

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2021**

**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 2021, together with the comparative figures for the previous year, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***Year ended 31 March 2021*

	<i>Notes</i>	<b>2021</b> <b><i>HK\$'000</i></b>	<b>2020</b> <b><i>HK\$'000</i></b>
<b>REVENUE</b>	4	<b>131,120</b>	140,048
Cost of sales		<u><b>(115,110)</b></u>	<u>(126,063)</u>
Gross profit		<b>16,010</b>	13,985
Other income and gains, net	4	<b>4,707</b>	6,076
Selling and distribution expenses		<b>(12,601)</b>	(10,297)
Administrative expenses		<b>(20,435)</b>	(26,222)
Finance costs	5	<b>(872)</b>	(1,618)
Share of profits and losses of associates		<u><b>9,003</b></u>	<u>(5,940)</u>
<b>LOSS BEFORE TAX</b>	6	<b>(4,188)</b>	(24,016)
Income tax credit/(expense)	7	<u><b>449</b></u>	<u>(40)</u>
<b>LOSS FOR THE YEAR</b>		<u><b>(3,739)</b></u>	<u>(24,056)</u>
Attributable to :			
Equity holders of the Company		<b>(4,162)</b>	(24,111)
Non-controlling interests		<u><b>423</b></u>	<u>55</u>
		<u><b>(3,739)</b></u>	<u>(24,056)</u>
		<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
<b>LOSS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY EQUITY</b>			
<b>HOLDERS OF THE COMPANY</b>			
– Basic and diluted	9	<u><b>(1.60)</b></u>	<u>(9.29)</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***Year ended 31 March 2021*

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>LOSS FOR THE YEAR</b>	<u><b>(3,739)</b></u>	<u>(24,056)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive income/(loss) of associates, net of tax	<b>21,702</b>	(17,508)
Exchange differences on translation of foreign operations	<u><b>(220)</b></u>	<u>(42)</u>
	<b>21,482</b>	(17,550)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive income of associates, net of tax	<u><b>1,605</b></u>	–
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>	<u><b>23,087</b></u>	<u>(17,550)</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<u><u><b>19,348</b></u></u>	<u><u>(41,606)</u></u>
Attributable to:		
Equity holders of the Company	<b>18,925</b>	(41,661)
Non-controlling interests	<u><b>423</b></u>	<u>55</u>
	<u><u><b>19,348</b></u></u>	<u><u>(41,606)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		29,710	28,440
Right-of-use assets		17,495	18,347
Investments in associates		428,050	406,093
Prepayments and deposits		2,257	1,406
Goodwill		2,103	2,103
Financial assets at fair value through profit or loss		8,417	1,300
Deferred tax assets		464	–
Total non-current assets		<u>488,496</u>	<u>457,689</u>
<b>CURRENT ASSETS</b>			
Inventories		32,168	27,450
Trade receivables	10	10,057	9,970
Prepayments, deposits and other receivables		1,044	1,283
Due from associates		184	235
Financial assets at fair value through profit or loss		6,999	6,106
Tax recoverable		–	41
Cash and cash equivalents		145,088	154,389
Total current assets		<u>195,540</u>	<u>199,474</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	8,031	4,694
Other payables and accruals		5,446	4,416
Due to associates		1,249	144
Due to a non-controlling shareholder		3,057	3,128
Tax payable		12	5
Interest-bearing bank borrowings		21,214	20,469
Lease liabilities		6,566	4,846
Total current liabilities		<u>45,575</u>	<u>37,702</u>
<b>NET CURRENT ASSETS</b>		<u>149,965</u>	<u>161,772</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>638,461</u>	<u>619,461</u>
<b>NON-CURRENT LIABILITIES</b>			
Accruals		200	100
Lease liabilities		13,389	14,631
Total non-current liabilities		<u>13,589</u>	<u>14,731</u>
Net assets		<u>624,872</u>	<u>604,730</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		117,095	117,095
Reserves		503,103	484,584
		620,198	601,679
<b>Non-controlling interests</b>		<u>4,674</u>	<u>3,051</u>
Total equity		<u>624,872</u>	<u>604,730</u>

## 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 (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited financial information relating to the year ended 31 March 2021 and the financial information relating to the year ended 31 March 2020 included in this preliminary announcement of annual results for the year ended 31 March 2021 do not constitute the Company’s statutory annual consolidated financial statements for those years but, in respect of the year ended 31 March 2020, 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 2021 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 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 these financial statements for the year ended 31 March 2020. 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 Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

## 1. BASIS OF PREPARATION (continued)

### Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. 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.

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 three elements of control described in the accounting policy for subsidiaries 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 *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

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

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance 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 2021 as follows:

- (a) the trading segment is engaged in the trading of frozen meats, seafood and vegetables in Hong Kong; and
- (b) the “others” segment consists of restaurants 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 loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group’s 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, deferred tax assets, 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 tax payable, 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.



### 3. OPERATING SEGMENT INFORMATION (continued)

	Trading		Others		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>						
Sales to external customers	114,020	125,544	17,100	14,504	131,120	140,048
Intersegment sales	1,530	876	202	293	1,732	1,169
	<u>115,550</u>	<u>126,420</u>	<u>17,302</u>	<u>14,797</u>	<u>132,852</u>	<u>141,217</u>
<i>Reconciliation:</i>						
Elimination of intersegment sales					<u>(1,732)</u>	<u>(1,169)</u>
					<u>131,120</u>	<u>140,048</u>
<b>Segment results</b>	<b>(1,824)</b>	<b>(9,060)</b>	<b>(3,336)</b>	<b>(1,643)</b>	<b>(5,160)</b>	<b>(10,703)</b>
<i>Reconciliation:</i>						
Bank interest income					1,241	2,643
Dividend income and unallocated losses					(440)	438
Finance costs (other than interest on lease liabilities)					(384)	(923)
Share of profits and losses of associates					9,003	(5,940)
Corporate and other unallocated expenses					<u>(8,448)</u>	<u>(9,531)</u>
Loss before tax					<u>(4,188)</u>	<u>(24,016)</u>

### 3. OPERATING SEGMENT INFORMATION (continued)

	Trading		Others		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment assets</b>	<b>172,953</b>	184,576	<b>39,214</b>	27,642	<b>212,167</b>	212,218
<i>Reconciliation:</i>						
Elimination of intersegment receivables					(319)	(59)
Investments in associates					428,050	406,093
Corporate and other unallocated assets					44,138	38,911
Total assets					<b>684,036</b>	657,163
<b>Segment liabilities</b>	<b>34,548</b>	30,388	<b>16,215</b>	10,891	<b>50,763</b>	41,279
<i>Reconciliation:</i>						
Elimination of intersegment payables					(319)	(59)
Corporate and other unallocated liabilities					8,720	11,213
Total liabilities					<b>59,164</b>	52,433
<b>Other segment information:</b>						
Write-down of inventories to net realisable value	106	523	–	–	106	523
Impairment of items of property, plant and equipment	–	–	864	–	864	–
Impairment of right-of-use assets	–	–	917	–	917	–
Capital expenditure*	8	369	5,073	789	5,081	1,158
Unallocated capital expenditure*					–	12,057
					<b>5,081</b>	13,215
Depreciation	645	654	4,434	4,321	5,079	4,975
Unallocated depreciation					2,818	2,849
					<b>7,897</b>	7,824

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

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Geographical information

The Group's revenue from external customers based on the location of its customers and information about the Group's non-current assets excluding financial assets and deferred tax assets, analysed by the geographical area in which the assets are located, are as follows:

	Revenue from external customers		Carrying amounts of non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	131,120	140,048	465,471	442,724
Japan	–	–	11,887	12,259
	<u>131,120</u>	<u>140,048</u>	<u>477,358</u>	<u>454,983</u>

#### Information about major customers

There was no revenue from customers individually contributing to over 10% of the total revenue of the Group.

### 4. 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), net is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Disaggregation of revenue</b>		
Sales of goods	114,020	125,544
Others	<u>17,100</u>	<u>14,504</u>
	<u>131,120</u>	<u>140,048</u>
<b>Timing of revenue recognition</b>		
At a point in time	<u>131,120</u>	<u>140,048</u>
<b>Other income</b>		
Bank interest income	1,241	2,643
Dividend income from financial assets at fair value through profit or loss	363	548
Gross rental income	1,863	1,633
Government subsidies*	450	510
Sundry income	<u>25</u>	<u>28</u>
	<u>3,942</u>	<u>5,362</u>

#### 4. REVENUE, OTHER INCOME AND GAINS, NET (continued)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Gains/(losses), net</b>		
Fair value losses on financial assets at fair value through profit or loss	(803)	(110)
Foreign exchange difference, net	<u>1,568</u>	<u>824</u>
	<u>765</u>	<u>714</u>
	<u><u>4,707</u></u>	<u><u>6,076</u></u>

\* Government subsidies during the year ended 31 March 2021 and 2020 included COVID-19 relief subsidies received. As at the end of the reporting periods, there were no unfulfilled conditions or other contingencies attaching to the government subsidies that had been recognised by the Group.

#### *Sale of goods*

The performance obligation is satisfied upon delivery of the goods and payment is generally due within one to three months from delivery.

In the current year, revenue from contract with customers recognised was included in contract liabilities as at the beginning reporting period was nil (2020: HK\$150,000).

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank and trust receipt loans	384	923
Interest on lease liabilities	<u>488</u>	<u>695</u>
	<u><u>872</u></u>	<u><u>1,618</u></u>

## 6. LOSS BEFORE TAX

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

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Cost of inventories sold	<b>115,004</b>	125,540
Depreciation of items of property, plant and equipment	<b>2,632</b>	2,390
Depreciation of right-of-use assets	<b>4,805</b>	4,981
Lease payments not included in the measurement of lease liabilities	<b>7,737</b>	8,469
COVID-19-related rent concession from lessors	<b>(355)</b>	(81)
Auditors' remuneration	<b>1,539</b>	1,253
Employee benefit expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind*	<b>14,191</b>	16,637
Depreciation of staff quarter included in right-of-use assets	<b>460</b>	453
Pension scheme contributions	<b>460</b>	506
	<b>15,111</b>	17,596
Write-off of items of property, plant and equipment	<b>2</b>	–
Impairment of items of property, plant and equipment**	<b>864</b>	–
Impairment of right-of-use assets**	<b>917</b>	–
Foreign exchange differences, net	<b>(1,568)</b>	(824)
Net rental income	<b>(1,496)</b>	(1,231)
Impairment of trade receivables	<b>277</b>	4,136
Write-down of inventories to net realisable value ***	<b>106</b>	523

\* Included in employee benefit expense is the government subsidies mainly represented the grants from the Employment Support Scheme of the Hong Kong Government totaling HK\$2,267,000, which aims to retain employment and combat COVID-19. There are no unfulfilled conditions or other contingencies relating to these subsidies. During the year, government subsidies of HK\$794,000 and HK\$1,473,000 are included in “selling and distribution expenses” and “administrative expenses”, respectively, in the consolidated statement of profit or loss.

\*\* The impairment of items of property, plant and equipment and right-of-use assets are included in “selling and distribution expenses” in the consolidated statement of profit or loss.

\*\*\* The write-down of inventories to net realisable value is included in “cost of sales” in the consolidated statement of profit or loss.

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). Tax on profits assessable elsewhere has been calculated at the rates of tax prevailing in the country in which the Group operates.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current charge for the year		
– Hong Kong	50	35
– Japan	–	5
Overprovision in prior year	(35)	–
Deferred	<u>(464)</u>	<u>–</u>
Tax charge/(credit) for the year	<u><u>(449)</u></u>	<u><u>40</u></u>

The share of tax attributable to associates amounting to HK\$7,346,000 (2020: HK\$4,379,000) 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 amounts is based on the loss for the year attributable to ordinary equity holders of the Company and the number of ordinary shares in issue during the year.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Loss</b>		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation	<u><u>(4,162)</u></u>	<u><u>(24,111)</u></u>
	<b>Number of shares</b>	
	2021	2020
<b>Shares</b>		
Number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u><u>259,586,000</u></u>	<u><u>259,586,000</u></u>

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2021 and 2020 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 ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	<b>7,795</b>	6,103
1 to 2 months	<b>2,009</b>	3,400
Over 2 months	<b>253</b>	467
	<b>10,057</b>	9,970

## 11. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	<b>7,638</b>	4,694
1 to 2 months	<b>393</b>	–
	<b>8,031</b>	4,694

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 2021 (2020: 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 Tuesday, 31 August 2021 (the "AGM"), the Register of Members of the Company will be closed from Wednesday, 25 August 2021 to Tuesday, 31 August 2021, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 August 2021.

## **BUSINESS REVIEW AND PROSPECTS**

### **BUSINESS REVIEW**

The global outbreak of the Coronavirus Disease 2019 ("COVID-19") has severely hit the economies of all countries and most industries faced unprecedented market challenges. During the year under review, due to the impact of the COVID-19 outbreak and the outbreak of African Swine Fever ("ASF") in late 2018, the production demand of slaughtered pigs in Mainland China has not been able to return to the normal level prior to the epidemics. Thus, it resulted in the huge procurement of frozen meat products from overseas to meet domestic need, which in turn tightened the global supply. At the same time, Hong Kong's economy has been hardly hit by COVID-19 pandemic and weakened domestic consumption sentiment.

The Group has a long standing and good reputation and built a solid foundation in the frozen meat market. With its rich experience in frozen meats trading, the Group has a large and comprehensive customer network and good relationships with its customers. Coupled with prudent procurement strategies, the Group has adopted a flexible pricing strategy to develop its business steadily under the unstable economic environment.

### **Frozen Meats Trading**

In the past year, the frozen meats market was full of challenges. In Hong Kong, the largely reduced incoming overseas visitors and weakened local consumer spending sentiment negatively impacted the frozen meats selling prices. Coping with the stringent overseas supply and upward trend of supplying prices during the year, the Group adopted rigorous purchases and stable marketing strategies to reduce market risks and effectively controlled on operating costs through flexible sales strategy.

Limited by worldwide travel restrictions, many Hong Kong lovers of high-end Japanese wagyu beef have switched to local consumption via online purchase, resulting in a considerable sales growth in the Group's solely distributed "Satsuma" brand of Japanese wagyu beef. Besides, the Group's newly developed business and sole importer of Korean Lotte's "L'Grow" brand of Australian wagyu beef has progressed satisfactorily. All of these have partially offset the negative impact caused by the COVID-19 pandemic. For the financial year ended 31 March 2021, the Group's frozen meats trading turnover recorded HK\$114,020,000 (2020: HK\$125,544,000). Despite overall turnover declined for the year, the gross profit of the frozen meats trading has been improved.



## **BUSINESS REVIEW AND PROSPECTS (continued)**

### **Other Food Business**

Beefar's, the Group's Japanese BBQ restaurant, is a joint venture with our Japanese partner, Kamichiku Holdings Co., Ltd., and is exclusively supplied with stable and high-quality "Satsuma" Japanese wagyu beef from our partner.

Affected by the pandemic and social distancing restrictions, the normal operation of the catering industry has inevitably been severely hit. The Group's catering business was also subject to seat restrictions, reduced dining hours and other restrictive policies, which have led to a decline in turnover. Nonetheless, during the year, the Group's restaurants adopted a series of effective anti-epidemic measures, and actively developed takeaway express services to increase revenue. In addition, the Group expects that the Hong Kong economy will regain its upward trend once the pandemic is over. In February 2021, the Group opened a new restaurant, namely "Gyumai", featuring in all-you-can-eat and self-served yakiniku and shabu shabu with top-quality beef from three major producing areas - Japanese "Satsuma" Japanese wagyu beef, Korean Lotte's "L'Grow" brand Australian wagyu beef and American Angus premium beef, and allowing customers to taste various kinds of supreme wagyu beef simultaneously. The management expects it will further enhance the Group's presence in the field of high-end catering and further expand to different levels of catering segment.

### **Food Business Investment**

As at 31 March 2021, the Group maintained its equity interest in Four Seas Mercantile Holdings Limited ("FSMHL") at approximately 29.98%.

During the period under review, FSMHL actively responded to the challenge of the COVID-19 pandemic and fully promoted the development of food agency and food manufacturing business. For example, basic cereals, oils and food and other daily necessities have been sold well, thus partly offset the negative impact on retailing and catering segments. Coupled with government subsidies for the COVID-19 pandemic, it has kept the business stable. During the year, FSMHL also completed the acquisition of 70% of the shares of Miyata Holdings Co., Ltd. and its subsidiaries ("Miyata"), a famous Japanese snack and candy distributor. Miyata was fully accounted for FSMHL in the year under review and helped boost the business growth.

For the financial year ended 31 March 2021, the Group's share of profit from FSMHL, associates of the Group, was HK\$9,035,000 (2020: loss HK\$5,940,000).

## **PROSPECTS**

In 2021, governments of various countries have begun to initiate COVID-19 vaccination programs for their citizens to protect against the COVID-19 pandemic, aiming for gradual recovery of economic activities. At the same time, the Group will actively introduce more high-quality meat products and seek new sourcing territories to further enhance its business development. Riding on prudent procurement and strict control of operating costs strategies, the Group will preserve its competitive edge in the market and create additional contribution for the Group.

FSMHL is celebrating its 50th anniversary this year. With its dedication to clients and innovative approach, these have helped FSMHL become a household food brand and secure the unwavering support of Hong Kong, Mainland China and overseas consumers. FSMHL introduced a wide range of food and snack items of Miyata to Hong Kong consumers, and actively distributed the newly represented renowned fruit liqueur “CHOYA Umeshu” and a variety of famous Japanese ice cream brands, to further solidifying its leading status in the local market. At the same time, FSMHL will fully grasp the enormous potential of the Mainland China market to seize the development opportunities of the huge market in the Greater Bay Area. Also, FSMHL will enter into and promote business opportunities in the Japan market through the comprehensive customer base owned by Miyata. It is expected that FSMHL will continue to provide 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 31 March 2021, the Group had banking facilities of HK\$220,753,000 of which 10% had been utilised. The Group had a gearing ratio of 3% as at 31 March 2021. 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 31 March 2021, the Group held cash and cash equivalents of HK\$145,088,000. There were no significant changes in the Group’s contingent liabilities and no charges on the Group’s assets at the end of the reporting period.

## **STAFF EMPLOYMENT**

The total number of employees of the Group as at 31 March 2021 was 65. 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 year ended 31 March 2021.

## **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. 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 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 year ended 31 March 2021.

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 2021.

## **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 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 2021.

## **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 2021 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](http://www.hkexnews.hk) and the Company's website at [www.hongkongfoodinvestment.com.hk](http://www.hongkongfoodinvestment.com.hk). The annual report of the Company for the year ended 31 March 2021, 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 Chun Kit**  
*Chairman*

Hong Kong, 29 June 2021

*As at the date of this announcement, the executive directors of the Company are Mr. TAI Chun Kit, Mr. MAN Wing Cheung, Ellis and Mr. TSE Siu Wan; the non-executive director of the Company is Mr. TAI Tak Fung, Stephen 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.*