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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 2022**

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 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | | Six months ended | |
|-------------------------------------------|--------------|-------------------------|------------------|
| | | 30 September | |
| | | 2022 | 2021 |
| | | Unaudited | Unaudited |
| | | HK\$'000 | HK\$'000 |
| | <i>Notes</i> | | |
| REVENUE | 3 | 113,536 | 93,461 |
| Cost of sales | | <u>(90,697)</u> | <u>(76,351)</u> |
| Gross profit | | 22,839 | 17,110 |
| Other income and gains, net | 3 | 1,072 | 978 |
| Selling and distribution expenses | | (19,229) | (10,945) |
| Administrative expenses | | (11,227) | (11,514) |
| Finance costs | 4 | (418) | (369) |
| Share of profits and losses of associates | | <u>17,507</u> | <u>3,972</u> |
| PROFIT/(LOSS) BEFORE TAX | 5 | 10,544 | (768) |
| Income tax expense | 6 | <u>(89)</u> | <u>(344)</u> |
| PROFIT/(LOSS) FOR THE PERIOD | | <u>10,455</u> | <u>(1,112)</u> |
| Attributable to : | | | |
| Equity holders of the Company | | 9,415 | (1,948) |
| Non-controlling interests | | <u>1,040</u> | <u>836</u> |
| | | <u>10,455</u> | <u>(1,112)</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>3.63</u> | <u>(0.75)</u> |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Six months ended 30 September | |
|-------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------|
| | 2022 | 2021 |
| | Unaudited HK\$'000 | Unaudited HK\$'000 |
| PROFIT/(LOSS) FOR THE PERIOD | 10,455 | (1,112) |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | | |
| <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 | (32,612) | 4,252 |
| Exchange differences on translation of foreign operations | (4,652) | (28) |
| <i>Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</i> | (37,264) | 4,224 |
| <i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</i> | | |
| Share of other comprehensive loss of associates, net of tax | (239) | (57) |
| <i>Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods</i> | (239) | (57) |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX | (37,503) | 4,167 |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | (27,048) | 3,055 |
| Attributable to: | | |
| Equity holders of the Company | (28,088) | 2,219 |
| Non-controlling interests | 1,040 | 836 |
| | (27,048) | 3,055 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | 30 September | 31 March |
|-------------------------------------------------------|---------------------|-----------------|
| | 2022 | 2022 |
| | Unaudited | Audited |
| <i>Notes</i> | HK\$'000 | HK\$'000 |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 46,939 | 34,163 |
| Right-of-use assets | 22,881 | 27,526 |
| Investment properties | 9,217 | 10,939 |
| Investments in associates | 393,740 | 416,574 |
| Prepayments and deposits | 3,806 | 3,851 |
| Goodwill | 2,103 | 2,103 |
| Financial assets at fair value through profit or loss | 12,200 | 12,821 |
| Deferred tax assets | 1,251 | 961 |
| Total non-current assets | 492,137 | 508,938 |
| CURRENT ASSETS | | |
| Inventories | 37,274 | 52,894 |
| Trade receivables | 8 17,109 | 14,109 |
| Prepayments, deposits and other receivables | 8,824 | 8,393 |
| Due from associates | 2,482 | 1,698 |
| Financial assets at fair value through profit or loss | 6,526 | 6,762 |
| Cash and cash equivalents | 84,674 | 92,452 |
| Total current assets | 156,889 | 176,308 |
| CURRENT LIABILITIES | | |
| Trade and bills payables | 9 8,876 | 4,241 |
| Other payables and accruals | 7,017 | 7,164 |
| Due to associates | 160 | 69 |
| Due to a non-controlling shareholder | 4,566 | 4,311 |
| Tax payable | 936 | 556 |
| Interest-bearing bank borrowings | 25,399 | 35,235 |
| Lease liabilities | 10,631 | 9,763 |
| Total current liabilities | 57,585 | 61,339 |
| NET CURRENT ASSETS | 99,304 | 114,969 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 591,441 | 623,907 |
| NON-CURRENT LIABILITIES | | |
| Accruals | 400 | 400 |
| Lease liabilities | 13,120 | 18,538 |
| Total non-current liabilities | 13,520 | 18,938 |
| Net assets | 577,921 | 604,969 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

| | 30 September 2022 Unaudited HK\$'000 | 31 March 2022 Audited HK\$'000 |
|-------------------------------------------------------------|---------------------------------------------------------|-----------------------------------------|
| EQUITY | | |
| Equity attributable to equity holders of the Company | | |
| Share capital | 117,095 | 117,095 |
| Reserves | <u>453,535</u> | <u>481,623</u> |
| | 570,630 | 598,718 |
| Non-controlling interests | <u>7,291</u> | <u>6,251</u> |
| Total equity | <u><u>577,921</u></u> | <u><u>604,969</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 2022.

The financial information relating to the year ended 31 March 2022 that is included in the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 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 2022 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 revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for accounting periods beginning on or after 1 April 2022.

Amendments to HKFRS 3
Amendments to HKAS 16

Reference to the Conceptual Framework
Property, Plant and Equipment: Proceeds before
Intended Use

Amendments to HKAS 37
Annual Improvements to
HKFRSs 2018-2020

Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, Illustrative
Examples accompanying HKFRS 16, and HKAS 41

The application of the above revised standards 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 three reportable operating segments for the period ended 30 September 2022 as follows:

- (a) the trading segment is engaged in the trading of frozen meats, seafood and vegetables in Hong Kong;
- (b) the catering segment is engaged in restaurants operation in Hong Kong; and
- (c) the “others” segment consists of marketing of meat products and communication and advertising design.

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, 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 payables, 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)

Six months ended 30 September 2022

| | Trading Unaudited HK\$'000 | Catering Unaudited HK\$'000 | Others Unaudited HK\$'000 | Total Unaudited HK\$'000 |
|----------------------------------------------------------|----------------------------------|-----------------------------------|---------------------------------|--------------------------------|
| Segment revenue | | | | |
| Sales to external customers | 81,943 | 29,851 | 1,742 | 113,536 |
| Intersegment sales | 3,490 | – | 4 | 3,494 |
| | <u>85,433</u> | <u>29,851</u> | <u>1,746</u> | <u>117,030</u> |
| <i>Reconciliation:</i> | | | | |
| Elimination of intersegment sales | | | | <u>(3,494)</u> |
| | | | | <u><u>113,536</u></u> |
| Segment results | (2,317) | (451) | 742 | (2,026) |
| <i>Reconciliation:</i> | | | | |
| Bank interest income | | | | 116 |
| Dividend income and unallocated losses | | | | (504) |
| Finance costs (other than interest on lease liabilities) | | | | (243) |
| Share of profits and losses of associates | | | | 17,507 |
| Corporate and other unallocated expenses | | | | <u>(4,306)</u> |
| Profit before tax | | | | <u><u>10,544</u></u> |

Six months ended 30 September 2021

| | Trading Unaudited HK\$'000 | Catering Unaudited HK\$'000 | Others Unaudited HK\$'000 | Total Unaudited HK\$'000 |
|----------------------------------------------------------|----------------------------------|-----------------------------------|---------------------------------|--------------------------------|
| Segment revenue | | | | |
| Sales to external customers | 73,198 | 17,743 | 2,520 | 93,461 |
| Intersegment sales | 1,560 | – | 47 | 1,607 |
| | <u>74,758</u> | <u>17,743</u> | <u>2,567</u> | <u>95,068</u> |
| <i>Reconciliation:</i> | | | | |
| Elimination of intersegment sales | | | | <u>(1,607)</u> |
| | | | | <u><u>93,461</u></u> |
| Segment results | (104) | 1,256 | (310) | 842 |
| <i>Reconciliation:</i> | | | | |
| Bank interest income | | | | 185 |
| Dividend income and unallocated losses | | | | (1,653) |
| Finance costs (other than interest on lease liabilities) | | | | (215) |
| Share of profits and losses of associates | | | | 3,972 |
| Corporate and other unallocated expenses | | | | <u>(3,899)</u> |
| Loss before tax | | | | <u><u>(768)</u></u> |

2. OPERATING SEGMENT INFORMATION (continued)

As at 30 September 2022

| | Trading Unaudited HK\$'000 | Catering Unaudited HK\$'000 | Others Unaudited HK\$'000 | Total Unaudited HK\$'000 |
|---------------------------------------------|-------------------------------------------|--------------------------------------------|------------------------------------------|-----------------------------------------|
| Segment assets | 130,555 | 54,534 | 4,010 | 189,099 |
| <i>Reconciliation:</i> | | | | |
| Elimination of intersegment receivables | | | | (1,085) |
| Investments in associates | | | | 393,740 |
| Corporate and other unallocated assets | | | | <u>67,272</u> |
| Total assets | | | | <u><u>649,026</u></u> |
| Segment liabilities | 39,530 | 27,753 | 143 | 67,426 |
| <i>Reconciliation:</i> | | | | |
| Elimination of intersegment payables | | | | (1,085) |
| Corporate and other unallocated liabilities | | | | <u>4,764</u> |
| Total liabilities | | | | <u><u>71,105</u></u> |

As at 31 March 2022

| | Trading Audited HK\$'000 | Catering Audited HK\$'000 | Others Audited HK\$'000 | Total Audited HK\$'000 |
|---------------------------------------------|-----------------------------------------|------------------------------------------|----------------------------------------|---------------------------------------|
| Segment assets | 149,992 | 45,963 | 7,595 | 203,550 |
| <i>Reconciliation:</i> | | | | |
| Elimination of intersegment receivables | | | | (5) |
| Investments in associates | | | | 416,574 |
| Corporate and other unallocated assets | | | | <u>65,127</u> |
| Total assets | | | | <u><u>685,246</u></u> |
| Segment liabilities | 47,088 | 26,765 | 289 | 74,142 |
| <i>Reconciliation:</i> | | | | |
| Elimination of intersegment payables | | | | (5) |
| Corporate and other unallocated liabilities | | | | <u>6,140</u> |
| Total liabilities | | | | <u><u>80,277</u></u> |

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), net is as follows:

| | Six months ended 30 September | |
|-------------------------------------------------------------------------------|--------------------------------------|-----------------|
| | 2022 | 2021 |
| | Unaudited | Unaudited |
| | HK\$'000 | HK\$'000 |
| Disaggregation of revenue | | |
| Sales of goods | 81,943 | 73,198 |
| Restaurants operation | 29,851 | 17,743 |
| Others | 1,742 | 2,520 |
| | <u>113,536</u> | <u>93,461</u> |
| Timing of revenue recognition | | |
| At a point in time | <u>113,536</u> | <u>93,461</u> |
| Other income | | |
| Bank interest income | 116 | 185 |
| Dividend income from financial assets at fair value through profit or loss | 378 | 166 |
| Gross rental income | 1,227 | 911 |
| Government subsidies* | 300 | – |
| Sundry income | 41 | 51 |
| | <u>2,062</u> | <u>1,313</u> |
| Gains/(losses), net | | |
| Fair value losses on financial assets at fair value through profit or loss | (882) | (1,819) |
| Foreign exchange difference, net | (108) | 1,484 |
| | <u>(990)</u> | <u>(335)</u> |
| | <u>1,072</u> | <u>978</u> |

* Government subsidies included Covid-19 relief subsidies received. There were no unfulfilled conditions or other contingencies attaching to the government subsidies that had been recognised by the Group during the period ended 30 September 2022 (2021: Nil).

4. FINANCE COSTS

An analysis of finance costs is as follows:

| | Six months ended 30 September | |
|------------------------------------------|-------------------------------|------------|
| | 2022 | 2021 |
| | Unaudited | Unaudited |
| | HK\$'000 | HK\$'000 |
| Interest on bank and trust receipt loans | 243 | 215 |
| Interest on lease liabilities | 175 | 154 |
| | <u>418</u> | <u>369</u> |

5. PROFIT/(LOSS) BEFORE TAX

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

| | Six months ended 30 September | |
|---------------------------------------------------------------------|-------------------------------|-----------|
| | 2022 | 2021 |
| | Unaudited | Unaudited |
| | HK\$'000 | HK\$'000 |
| Cost of inventories sold | 90,697 | 76,351 |
| Depreciation of items of property, plant and equipment | 2,538 | 1,885 |
| Depreciation of right-of-use assets | 4,590 | 2,997 |
| Lease payments not included in the measurement of lease liabilities | 5,436 | 4,730 |
| Covid-19-related rent concessions from lessors | (170) | (9) |
| Government subsidies * | (1,260) | – |
| Impairment of trade receivables | 84 | 59 |

- * The government subsidies represented the grants from the Employment Support Scheme of the Hong Kong Government which aims to retain employment and combat Covid-19. During the period ended 30 September 2022, there were no unfulfilled conditions or contingencies relating to these subsidies. During the period, government subsidies of HK\$636,000 and HK\$624,000 are included in “Selling and distribution expenses” and “Administrative expenses”, respectively, in the condensed consolidated statement of profit or loss (2021: Nil).

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, 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 (2021: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

| | Six months ended 30 September | |
|---------------------------------|--------------------------------------|-------------------|
| | 2022 | 2021 |
| | Unaudited | Unaudited |
| | HK\$'000 | HK\$'000 |
| Current charge for the period | | |
| – Hong Kong | 379 | 270 |
| Deferred | <u>(290)</u> | <u>74</u> |
| Total tax charge for the period | <u><u>89</u></u> | <u><u>344</u></u> |

The share of tax credit attributable to associates amounting to HK\$4,222,000 (2021: Tax expense of HK\$3,773,000) 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 | |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------|
| | 2022 | 2021 |
| | 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><u>9,415</u></u> | <u><u>(1,948)</u></u> |
| | Number of shares | |
| | 2022 | 2021 |
| | Unaudited | Unaudited |
| Shares | | |
| Number of ordinary shares in issue during the period used in the basic and diluted earnings/(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 earnings/(loss) per share amounts presented for the six months ended 30 September 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

8. 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 2022 and 31 March 2022, based on the invoice date and net of loss allowance, is as follows:

| | 30 September 2022 Unaudited HK\$'000 | 31 March 2022 Audited HK\$'000 |
|----------------|---------------------------------------------------------|-----------------------------------------|
| Within 1 month | 10,166 | 7,453 |
| 1 to 2 months | 6,248 | 3,162 |
| Over 2 months | 695 | 3,494 |
| | 17,109 | 14,109 |

9. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at 30 September 2022 and 31 March 2022, based on the invoice date, is as follows:

| | 30 September 2022 Unaudited HK\$'000 | 31 March 2022 Audited HK\$'000 |
|----------------|---------------------------------------------------------|-----------------------------------------|
| Within 1 month | 8,876 | 4,237 |
| 1 to 2 months | – | 4 |
| | 8,876 | 4,241 |

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

10. CAPITAL COMMITMENT

No material capital commitment was contracted but not provided for as at 30 September 2022 (31 March 2022: Nil).

11. EVENT AFTER REPORTING PERIOD

No material events have occurred after the end of the period under review and up to the date of this announcement.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2022 (2021: Nil).

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

For the six months ended 30 September 2022, the Group's consolidated revenue was HK\$113,536,000, representing an increase of 21.5% as compared with HK\$93,461,000 for the corresponding period ended 30 September 2021. Such revenue growth was mainly attributable to the increase in revenue from both trading and catering segments due to strong demand in high-quality meats in the market and opening of new a restaurant during the period under review.

The Group recorded a profit attributable to the equity holders of the Company of HK\$9,415,000, representing an increase of HK\$11,363,000 as compared with loss making of HK\$1,948,000 for the corresponding period last year. It was mainly attributable to the increase in the contribution of share of profits from associates and the receipt of the subsidies from the Government of the Hong Kong Special Administrative Region in relation to Covid-19.

Frozen Meats Trading Business

During the period under review, the revenue of frozen meats trading business was HK\$81,943,000, representing an increase of HK\$8,745,000, or 11.9%, as compared to the corresponding period last year.

The segment loss recorded for the period was mainly due to the drop in gross profit margin because of the epidemic lockdown and the economic downturn. Currently, the Group is adopting a prudent purchase strategy on traditional frozen meats while optimising its product mix through the high quality frozen meat products in order to suit the market preference and attain higher gross profit margin. On the other hand, the storage expenses were reduced resulting in more efficient operation of the frozen meats trading business.

With the effective control of the epidemic by the government, together with the relaxation of the containment measures, potential rebound in the economy is expected by consensus. The Group will focus on exploring new potential customers, especially in the supermarket and restaurant category, with the aim to achieve sales growth and higher gross profit margin.

BUSINESS REVIEW AND PROSPECTS (continued)

Catering Business

During the period under review, the revenue of catering business was HK\$29,851,000, representing an increase of HK\$12,108,000, or 68.2%, as compared to the corresponding period last year. During the period under review, the Group opened one more “Gyumai” restaurant in Causeway Bay. We now have one “Beefar’s” restaurant offering high-quality “Satsuma” brand of Japanese wagyu beef in Japanese BBQ style and three “Gyumai” restaurants offering supreme beef from Japan, Australia and USA in all-you-can-eat Japanese BBQ and hotpot style.

The strict anti-pandemic control measures were implemented for the catering industry in the earlier months, e.g. the suspension of dine-in services at restaurants at dinner time, had directly affected the turnover of our restaurants. In the past few months, the social distancing rules are gradually relaxing, as well as we are launching marketing promotions through social and digital media, driven the improvement in sales performance of the restaurants. We will continuously monitor our food costs and work on new menus to improve the gross profit margin.

We are optimistic about the growth of the catering business and will expand our business at suitable time to capture the future economic development in Hong Kong after the pandemic. Leveraging on the long term and excellent business relationship with local customers and overseas suppliers, the Group will continue to provide tasty, nutritious and high-quality food to the public.

Other Businesses

For the period under review, the revenue from the segment of communication and advertising design, and marketing of meat products was HK\$1,742,000, down 30.9% from HK\$2,520,000 of previous period and the segment recorded a profit of approximately HK\$742,000, while the corresponding period previous year was loss making of approximately HK\$310,000.

Throughout the years, we have successfully built widely-accepted brand of “Satsuma” and “L’Grow” in our meats trading sector and also “Beefar’s” and “Gyumai” in the catering sector through active marketing campaigns and digital media. Besides supporting the Group’s own business, we also served customers from the banking and properties sectors to achieve long term stable growth in revenue and profit.

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 under review, FSMHL recorded an increase in profits despite the difficult business climate during the epidemic. Taking advantage of the stability of the epidemic situation in China and Hong Kong and the depreciation of Japanese Yen, together with FSMHL’s forward-looking development strategy, enriched product range and synergy achieved through the acquisition of Miyata Co., Ltd (“Miyata”), FSMHL achieved a revenue of HK\$2.11 billion and profit of approximately HK\$61 million for the period under review. For the six months ended 30 September 2022, the Group’s share of profits from FSMHL, associates of the Group, was HK\$17,507,000, representing an increase of HK\$12,896,000, or 279.7% as compared to the same period last year.

PROSPECTS

Looking ahead, both the frozen meats trading and catering businesses will continue to face challenges and opportunities. For frozen meats trading business, we will focus on strengthening the relationship with overseas suppliers to ensure the source of supply, expanding the product range to include more high yield products, deepening the source of procurement in Japan and increasing the proportion of procurement from other meat producing countries. For catering business, we will focus on boosting the sales through promotion in social and digital media, introducing attractive and special menus with better management of food and labour costs to enhance better performance.

We would also stay alert to the possibility of extension of the Covid-19 related restrictions that may impact our businesses. To conclude, we are optimistic about the future and we will continue to explore business opportunities in order to enhance our future development.

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 2022, the Group had banking facilities of HK\$200,753,000 of which 13% had been utilised. The Group had a gearing ratio of 4% as at 30 September 2022. 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 2022, the Group held cash and cash equivalents of HK\$84,674,000. The Group has no significant 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 2022 was 70. 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 2022.

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 the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the six months ended 30 September 2022.

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 2022.

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 2022.

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 2022 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 2022 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 Chun Kit
Chairman

Hong Kong, 29 November 2022

As at the date of this announcement, the executive directors of the Company are Mr. TAI Chun Kit 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.