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 2008

INTERIM RESULTS

The board of directors (the "Board") of Four Seas Food Investment Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2008	2007
		Unaudited	Unaudited
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**336,500**	244,227
Cost of sales		**(321,354)**	(224,880)
Gross profit		**15,146**	19,347
Other income and gains/(losses), net	*3*	**(5,837)**	15,339
Selling and distribution expenses		**(1,884)**	(1,714)
Administrative expenses		**(12,840)**	(14,310)
Finance costs, net	*4*	**(603)**	(865)
Share of profits and losses of associates		**8,695**	15,568
PROFIT BEFORE TAX	*5*	**2,677**	33,365
Tax	*6*	**1,538**	(3,255)
PROFIT FOR THE PERIOD		**4,215**	30,110
DIVIDEND			
Interim	*7*	**2,596**	2,596
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT – Basic	*8*	**HK1.62 cents**	HK11.60 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 September 2008 Unaudited *HK$'000*	31 March 2008 Audited *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**56,500**	53,377
Leasehold land		**30,915**	31,200
Interests in associates		**263,237**	260,901
Deferred tax assets		**2,961**	2,961
Other non-current assets		**540**	540
Total non-current assets		**354,153**	348,979
CURRENT ASSETS			
Inventories		**83,049**	97,406
Trade receivables	*9*	**57,196**	48,015
Prepayments, deposits and other receivables		**1,244**	1,193
Financial assets at fair value through profit or loss		**18,826**	18,339
Due from associates		**5**	4
Cash and cash equivalents		**51,337**	57,372
Total current assets		**211,657**	222,329
CURRENT LIABILITIES			
Trade and bills payables	*10*	**6,221**	32,841
Other payables and accruals		**13,835**	17,364
Derivative financial instruments		**266**	644
Tax payable		**1,517**	5,247
Due to associates		**1**	–
Interest-bearing bank borrowings		**112,336**	79,195
Total current liabilities		**134,176**	135,291
NET CURRENT ASSETS		**77,481**	87,038
TOTAL ASSETS LESS CURRENT LIABILITIES		**431,634**	436,017
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**426**	426
Net assets		**431,208**	435,591
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**25,959**	25,959
Reserves		**402,653**	401,844
Proposed dividends		**2,596**	7,788
Total equity		**431,208**	435,591

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2008 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2008.

Accounting policies

The accounting policies and basis of preparation adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2008, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA that affect the Group and are adopted for the first time for the current period's financial statements:

HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
HKAS 39 and HKFRS 7 Amendments	Reclassification of Financial Assets

The adoption of these new and revised HKFRSs has had no material impact on the results or the financial position of the Group for the current or prior accounting periods.

2. REVENUE AND SEGMENT INFORMATION

The Group has only one single business segment which is the trading of frozen meat and the Group's revenue, representing the invoiced value of goods sold, net of discounts and returns, and operating results are substantially derived from the business activities in Hong Kong. Accordingly, no business and geographical segment information is presented.

3. OTHER INCOME AND GAINS/(LOSSES), NET

	Six months ended 30 September	
	2008	2007
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Gross rental income	**319**	372
Gain on disposals of financial assets at fair value through profit or loss	**25**	6,372
Dividend income from financial assets at fair value through profit or loss	**137**	148
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	**(7,076)**	8,668
Exchange losses, net	**(8)**	(528)
Gain on disposals of items of property, plant and equipment	**–**	1
Claims received	**145**	63
Commission income	**244**	243
Fair value gain on derivative financial instruments	**377**	–
	(5,837)	15,339

4. FINANCE COSTS, NET

	Six months ended 30 September	
	2008	2007
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Interest on bank loans and trust receipt loans wholly repayable within five years	**1,435**	1,683
Interest income	**(832)**	(818)
	603	865

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 September	
	2008	2007
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Depreciation	**1,794**	1,410
Amortisation of leasehold land	**285**	285
Operating leases of leasehold land and buildings	**9,922**	8,175

6. TAX

No provision for Hong Kong profits tax has been made for the six months ended 30 September 2008 as the Group did not generate any assessable profits arising in Hong Kong during the period. Hong Kong profits tax was provided at the rate of 17.5% for the six months ended 30 September 2007 on the estimated assessable profits during that period.

	Six months ended 30 September	
	2008	2007
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Current		
Charge for the period	**–**	2,631
Overprovision in prior periods	**(1,538)**	–
Deferred	**–**	624
Total tax charge/(credit)	**(1,538)**	3,255

The share of tax attributable to associates for the six months ended 30 September 2008 of HK$900,000 (Six months ended 30 September 2007: HK$4,324,000) is included in "Share of profits and losses of associates" on the face of the condensed consolidated income statement.

7. DIVIDEND

	Six months ended 30 September	
	2008	2007
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Proposed interim dividend of HK1.0 cent (2007: HK1.0 cent) per ordinary share	**2,596**	2,596

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings per share is calculated by dividing the profit for the period by the number of ordinary shares in issue during the period.

	Six months ended 30 September	
	2008	2007
	Unaudited	Unaudited
Profit for the period (HK$)	**4,215,000**	30,110,000
Number of ordinary shares in issue	**259,586,000**	259,586,000
Basic earnings per share (HK cent per share)	**1.62**	11.60

Diluted earnings per share amounts for the six months ended 30 September 2008 and 2007 have not been disclosed as no diluting events existed during these periods.

9. TRADE RECEIVABLES

The Group has a credit policy with general credit terms ranging from 30 days to 90 days. As at 30 September 2008 and 31 March 2008, the ageing analysis of the trade receivables, based on invoice date and net of provisions, was as follows:

	30 September 2008 Unaudited	31 March 2008 Audited
	HK$'000	*HK$'000*
Within 1 month	**37,309**	36,404
1 to 2 months	**18,721**	11,176
Over 2 months	**1,166**	435
	57,196	48,015

10. TRADE AND BILLS PAYABLES

As at 30 September 2008 and 31 March 2008, the ageing analysis of the trade and bills payables, based on invoice date, was as follows:

	30 September 2008 Unaudited	31 March 2008 Audited
	HK$'000	*HK$'000*
Within 1 month	**6,212**	32,839
1 to 2 months	**9**	2
	6,221	32,841

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.0 cent (2007: HK1.0 cent) per ordinary share for the period ended 30 September 2008, payable to shareholders whose names appear in the Register of Members of the Company on Monday, 12 January 2009. The dividend will be payable on Wednesday, 21 January 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 6 January 2009 to Monday, 12 January 2009 (both days inclusive), during which period no transfers of shares will be registered. In order to qualify for entitlement to the interim dividend for the six months period ended 30 September 2008, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 5 January 2009.

BUSINESS REVIEW AND PROSPECTS

Business Review

For the six months ended 30 September 2008, the Group's turnover was HK$336,500,000 (2007: HK$244,227,000). The profit attributable to equity holders of the parent was HK$4,215,000 (2007: HK$30,110,000). Affected by the financial tsunami, the environment of global stock market changed dramatically that brought a fair value loss of approximately HK$7,076,000 (2007: Gain HK$8,668,000) in investment of listed securities. In addition, share of profit from associate during the period was HK$8,695,000 (2007: HK$15,568,000). Thus, the Group's profit for the period decreased. However, the Group has been keeping its frozen meat trading, the core business of the Group, intact and stable.

Frozen Meat Trading

During the period under review, the operating environment of frozen meat market was affected by the persistently strong demand worldwide and soaring feed prices which pushed up the costs of frozen meat to record highs. Facing this fluctuating market condition, the Group had taken a series of measures including prudent purchasing strategy, adjustments to product mix and quantities, and increase in selling prices. Meanwhile, through its longstanding good reputation, sophisticated and extensive frozen meat trading experience, comprehensive distribution network, close relationship with vendors and improvement of operational efficiency, the Group's turnover had increased by approximately 38%. Nevertheless, the continued soaring costs of frozen meat had more than offset the rate of increase in market selling prices and therefore affected profit.

Investment in Food Business

Apart from frozen meat trading, the Group has strategically held equity interests in an associate, Four Seas Mercantile Holdings Limited ("FSMHL"), as a long-term investment, which enables the Group to have a diversified business portfolio and enjoy the share of profit from FSMHL. The Group holds equity interests in FSMHL approximately 28.49% and shared a profit after tax of HK$8,695,000 for the six months period ended 30 September 2008. During the period under review, FSMHL recorded steady growth in both Hong Kong and Mainland China markets. The contribution derived from Hong Kong was satisfactory and more than offset the losses incurred in Mainland China, as the latter could not fully recover the continued soaring production costs from the upward adjustments of the selling price. However, the decrease in the net profit of FSMHL was primarily because of the fact that the fair value gains on available-for-sale investments in the corresponding period of last year was higher than the period under review and exchange losses on foreign currency deposits held in the current year, due to fluctuation in the foreign exchange rates.

Food distribution is FSMHL's core business. Through longstanding partnerships with overseas suppliers, introduction of high quality food products and extensive distribution network, the food distribution business continued to grow. During the period, FSMHL once again received various honours for its achievements in brand management and sales strategy, including the "2008 Leading Brand" award and the "2008 Wellcome Top 10 Favorite Brands" honour. Moreover, FSMHL's Okashi Land continued to strengthen its platform for product distribution and brand name awareness. It has allowed FSMHL to effectively drive market desire for new and trendy snack food with variety of offerings and promotional mix. Okashi Land was again awarded the "Fifth Hong Kong Macau Integrity Award" in this year.

For food manufacturing, FSMHL currently has 19 manufacturing plants producing a wide range of valued-added products. During the period, FSMHL has developed a series of new product flavours, including a series of crispy seaweed and crackers, which immediately became very popular in the snack market. In addition, the manufacturing plants of FSMHL have not only won numerous awards for their outstanding product quality and management performance, but also received many accolades including the "Food Safety Honorary Certificate" and the "Outstanding Management Entrepreneur Honorary Certificate".

Adhering to its motto of "Leading in trends, Winning in quality", Four Seas Brand products have long been well received among consumers in Hong Kong and was named the "Best Loved Local Brand in Daily Life". Furthermore, being a truly indigenous local brand in Hong Kong, Four Seas Brand has also been gaining popularity in Mainland China and earned various awards.

During the period, FSMHL's catering business achieved steady growth. In Mainland China, the longstanding renowned garden restaurant, Panxi Restaurant, has already opened for business. Through FSMHL's distribution network in Hong Kong and Mainland China, the sales of the restaurant's high quality frozen dim sums is set to bring in a new source of revenue to FSMHL. Pokka Café, a joint venture café chain with Pokka Corporation of Japan, continued its popularity among consumers and maintained stable business growth. Kung Tak Lam Shanghai Vegetarian Cuisine Limited maintained its leadership position in the vegetarian restaurant sector through its premium healthy vegetarian cuisine and high-quality décor. Recently, the award-winning Kung Tak Lam was recognised by the Hong Kong Department of Health as an “EatSmart restaurant”. Besides, with over 38 years of establishment history, New Kondo Trading Company Limited which supplies Japanese food materials to Japanese restaurants, recorded good results and contributed to FSMHL’s steady earnings.

Prospects

Looking ahead, the financial turmoil has introduced global economic uncertainties as well as instability to the market. Notwithstanding the above, the decrease in fair value of the investment in listed securities will not affect the liquidity of the Group as it was funded by internal funds. The management believes that the Group will reduce the unfavourable influence caused by the disruption to the operating environment in frozen meat market through its solid foundation, comprehensive distribution network, close relationship with vendors, extensive frozen meat trading experience, prudent purchasing management, flexible sales strategy, and effective risk management and cost-control. In the meantime, the long-term investment of equity interest in FSMHL will continue to contribute earnings to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

Operating revenue was the Group’s major source of funds during the financial period. As at 30 September 2008, the Group had cash and cash equivalents of approximately HK$51 million whilst trade credit facilities were utilised to the extent of approximately HK$112 million representing approximately 23% of the total banking facilities of HK$492 million.

The Group had a gearing ratio of 0.26 as at the balance sheet date. Gearing is expressed as total bank borrowings to shareholders’ funds.

As at 30 September 2008, 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.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

CONTINGENT LIABILITIES

At 30 September 2008, the Group did not have any material contingent liabilities.

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 2008, the Group employed a total of 60 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 2008. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period under review.

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 of the Listing Rules throughout the accounting period for the six months ended 30 September 2008, 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 the interval between the appointment made to fill casual vacancy and the immediate following annual general meeting is short.

AUDIT COMMITTEE

The audit committee of the Company 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 2008.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The interim results announcement of the Company for the six months ended 30 September 2008 is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.fourseasinvestment.com.hk. The interim report of the Company for the six months ended 30 September 2008 containing all information required by Appendix 16 of the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in late December 2008.

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 2008