tax assets	19,574
Other intangible assets	68,687
Inventories	82,133
Trade receivables	337,151
Prepayments, deposits and other receivables	35,631
Pledged bank deposits	54,939
Cash and cash equivalents	195,235
Trade payables, other payables and accruals	(320,282)
Interest-bearing bank borrowings	(655,755)
Lease liabilities	(25,543)
Loans from shareholder	(122,502)
Financial liabilities at fair value through profit or loss	(601)
Tax payable	(2,724)
Defined benefit obligations	(8,261)
Deferred tax liabilities	(30,024)
	<hr/>
Total identifiable net liabilities at fair value	(122,491)
Non-controlling interests	36,748
	<hr/>
	(85,743)
Goodwill on acquisition	85,744
	<hr/>
Satisfied by cash	<u><u>1</u></u>

A provisional goodwill of HK\$85,744,000 arising from the acquisition is attributable mainly to the benefit of the integration of the products of Miyata Co., Ltd., the principal subsidiary of Miyata, with those of the Group's associates and the synergies arising thereof. The measurement of goodwill, identifiable assets acquired and liabilities assumed at the acquisition date will be subject to finalisation within one year from the acquisition date in accordance with HKFRS 3 *Business Combination*. Any adjustment to the provisional amount, if necessary, will be reflected in the upcoming consolidated financial statements of the Group's associates and accordingly, the consolidated financial statements of the Group.

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 2020 and 31 March 2020, based on the invoice date and net of loss allowance, is as follows:

	30 September 2020 Unaudited HK\$'000	31 March 2020 Audited HK\$'000
Within 1 month	8,208	6,103
1 to 2 months	2,126	3,400
Over 2 months	<u>202</u>	<u>467</u>
	<u>10,536</u>	<u>9,970</u>

10. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at 30 September 2020 and 31 March 2020, based on the invoice date, is as follows:

	30 September 2020 Unaudited HK\$'000	31 March 2020 Audited HK\$'000
Within 1 month	<u>7,414</u>	<u>4,694</u>

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

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2020 (2019: Nil).

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

For the six months ended 30 September 2020, the Group's revenue was HK\$63,983,000 (2019: HK\$76,831,000), a decrease of approximately 16.7% from the same period last year. However, the Group recorded a profit attributable to the equity holders of approximately HK\$5,459,000 (2019: loss of HK\$2,160,000). The turnaround of profit from the loss for corresponding period of prior year was mainly attributable to the decrease in operating costs, general and administrative expenses and the increase in share of profits of associates.

Frozen Meats Trading

During the period, the overall trading business revenue decreased by 17.3% compared to the same period last year. In response to the persistent outbreak of the Coronavirus Disease 2019 ("COVID-19"), the government has strictly enforced the limitation on seated number of diners and business opening hours of restaurants under the anti-epidemic measures, which severely affected daily social and dining activities and thus further weakened local consumers' dining out sentiment. In addition, measures to control the entry of foreigners have been implemented, which has severely impacted to the number of incoming tourists, especially those from Mainland China, resulting in a drop in food and beverage consumption from overseas tourists and a decline in the sales of traditional frozen meats. However, due to the worldwide travel restrictions, Hong Kong lovers of high-end Japanese wagyu beef have turned to enjoy their Japanese wagyu beef cuisines locally which help stabilise sales for the Group's Japanese wagyu beef and thus partially offsetting the impact caused by the COVID-19 outbreak.

On the other hand, with the continued impact of African swine fever and the challenge of the COVID-19 outbreak, the demand for frozen meats imported from abroad by the Mainland China has still maintained at a high level, thus resulting in a low level supply of imported frozen meats into Hong Kong. Despite sluggish business environment, weakened consumers' sentiment and fierce market price competition, the Group adopted a prudent purchase strategy and optimized its product portfolio which enabled enhancing the gross profit margin rate.

Other Food and Food-related Business

The restaurant Beefar's, a joint venture between the Group and its Japanese partner, Kamichiku Holdings Co., Ltd., is advantageously located in Tsim Sha Tsui, one of the busiest commercial and tourist district in Hong Kong. Beefar's exclusively supplies high-quality "Satsuma" brand Japanese wagyu beef with the theme of Japanese-style BBQ, which is popular and followed by Japanese wagyu beef lovers.

The social distancing policy implemented since the beginning of 2020 has reduced the dine-in traffic of customers. The Group placed greater effort on boosting sales by expanding its sales channels, including takeaway and home delivery services, and launching various online marketing and promotional activities in order to offset the impact.

BUSINESS REVIEW AND PROSPECTS (continued)

Food Business Investment

The Group continues to hold approximately 29.98% equity interest of Four Seas Mercantile Holdings Limited (“FSMHL”) as a strategic investment in the food business. During the period, despite impacted by the COVID-19 epidemic and faced with severe challenges to its catering and retail businesses, FSMHL through its diversified businesses and well-deployed sales and marketing strategies in supermarket channel was able to achieve steady sales growth for its food distribution and manufacturing businesses. As at 30 September 2020, the Group’s share of profits of associates was HK\$9,001,000 (2019: HK\$5,663,000).

PROSPECTS

Under the continual Sino-US tensions, ongoing COVID-19 pandemic and shrinking overseas frozen meats supply challenges, the management will continue to closely monitor the development of the situation and implement prudent strategies through procurement, sales and cost control. In response to the potential impact, the Group will take measures including strengthening the relationship with overseas suppliers, expanding the range of traded products, deepening the source of procurement in Japan and increasing the proportion of procurement from other meat producing countries.

During the period, FSMHL acquired a cumulative interest of 70% of Miyata Holding Co., Ltd. (“Miyata”), a famous Japanese snack and confectionery distributor in Japan, it has provided with FSMHL additional sales platform to grow its business and maintain its leading position in the food industry. The equity merger with Miyata will help combine the expertise and advantages of both parties to bring synergy across brands and sales, and consolidate FSMHL’s market leadership in capital, management resources, and the Hong Kong confectionery retail and distribution industry. The acquisition will also help strengthen FSMHL’s sales capabilities and expand its customer base. With the strong demand for high-quality food from consumers of Hong Kong and Mainland China, FSMHL will introduce top-quality Japanese confectionery products into the confectionery and snack foods distribution markets in Hong Kong and Mainland China. At the same time, through Miyata, FSMHL is able to increase its investment and presence in food industry, creating a unique platform which covers Mainland China, Hong Kong and Japan. It is expected that FSMHL will continue to bring stable contribution 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 2020, the Group had banking facilities of HK\$220,000,000 of which 10% had been utilised. The Group had a gearing ratio of 4% as at 30 September 2020. 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 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 2020, the Group held cash and cash equivalents of HK\$159,888,000. There were no significant changes in the Group’s contingent liabilities and no charges on the Group’s assets during the period under review.

STAFF EMPLOYMENT

The total number of employees of the Group as at 30 September 2020 was 40. 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 2020.

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 continuous growth and enhancement of shareholders' value. The Company periodically reviews its corporate governance practices with reference to the latest development of corporate governance. 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 Listing Rules during the six months ended 30 September 2020 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 appointments. 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 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 2020.

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 2020.

UPDATE OF DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

The details of change in information of the directors of the Company since publication of the 2020 Annual Report of the Company are set out below:

- (1) Mr. Tai Chun Leung retired as an executive director of the Company and ceased to be the vice chairman of the Board with effect from 31 August 2020 after the conclusion of annual general meeting held on even date (“2020 AGM”).
- (2) Mr. Chan Kay Cheung retired as an independent non-executive director of the Company and ceased to be the chairman of the Audit Committee, a member of the Nomination Committee and the Remuneration Committee of the Company with effect after the conclusion of the 2020 AGM.
- (3) Mr. Wong, Louis Chung Yin has been appointed as an independent non-executive director, a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company with effect after the conclusion of the 2020 AGM.
- (4) Mr. Cheung Wing Choi, an independent non-executive director has been re-designated from member to chairman of the Audit Committee of the Company with effect after the conclusion of the 2020 AGM.

Other than those disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee of the Company comprises all the three independent non-executive directors, namely Mr. CHEUNG Wing Choi (Chairman of the Audit Committee), Mr. LAN Yee Fong, Steve John and Mr. WONG, Louis Chung Yin. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2020 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 2020 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, 30 November 2020

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. LAN Yee Fong, Steve John, Mr. CHEUNG Wing Choi and Mr. WONG, Louis Chung Yin.