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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The Board of Directors (the "Board") of Four Seas Food Investment Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

		Unaudited Six months ended 30 September	
		2007	2006
	Note	***HK$'000***	*HK$'000*
Turnover	3	**244,227**	275,024
Cost of sales	5	**(224,880)**	(259,370)
Gross profit		**19,347**	15,654
Other gains	4	**15,339**	1,891
Selling and distribution expenses	5	**(1,714)**	(1,972)
Administrative expenses	5	**(14,310)**	(12,604)
Operating profit before finance income and costs		**18,662**	2,969
Finance income and costs	6	**(865)**	(304)
Share of profits of associated companies		**15,568**	14,543
Profit before tax		**33,365**	17,208
Income tax expense	7	**(3,255)**	(338)
Profit attributable to equity holders of the Company		**30,110**	16,870
Dividends	8	**2,596**	2,596
Earnings per share for profit attributable to the equity holders of the Company during the period			
– basic	9	**HK11.60 cents**	HK6.50 cents
– diluted	9	**HK11.60 cents**	HK6.50 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2007

	Note	Unaudited As at 30 September 2007 HK$'000	Audited As at 31 March 2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**54,626**	55,516
Leasehold land		**31,485**	31,770
Interests in associated companies		**247,372**	236,582
Deferred income tax assets		**2,342**	2,966
		335,825	326,834
Current assets			
Inventories		**74,545**	44,512
Trade receivables	10	**44,355**	37,981
Prepayments, deposits and other receivables		**7,454**	988
Financial assets at fair value through profit or loss		**16,000**	17,959
Due from associated companies		**23**	19
Cash and cash equivalents		**59,731**	51,368
		202,108	152,827
Total assets		**537,933**	479,661
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**25,959**	25,959
Reserves		**399,823**	371,453
Proposed dividend		**2,596**	7,788
Total equity		**428,378**	405,200
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**161**	161
		161	161
Current liabilities			
Trade and bills payables	11	**13,752**	5,906
Other payables and accrued charges		**9,868**	9,926
Due to associated companies		**28**	–
Borrowings		**80,171**	55,524
Current income tax liabilities		**5,575**	2,944
		109,394	74,300
Total liabilities		**109,555**	74,461
Total equity and liabilities		**537,933**	479,661
Net current assets		**92,714**	78,527
Total assets less current liabilities		**428,539**	405,361

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

This unaudited condensed consolidated financial information for the six months ended 30 September 2007 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 'Interim financial reporting'. This condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2007.

2. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2007, as described in the annual financial statements for the year ended 31 March 2007.

The following new standards, amendments to standards and interpretations are mandatory for the financial year ending 31 March 2008.

- HKAS 1 Amendment – Capital Disclosures;
- HKFRS 7 – Financial Instruments: Disclosures;
- 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; and
- HK(IFRIC)-Int 11 – HKFRS 2 – Group and Treasury Share Transactions.

The adoption of the above new standards, amendments to standards and interpretations have no material impact to the condensed consolidated financial information of the Group.

The following new standards and interpretations have been issued but are not effective for the financial year ending 31 March 2008 and have not been early adopted.

- HKAS 23 (Revised) – Borrowing Costs;
- HKFRS 8 – Operating Segments;
- HK(IFRIC)-Int 12 – Service Concession Arrangements;
- HK(IFRIC)-Int 13 – Customer Loyalty Programmes; and
- HK(IFRIC)-Int 14 – HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions.

The Group is in the process of assessing the impact of these new standards and interpretations on the Group's operations.

3. Turnover and segment information

The Group has only one single business segment which is the trading of frozen meat and the Group's turnover and operating result are substantially derived from the business activities in Hong Kong. Accordingly, no business and geographical segment information is presented.

4. Other gains

	Unaudited Six months ended 30 September **2007** ***HK$'000***	 2006 *HK$'000*
Gross rental income	**372**	231
Gain on disposals of financial assets at fair value through profit or loss	**6,372**	–
Dividend income from financial assets at fair value through profit or loss	**148**	111
Fair value gains/(loss) on financial assets at fair value through profit or loss	**8,668**	(78)
Exchange (loss)/gain, net	**(528)**	963
Gain on disposals of property, plant and equipment	**1**	20
Claims received	**63**	644
Commission income	**243**	–
	15,339	1,891

5. Expenses by nature

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are presented by nature as follows:

	Unaudited Six months ended 30 September **2007** ***HK$'000***	 2006 *HK$'000*
Depreciation of property, plant and equipment	**1,410**	1,673
Amortisation of leasehold land	**285**	285
Operating leases of leasehold land and buildings	**8,175**	9,788

6. Finance income and costs

	Unaudited Six months ended 30 September 2007 HK$'000	2006 HK$'000
Interest expense on bank loans and trust receipt loans	**(1,683)**	(2,289)
Interest income	**818**	1,985
	(865)	(304)

7. Income tax expense

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

The amount of income tax expense charged to the condensed consolidated income statement represents:

	Unaudited Six months ended 30 September 2007 HK$'000	2006 HK$'000
Current income tax:		
– Hong Kong profits tax	**2,631**	–
Deferred income tax relating to the origination and reversal of temporary difference	**624**	338
Income tax expense	**3,255**	338

Share of associated companies' income tax for the six months ended 30 September 2007 of HK$4,324,000 (30 September 2006: HK$3,127,000) are included in the condensed consolidated income statement as share of profits of associated companies.

8. Dividends

	Unaudited Six months ended 30 September 2007 HK$'000	2006 HK$'000
Proposed interim dividend of HK1.0 cent (2006: HK1.0 cent per ordinary share)	**2,596**	2,596

9. 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 period.

	Unaudited Six months ended 30 September	
	2007	2006
Profit attributable to equity holders of the Company (HK$)	**30,110,000**	16,870,000
Weighted average number of ordinary shares in issue	**259,586,000**	259,586,000
Basic earnings per share (HK cent per share)	**11.60**	6.50

The Company had no diluted potential ordinary shares as at 30 September 2006 and 2007.

10. Trade receivables

The Group has a credit policy with general credit terms ranging from 30 days to 90 days. As at 30 September 2007 and 31 March 2007, the ageing analysis of the trade receivables were as follows:

	Unaudited As at 30 September 2007	Audited As at 31 March 2007
	HK$'000	*HK$'000*
0 – 30 days	**32,768**	30,116
31 – 60 days	**10,617**	6,740
Over 60 days	**970**	1,125
	44,355	37,981

11. Trade and bills payables

As at 30 September 2007 and 31 March 2007, the ageing analysis of the trade and bills payables were as follows:

	Unaudited As at 30 September 2007	Audited As at 31 March 2007
	HK$'000	*HK$'000*
0 – 30 days	**13,736**	5,902
31 – 60 days	**3**	4
Over 60 days	**13**	–
	13,752	5,906

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.0 cent (2006: HK1.0 cent) per ordinary share for the period ended 30 September 2007, payable to shareholders whose names appear in the register of members of the Company on 24 January 2008. The dividend will be payable on 4 February 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 January 2008 to 24 January 2008 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Abacus Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 17 January 2008.

BUSINESS REVIEW AND PROSPECTS

Business Review

For the six months ended 30 September 2007, the Group's turnover was HK$244,227,000 (2006: HK$275,024,000). The profit attributable to equity holders increased by approximately 78% to HK$30,110,000 (2006: HK$16,870,000).

Frozen Meat Business

During the period under review, frozen meat trading environment was still facing with the impact of rising cost. Being affected by persistently increasing worldwide demand in frozen meat products, the shortage of supply of pork in Mainland China and the substantial price increase for major feeds such as corns, the cost of frozen meat continued to soar. Nevertheless, leveraging on the long standing good reputation, sophisticated and solid frozen meat trading experience, comprehensive distribution network, close relationship with vendors and implementation of prudent purchasing strategy, the Group improved its overall operation to enhance its competitiveness leading to improved gross profit and reducing the influence of decreasing turnover to profits.

Investment in Food Business

During the period, the Group has continued to hold equity interests in Four Seas Mercantile Holdings Limited ("FSMHL") which enables the Group to have a diversified business portfolio and enjoy the share of profit from FSMHL to stabilise the Group's earnings. As at 30 September 2007, the Group held approximately 28.19% equity interests in FSMHL and shared a profit after tax of HK$15,568,000.

Food distribution is FSMHL's core business. Through its extensive and comprehensive distribution network, FSMHL introduces high quality foods from worldwide and has actively developed business in the Mainland China and Hong Kong markets. During the period, the continual outstanding performance has won numerous awards for FSMHL which included the "Flying Dragon Award", "Flying Brand Award" and the "Best Relationship" supplier award granted by 7-Eleven this year. Being an effective promotion and advertising platform for trendy snack foods, Okashi Land continued to introduce trendy snack foods and Four Seas brand products proactively and enhance professional training for frontier staff. By adopting unique marketing strategies, Okashi Land is much welcome by customers in Mainland China and Hong Kong and was honored with "The Hong Kong Top Service Brand", "The Fourth Hong Kong & Macau Integrity Award", and "The Most Favorite MTR Shops" by MTR Corporation Limited.

With regard to the food manufacturing business, FSMHL now has 18 manufacturing plants, producing various high value-added quality foods in Mainland China and Hong Kong, which have won numerous awards. Recently, the manufacturing plant for instant noodles, Li Fook (Qingdao) Foods Company Limited, was accredited as one of the "Top Ten Instant Noodles Manufacturers in China". In addition, FSMHL focuses on enhancing quality and management standards in each factory. Meanwhile, Shenzhen Matchless Food Company Limited and Kanro Four Seas Foods (Shantou) Company Limited were awarded ISO 9001:2000 and ISO 22000 HACCP accreditation, being an assertion of the excellent management that achieved internationally recognised standards. Every manufacturing plant put continuous efforts to further develop innovative and premium products. In due course, FSMHL will launch a brand new product, the "Four Seas POP Seaweed" series, which is much likely to create a heat wave of the town.

In the period under review, FSMHL has greatly augmented the Four Seas Brand equity and overall image through organising and sponsoring a series of activities in Mainland China and Hong Kong, including the fourth "Four Seas Cup" Cantonese Opera Contest and the title sponsorship of "Jay Chou World Tour 07-08 Hong Kong"; all of these received overwhelming market response and positively reinforced the Four Seas Brand image. Riding on the motto of "Leading in trend, Winning in quality", Four Seas Brand has won many industrial accolades in Mainland China and Hong Kong. Subsequent to being honoured with "Hong Kong Corporate Branding Award 2007 - Judging Panel Merit Prize" and the "Top Ten Favorite Brands 2007" of the Four Seas Crackers by Wellcome Supermarket, FSMHL was again awarded with the "Hong Kong Outstanding Enterprise Award 2007".

Benefited from the favourable economic climate in Hong Kong, the development of the catering business was encouraging during the period. Pokka Café, a joint venture with Pokka Corporation of Japan, achieved satisfactory performance. The market leader in vegetarian cuisines "Kung Tak Lam Shanghai Vegetarian Cuisine Restaurant", has regularly been introducing innovative food menu to strengthen customer loyalty. FSMHL consistently utilises different mass media to launch various forms of advertising campaigns, including sponsorship of a popular TV program "A Vegan's Gourmet Notebook", hence reinforcing positively to the brand name of "Kung Tak Lam". Furthermore, the longstanding renowned Panxi Restaurant acquired last year is currently under renovation. New Kondo Trading Company Limited, a Japanese catering food materials supplier, continued to perform satisfactorily during the period.

Prospects

Looking ahead, the Group continues to bring in more high quality products and diversify product ranges. At the same time, the Group keeps on striving to improve its operational efficiency through prudent purchasing management and flexible sales strategy so as to increase the Group's competitiveness in the market which in turn reducing the impact of unfavourable external market factors. Meanwhile, the long-term investment of equity interests in FSMHL will continue to provide stable earnings to the Group.

CONTINGENT LIABILITIES

At 30 September 2007, the Group did not have any material contingent liabilities.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's borrowings are primarily denominated in Hong Kong dollars and US dollars. The Group has no significant exposure to foreign exchange fluctuations.

LIQUIDITY AND FINANCIAL RESOURCES

Operating revenue was the Group's major source of funds during the financial period. As at 30 September 2007, the Group had cash and cash equivalents of approximately HK$60 million whilst trade credit facilities were utilised to the extent of approximately HK$80 million representing approximately 16% of the total banking facilities of HK$492 million.

The Group had a gearing ratio of 0.19 as at the balance sheet date. Gearing is expressed as total bank borrowings to shareholders' funds.

As at 30 September 2007, bank borrowings of the Group comprised trust receipt loans which were denominated in Hong Kong dollars. 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 30 September 2007, the Group employed a total of 57 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 six months ended 30 September 2007. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has met the code provisions listed in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") throughout the accounting period for the six months ended 30 September 2007, 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 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 happens and interval between the appointment made to fill 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 directors' dealings in the Company's securities. Having made specific enquiry of all directors of the Company, the directors of the Company have confirmed that they have complied with the required standard as set out in the Model Code throughout the period for the six months ended 30 September 2007.

The Company has also established the Code for Securities Transaction 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 unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Code by the employees was noted by the Company.

AUDIT COMMITTEE

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 accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the Company's interim results for the six months ended 30 September 2007.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Company's interim results announcement 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 interim report of the Company for the six months ended 30 September 2007 containing all information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders and published on the above websites in due course.

APPRECIATION

The Board of Directors of the Company would like to take this opportunity to thank our shareholders for their continued support and the fellow directors and our staff for their contributions to the Group.

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, 19 December 2007