FOUR SEAS FOOD INVESTMENT HOLDINGS LIMITED
四洲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 2007

The Board of Directors (the "Board") of Four Seas Food Investment Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 March 2007, together with the comparative figures for the financial year ended 31 March 2006 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	Note	**2007** *HK$'000*	2006 *HK$'000*
Turnover	2	**484,269**	537,547
Cost of sales	4	**(448,562)**	(519,518)
Gross profit		**35,707**	18,029
Other gains	3	**11,046**	11,357
Selling and distribution expenses	4	**(3,976)**	(4,487)
Administrative expenses	4	**(32,791)**	(30,200)
Operating profit/(loss) before finance costs		**9,986**	(5,301)
Finance costs	5	**(3,894)**	(5,897)
Share of profits of associated companies		**29,725**	25,963
Profit before tax		**35,817**	14,765
Income tax (expense)/credit	6	**(1,015)**	2,635
Profit attributable to equity holders of the Company		**34,802**	17,400
Dividends	7	**10,384**	10,384
Earnings per share for profit attributable to the equity holders of the Company during the year			
– basic	8	**HK13.41 cents**	HK6.72 cents
– diluted	8	**HK13.41 cents**	HK6.72 cents

CONSOLIDATED BALANCE SHEETS

AS AT 31 MARCH 2007

	Note	2007 HK$'000	2006 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**55,516**	57,417
Leasehold land		**31,770**	32,340
Interests in associated companies		**236,582**	203,751
Deferred income tax assets		**2,966**	2,965
		326,834	296,473
Current assets			
Inventories		**44,512**	54,559
Trade receivables	9	**37,981**	52,342
Prepayments, deposits and other receivables		**988**	4,317
Other financial assets at fair value through profit or loss		**17,959**	8,656
Due from associated companies		**19**	–
Cash and cash equivalents		**51,368**	52,235
		152,827	172,109
Total assets		**479,661**	468,582
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**25,959**	25,959
Reserves		**371,453**	342,432
Proposed final dividend		**7,788**	7,788
Total equity		**405,200**	376,179
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**161**	–
		161	–
Current liabilities			
Trade and bills payables	10	**5,906**	2,663
Other payables and accrued charges		**9,926**	12,353
Due to associated companies		**–**	13
Borrowings		**55,524**	76,714
Current income tax liabilities		**2,944**	660
		74,300	92,403
Total liabilities		**74,461**	92,403
Total equity and liabilities		**479,661**	468,582
Net current assets		**78,527**	79,706
Total assets less current liabilities		**405,361**	376,179

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention except that certain financial assets and financial liabilities are measured at fair values, as appropriate.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

During the year, the Group adopted the following amendment of HKFRS, which is mandatory for accounting periods beginning on or after 1 January 2006 and relevant to the Group's operations.

HKAS 39 and HKFRS 4 (Amendment)	Financial Guarantee Contracts

The adoption of the above amendment of HKFRS did not result in substantial changes to the Group's accounting policies. In summary:

HKAS 39 and HKFRS 4 (Amendment) "Financial Guarantee Contracts" requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (i) the unamortised balance of the related fees received and deferred, and (ii) the expenditure required to settle the commitment at the balance sheet date. The adoption of this amendment does not have significant impact on the Group's financial statements.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 but are not relevant to the Group's operation.

- HKAS 19 Amendment – Actuarial Gains and Losses, Group Plans and Disclosures;
- HKAS 21 Amendment – Net investment in a Foreign operation;
- HKAS 39 Amendment – Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- HKAS 39 Amendment – The Fair Value Option;
- HKFRS 1 & 6 Amendments – First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources;
- HKFRS 6 – Exploration for and Evaluation of Mineral Resources;
- HK(IFRIC)-Int 4 – Determining whether an Arrangement contains a Lease;
- HK(IFRIC)-Int 5 – Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;
- HK(IFRIC)-Int 6 – Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment; and
- HK(IFRIC)-Int 7 – Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyper Inflationary Economies.

1. Basis of preparation *(continued)*

The following standards, amendment and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods but that the Group has not early adopted.

- HKAS 1 Amendment – Capital Disclosures;
- HKFRS 7 – Financial Instruments: Disclosures;
- HKFRS 8 – Operating Segments;
- HK(IFRIC)-Int 8 – Scope of HKFRS 2;
- HK(IFRIC)-Int 9 – Reassessment of embedded derivatives;
- HK(IFRIC)-Int 10 – Interim Financial Reporting and Impairment;
- HK(IFRIC)-Int 11 – HKFRS 2 – Group and Treasury Share Transactions; and
- HK(IFRIC)-Int 12 – Service Concession Arrangements.

The Group is in the process of making an assessment on the impact of these new/revised standards, amendment and interpretations of HKFRS upon initial application. They are unlikely to result in substantial changes to the Group's accounting policies or have material impact on the Group's financial statements.

2. Turnover and segment information

Turnover represented sales of invoiced goods.

Primary reporting format – geographical segments

	2007		
	Hong Kong and Macau *HK$'000*	**Mainland China** *HK$'000*	**Group** *HK$'000*
Turnover	**359,847**	**124,422**	**484,269**
Segment results	**8,046**	**6,543**	**14,589**
Unallocated costs			**(4,603)**
Operating profit before finance costs			**9,986**
Finance costs			**(3,894)**
Share of profits of associated companies			**29,725**
Profit before tax			**35,817**
Income tax expense			**(1,015)**
Profit attributable to equity holders of the Company			**34,802**
Segment assets	**237,273**	**4,930**	**242,203**
Interests in associated companies	**236,582**	**–**	**236,582**
Unallocated assets			**876**
Total assets			**479,661**
Segment liabilities	**55,159**	**12,938**	**68,097**
Unallocated liabilities			**6,364**
Total liabilities			**74,461**
Capital expenditure	**2,108**	**–**	**2,108**
Depreciation of property, plant and equipment	**3,164**	**–**	**3,164**
Amortisation of leasehold land	**570**	**–**	**570**

2. **Turnover and segment information** *(continued)*

Primary reporting format – geographical segments

	2006		
	Hong Kong and Macau *HK$'000*	Mainland China *HK$'000*	Group *HK$'000*
Turnover	422,837	114,710	537,547
Segment results	(3,826)	3,092	(734)
Unallocated costs			(4,567)
Operating loss before finance costs			(5,301)
Finance costs			(5,897)
Share of profits of associated companies			25,963
Profit before tax			14,765
Income tax credit			2,635
Profit attributable to equity holders of the Company			17,400
Segment assets	251,699	9,885	261,584
Interests in associated companies	203,751	–	203,751
Unallocated assets			3,247
Total assets			468,582
Segment liabilities	67,465	21,694	89,159
Unallocated liabilities			3,244
Total liabilities			92,403
Capital expenditure	928	–	928
Depreciation of property, plant and equipment	3,209	–	3,209
Amortisation of leasehold land	570	–	570

3. Other gains

	2007	2006
	HK$'000	*HK$'000*
Interest income	**3,576**	5,551
Gross rental income	**563**	648
Gain on disposals of other financial assets at fair value through profit or loss	**1,039**	2,623
Dividend income from other financial assets at fair value through profit or loss	**191**	52
Fair value gains on other financial assets at fair value through profit or loss	**3,881**	1,141
Exchange gain, net	**1,081**	856
Gain on disposals of property, plant and equipment	**33**	25
Claims received	**682**	461
	11,046	11,357

4. Expenses by nature

	2007	2006
	HK$'000	*HK$'000*
Changes in inventories	**422,489**	492,638
Auditor's remuneration	**550**	520
Depreciation of property, plant and equipment	**3,164**	3,209
Amortisation of leasehold land	**570**	570
Operating leases of land and buildings	**16,747**	16,113
Employee benefit expense	**18,680**	19,795
Impairment of trade receivables	**5,063**	623
Other expenses	**18,066**	20,737
Total cost of sales, selling and distribution expenses and administrative expenses	**485,329**	554,205

5. Finance costs

	2007	2006
	HK$'000	*HK$'000*
Interest expense on bank loans and trust receipt loans	**3,894**	5,897

6. Income tax expense/(credit)

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year.

	2007	2006
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	**855**	551
– Over provision in prior year	**–**	(73)
Deferred income tax relating to the origination and reversal of temporary difference	**160**	(3,113)
Income tax expense/(credit)	**1,015**	(2,635)

7. Dividends

	2007	2006
	HK$'000	*HK$'000*
Interim, paid, of HK1.0 cent (2006: HK1.0 cent) per ordinary share	**2,596**	2,596
Final, proposed, of HK3.0 cents (2006: HK3.0 cents) per ordinary share	**7,788**	7,788
	10,384	10,384

8. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2007	2006
Profit attributable to equity holders of the Company (HK$)	**34,802,000**	17,400,000
Weighted average number of ordinary shares in issue	**259,586,000**	258,905,000
Basic earnings per share (HK cent per share)	**13.41**	6.72

The Company had no diluted potential ordinary shares as at 31 March 2006 and 2007.

9. Trade receivables – Group

As at 31 March 2007, the ageing analysis of the trade receivables was as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**30,116**	43,904
31 – 60 days	**6,740**	7,108
Over 60 days	**1,125**	1,330
	37,981	52,342

The Group has a credit policy with general credit terms ranging from 30 days to 90 days.

All trade receivables are denominated in Hong Kong dollar.

The carrying amount of trade receivables approximate to their fair value due to short maturity.

10. Trade and bills payables – Group

As at 31 March 2007, the ageing analysis of the trade and bills payables was as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 30 days	**5,902**	2,522
31 – 60 days	**4**	116
Over 60 days	**–**	25
	5,906	2,663

	2007	2006
	HK$'000	*HK$'000*
Denominated in:		
Hong Kong dollar	**12**	166
United States dollar	**5,894**	2,497
	5,906	2,663

The carrying amount of trade and bills payables approximate to their fair value due to short maturity.

FINAL DIVIDEND

The Board has recommended a payment of final dividend of HK3.0 cents (2006: HK3.0 cents) per ordinary share for the year ended 31 March 2007, payable to shareholders whose names appear in the Register of Members of the Company on Wednesday, 12 September 2007. The dividend will be payable on Thursday, 27 September 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 5 September 2007 to Wednesday, 12 September 2007 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfer accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Abacus Share Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 4 September 2007.

BUSINESS REVIEW AND PROSPECTS

Business Review

In the past year, the environment of frozen meat trading was volatile. The selling prices were affected by the keen price competition in the industry. Nevertheless, attributable to the Group's good reputation in the frozen meat market, financial strength, a wealth of frozen meat trading experience, wide customer network and good relationship with customers as well as cautious purchasing strategy, the gross profit of frozen meat trading improved despite a decrease of turnover during the year.

Apart from the frozen meat trading business, the Group also holds equity interests in Four Seas Mercantile Holdings Limited ("FSMHL"), with a view of diversifying the Group's food business investment and portfolio, and therefore providing a stable return to the Group. As at 31 March 2007, FSMHL contributed to the Group a share of profits of HK$29,725,000 (2006: HK$25,963,000), representing an increase of approximately 14%.

Frozen Meat Trading

Frozen meat trading is the core business of the Group and its products continue to be well-received by its customers. During the year, owing to worldwide increase in demand of frozen meat, supplies in the market was tight. Coupled with the soaring prices of animal feed, the purchasing cost of frozen meat persistently stayed at high level globally, which in turn led to an unfavourable operating environment of frozen meat trading. Meanwhile, due to keen competition in the industry, the selling prices were unable to go up accordingly.

Nevertheless, the Group endeavored to reduce the impact by leveraging its wealth of frozen meat trading experience, comprehensive distribution network, prudent purchasing strategy, efficient costs control and improved overall operation to strengthen its competitiveness in the market. Although turnover decreased due to the unfavourable factors, the Group successfully controlled the purchasing costs through the implementation of prudent purchasing strategy which improved its gross profit and thus reducing the influence of decreasing turnover to profits.

Food Investment

FSMHL is one of the distinct and largest food enterprises in Hong Kong and has a leading position in the food industry, with business segments of food distribution, food manufacturing, Four Seas brand products development and catering. Through equity investment in FSMHL, the Group is able to share the profits so as to stabilise the Group's earnings. As at 31 March 2007, the Group's equity interests in FSMHL increased to approximately 28.19%.

Food Distribution

FSMHL distributes various famous and high quality food products sourced from many countries over the world. In the past year, the development of food distribution performed well through its incredible reputation, comprehensive distribution channels, broad customer base, aggressive marketing strategies, and close relationship with customers. In the meantime, FSMHL was awarded "The Best Supplier", "Flying Dragon Award", "Flying Brand Award" and "Best Relationship" supplier award. Furthermore, FSMHL has been growing aggressively its extensive retailing network of Okashi Land specialty chain shops for imported trendy snacks and its own Four Seas brand products and therefore enjoys high popularity in Hong Kong. FSMHL has not only been awarded the "Hong Kong Top Service Brand", but also received "The Fourth Hong Kong & Macau Integrity Award" from Guangzhou Daily. All of these accolades indicate high recognitions from customers across Hong Kong and Mainland China.

Food Manufacturing

FSMHL has 18 food factories in both Hong Kong and Mainland China and has implemented its "integrated business model" by incorporating every aspect of the supply chain from raw materials to manufacturing. Aiming at excelling the quality of food products, FSMHL has undergone vigorous programs to elevate the product and management quality of these factories. On distribution and retail, great efforts have also been placed on promoting the high quality of self-produced products. Currently, these factories produce a wide range of high value-added products including seaweed, candies, snacks and confectioneries, peanuts, potato chips, instant noodles, ice-cream, beverages, ham and sausages, biscuits, cake and bread, chestnuts and frozen dim sums. Accolades won for food production of FSMHL include "Creditable-Quality Food Products in Nation", "Creditable-Quality Enterprises", "Certified for the Q-Mark Scheme for over Ten Years", "Fresh Check Food Safety Certificate Grade A Award", "Hong Kong Outstanding Enterprises Award 2006", "Asia Management Innovation Award", "China Food Industry Outstanding Contribution Award", "China Independent Innovation and Brand Building Award" and "HACCP Food Safety Management System Accreditation Certification". During the year, FSMHL has expanded its production capacity by adding new production facilities including Tsun Fat (Huizhou) Biscuit Factory Limited and Nico Four Seas (Shantou) Co., Ltd. In addition, Four Seas Confectionery (Shantou) Company Limited has installed a product line of marshmallow products.

Four Seas Brand

FSMHL has endeavored to strengthen the Four Seas brand identity and image. Over the year, FSMHL sponsored the "Liu Chia Chang Music Alive 2006" concert; organised the third "Four Seas Guangdong, Hong Kong and Macau Cantonese Opera Contest" and sponsored "Four Seas 35th Anniversary Gala" special program in order to strengthen the image of Four Seas brand. During the year, FSMHL won various prestigious awards, including "The Best Brand Enterprise Award", "Hong Kong Premier Brand", "The Most Popular Brand On-line" and honour award of the "Entrepreneurs in Action" program. Furthermore, the high quality of products from its own international standard factories also greatly enhances the popularity of Four Seas brand products in Mainland China.

Catering Business

FSMHL's catering business, including Japanese chain restaurants Pokka Café, traditional Japanese specialty restaurant, authentic Japanese curry specialist restaurant and exclusive vegetarian cuisine restaurant, developed satisfactorily during the year. The Pokka Café chain, a joint venture with Pokka Corporation of Japan, is highly appealed to customers and contributed to good performance during the year. Kung Tak Lam Shanghai Vegetarian Cuisine Limited, one of the largest Shanghai vegetarian restaurants in Hong Kong, is popular amongst customers through its persistent promotional activities and frequently introducing of innovative cuisines. FSMHL has ever been seeking opportunities to explore the catering market in Mainland China and successfully acquired a renowned restaurant – Pan Xi Restaurant which is one of the largest garden restaurants throughout Mainland China. This acquisition further consolidates FSMHL's catering business by reaping the benefits of synergy. Moreover, this allows FSMHL to bring in a new source of revenue by distributing the high quality dim sums to the market by leveraging its distribution network in Mainland China and Hong Kong. Besides, New Kondo Trading Company Limited, a Japanese catering food materials supplier with over 37 years of industry experience, continued to perform satisfactorily and contributed steady income to FSMHL during the year.

Prospects

Looking ahead, the Group continues to commit to actively develop more high quality products to increase its product varieties, expanding its sales network and clientele. Through prudent purchasing strategy and flexible sales management, the Group will strive to consolidate its leadership position to reduce the impact of unfavourable external market factors so as to increase its revenue in frozen meat trading.

The rapid economic growth in Mainland China and the thriving economy in Hong Kong will continue to accelerate the spending sentiment of consumers and benefit the Group's frozen meat trading business. The Group will capitalise on this opportunity to enhance the development of its business. Furthermore the long-term investment of equity interests in FSMHL will continue to provide a stable return to the Group.

CONTINGENT LIABILITIES

As at 31 March 2007, the Group did not have any material contingent liabilities.

LIQUIDITY AND FINANCIAL RESOURCES

Operating revenue was the Group's major source of funds during the financial year. As at 31 March 2007, the Group had cash and cash equivalents of approximately HK$51 million (2006: HK$52 million) whilst trade credit facilities were utilised to the extent of approximately HK$56 million (2006: HK$77 million), representing approximately 11% (2006: 14%) of the total banking facilities of HK$492 million (2006: HK$541 million).

The Group has a gearing ratio of 0.14 (2006: 0.20) as at the balance sheet date. Gearing is expressed as total bank borrowings to shareholders' funds.

As at 31 March 2007, bank borrowings of the Group comprised trust receipt loans which were denominated in Hong Kong dollar. Risk in exchange rate fluctuations will not be material. The trust receipt loans were obtained to finance the purchase of meat products from overseas.

STAFF EMPLOYMENT

Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. At 31 March 2007, the Group employed a total of 55 full-time employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICES

The Company and the management are committed to maintain a 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 an essence for a continual growth and enhancement of shareholders' value. Throughout the year under review, the Company has applied the principles of and complied with the code provisions of the Code on Corporate Governance Practices (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 "Stock Exchange") (the "Listing Rules") except for the deviations from code provision A.4.1 and A.4.2 which are explained below. The Company will periodically reviews and improve its corporate governance practices with reference to the latest development of corporate governance.

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 Company's Articles of Association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Code Provision A.4.2

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

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

A detailed Corporate Governance Report setting out the Group's framework of governance and explanations about how the provisions of the CG Code have been applied, which will be included in the Company's 2007 annual report.

AUDIT COMMITTEE

The audit committee of the Company was established in October 1999 with specific written terms of reference. As at the date of this announcement, the audit committee comprises three independent non-executive directors, namely Mr. CHAN Kay Cheung (*Chairman of the audit committee*), Mr. LAN Yee Fong, Steve John and Mr. LUI Shing Ming, Brian. The audit committee has reviewed the consolidated financial statements for the year ended 31 March 2007 of the Group.

The responsibilities of the audit committee and the work done during the year are set out in the Corporate Governance Report of the Company's Annual Report 2007.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The Company's results announcement for the year ended 31 March 2007 containing all information required by Appendix 16 of the Listing Rules is published on the website of the Stock Exchange at www.hkex.com.hk under "Latest Listed Company Information" and the Company's website at www.fourseasinvestment.com.hk. The annual report of the Company for the year ended 31 March 2007 will be dispatched to the shareholders and published on the above websites in due course.

APPRECIATION

I would like to take this opportunity to express my gratitude to the shareholders for their full support in the past year. Equally, I wish to thank the management and all the staffs for their diligence and dedication to the Group in the past year.

THE BOARD

As at the date of this announcement, the Board of the Company comprises Dr. TAI Tak Fung, Stephen, Mr. Takeshi NOMAGUCHI, Mr. MAN Wing Cheung, Ellis, Mr. YIP Wai Keung, Mr. TSE Siu Wan, Mr. LAI Yuk Chuen and Mr. TAI Chun Leung as executive directors, Mr. CHAN Kay Cheung, Mr. LAN Yee Fong, Steve John and Mr. LUI Shing Ming, Brian as independent non-executive directors.

On behalf of the Board
Dr. TAI Tak Fung, Stephen, SBS, JP
Chairman

Hong Kong, 20 July 2007