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 2009

INTERIM RESULTS

The board of directors (the "Board") of Four Seas Food Investment Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2009, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2009	2008
		Unaudited	Unaudited
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**267,346**	336,500
Cost of sales		**(249,234)**	(321,354)
Gross profit		**18,112**	15,146
Other income and gains	*4*	**1,261**	2,046
Selling and distribution expenses		**(1,558)**	(1,884)
Administrative expenses		**(13,900)**	(12,840)
Finance costs	*5*	**(466)**	(1,435)
Share of profits and losses of associates		**12,709**	8,695
Fair value gains/(losses) on financial assets at fair value through profit or loss		**16,516**	(7,051)
PROFIT BEFORE TAX	*3 & 6*	**32,674**	2,677
Tax	*7*	**(2,726)**	1,538
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**29,948**	4,215
DIVIDEND			
Interim	*8*	**2,596**	2,596
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY – Basic	*9*	**11.54 cents**	1.62 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2009	2008
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Profit for the period	**29,948**	4,215
Other comprehensive income for the period, net of tax:		
Change in fair value of available-for-sale investments of associates	**5,653**	(3,257)
Exchange realignment of associates	**(181)**	2,803
Transfer to the income statement on disposals of available-for-sale investments of associates	**(6,436)**	(356)
Other comprehensive loss for the period, net of tax	**(964)**	(810)
Total comprehensive income for the period, net of tax	**28,984**	3,405
Total comprehensive income attributable to:		
– Equity holders of the Company	**28,984**	3,405

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2009 Unaudited HK$'000	31 March 2009 Audited HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**53,652**	55,185
Prepaid land lease payments		**29,774**	30,060
Interests in associates		**297,526**	290,562
Deferred tax assets		**2,961**	4,993
Other non-current asset		**540**	540
Total non-current assets		**384,453**	381,340
CURRENT ASSETS			
Due from associates		**46**	97
Inventories		**60,674**	65,452
Trade receivables	*10*	**42,619**	58,056
Prepayments, deposits and other receivables		**1,310**	1,527
Financial assets at fair value through profit or loss		**2,119**	15,983
Cash and cash equivalents		**72,419**	60,889
Total current assets		**179,187**	202,004
CURRENT LIABILITIES			
Trade and bills payables	*11*	**19,198**	27,644
Other payables and accruals		**8,473**	12,318
Derivative financial instrument		**–**	35
Interest-bearing bank borrowings		**63,220**	92,488
Tax payable		**2,232**	1,538
Total current liabilities		**93,123**	134,023
NET CURRENT ASSETS		**86,064**	67,981
TOTAL ASSETS LESS CURRENT LIABILITIES		**470,517**	449,321
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**641**	641
Net assets		**469,876**	448,680
EQUITY			
Issued capital		**25,959**	25,959
Reserves		**441,321**	414,933
Proposed dividends		**2,596**	7,788
Total equity		**469,876**	448,680

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 ("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 interim financial statements are consistent with those adopted in the preparation of the annual financial statements for the year ended 31 March 2009.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA, which are effective for the Group's accounting periods beginning on or after 1 April 2009.

HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligation Arising on Liquidation*
HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	*Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HK(IFRIC) – Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) – Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC) – Int 13	*Customer Loyalty Programmes*
HK(IFRIC) – Int 15	*Agreement for the Construction of Real Estate*
HK(IFRIC) – Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC) – Int 18	*Transfers of Assets from Customers*
HKFRSs Amendments	Improvements to HKFRSs

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, no business and geographical segment information was presented as the Group has only one single business segment. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segment as compared with the primary reportable segment determined in accordance with HKAS 14.

The adoption of the other new and revised HKFRSs has had no material effect on how the results for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

2. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards* [1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs – The Additional Exemptions for First-time Adopters* [2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions* [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [3]
HKAS 24 (Revised)	*Related Party Disclosures* [4]
HKFRS 9	*Financial Instruments* [5]
HKAS 39 Amendments	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [1]
HK(IFRIC) – Int 17	*Distributions of Non-cash Assets to Owners* [1]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 January 2011
[5] Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has only one single business segment which is the trading of frozen meat and the Group's turnover, representing sales of goods, and operating result are substantially derived from the business activities in Hong Kong. Accordingly, no segment information is presented as only one report is reviewed by the chief operating decision-makers that is used to make strategic decisions.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold, net of discounts and returns. An analysis of revenue, other income and gains is as follows:

	Six months ended 30 September	
	2009	2008
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Revenue	**267,346**	336,500
Other income		
Bank interest income	**25**	832
Dividend income from financial assets at fair value through profit or loss	**101**	137
Gross rental income	**249**	319
Commission income	**103**	244
Claims received	**130**	145
	608	1,677
Gains		
Fair value gain on a derivative financial instrument	**–**	377
Foreign exchange differences, net	**653**	(8)
	653	369
	1,261	2,046

5. FINANCE COSTS

	Six months ended 30 September	
	2009	2008
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Interest on bank and trust receipt loans wholly repayable within three months	**466**	1,435

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2009	2008
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Depreciation	**1,546**	1,794
Amortisation of prepaid land lease payments	**285**	285
Minimum lease payments under operating leases in respect of land and buildings	**7,070**	9,922
Impairment of trade receivables	**1,262**	–

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. In the prior period, no provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during that period.

	Six months ended 30 September	
	2009	2008
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Current		
Charge for the period	**2,726**	–
Overprovision in prior periods	**–**	(1,538)
Total tax charge/(credit) for the period	**2,726**	(1,538)

The share of tax attributable to associates amounting to HK$2,439,000 (2008: HK$900,000) is included in "Share of profits and losses of associates" on the face of the unaudited condensed consolidated income statement.

8. DIVIDEND

	Six months ended 30 September	
	2009	2008
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Proposed interim dividend of HK1.0 cent (2008: HK1.0 cent) per ordinary share	**2,596**	2,596

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK$29,948,000 (2008: HK$4,215,000), and on the 259,586,000 (2008: 259,586,000) ordinary shares in issue during the period.

Diluted earnings per share amounts for the six months ended 30 September 2009 and 2008 have not been disclosed as no diluting events existed during these periods.

10. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one to three months.

An aged analysis of trade receivables as at 30 September 2009 and 31 March 2009, based on invoice date and net of impairment provisions, is as follows:

	30 September 2009	31 March 2009
	Unaudited	Audited
	HK$'000	*HK$'000*
Within 1 month	**31,360**	46,755
1 to 2 months	**10,690**	9,225
Over 2 months	**569**	2,076
	42,619	58,056

11. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at 30 September 2009 and 31 March 2009, based on the invoice date, is as follows:

	30 September 2009	31 March 2009
	Unaudited	Audited
	HK$'000	*HK$'000*
Within 1 month	**19,198**	27,644

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

12. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.0 cent (2008: HK1.0 cent) per share for the six months ended 30 September 2009, payable to shareholders whose names appear in the Register of Members of the Company on Monday, 11 January 2010. The dividend will be payable on or about Wednesday, 20 January 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 5 January 2010 to Monday, 11 January 2010 (both days inclusive), during such period no transfer of shares will be registered. In order to qualify for entitlement to the interim dividend for the six months period ended 30 September 2009, 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 for registration not later than 4:30 p.m. on Monday, 4 January 2010.

BUSINESS REVIEW AND PROSPECTS

Business Review

For the six months ended 30 September 2009, the Group's turnover was HK$267,346,000 (2008: HK$336,500,000). The profit attributable to equity holders of the Company was HK$29,948,000 (2008: HK$4,215,000).

Frozen Meat Trading

During the period under review, the Group's frozen meat trading maintained stable business growth and profit increased. This was attributable to the Group's longstanding good reputation, sophisticated and extensive frozen meat trading experience, comprehensive distribution network, close relationship with suppliers, the strengthening of prudent purchasing management, effective cost-control, stringent inventory management and flexible sales strategy.

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. As at 30 September 2009, the Group held equity interests in FSMHL of approximately 28.59% and shared a profit after tax of HK$12,709,000.

Food distribution has all along been FSMHL's core business. Through its extensive distribution network, FSMHL endeavors to introduce different kinds of high quality food products of well-known brands. It also proactively develops the markets in Mainland China and Hong Kong that have contributed steady business growth. Meanwhile, "Calbee", one of the brands being distributed by FSMHL, was awarded "2008 Most Favourite Brand Award" and "The 10th Favourite Brands Award". In addition, FSMHL was accredited with "Prime Awards for Corporate Social Responsibility 2009". These demonstrate the recognition from the food industry for FSMHL's competent management and marketing strategy.

For food manufacturing, FSMHL currently has 20 manufacturing plants producing a wide range of specialty food products and the operations have been developing satisfactorily. Furthermore, FSMHL achieved remarkable performance and received accreditations for its production management and quality control. At the beginning of the year, the Group acquired the remaining equity interest in "Pokka Four Seas (Suzhou) Food Co., Ltd" and renamed it as "Four Seas (Suzhou) Food Co., Ltd". Meantime, this factory has achieved steady growth in both sales and earnings and will bring a vast opportunity for the Group's development in the huge beverage market.

Leveraging on innovative product offerings and effective marketing strategy, "Four Seas" brand products have a competitive advantage over other competitors and continue to increase its market share. In recent years, contributing from FSMHL's relentless efforts in brand equity management, "Four Seas" brand was accredited for various awards, including the newly launched "Four Seas Tsubu Tsubu Orange" which was honoured "The 10th Favourite Brands Award – Rising Star".

For food retailing, "Okashi Land", being established over 10 years and specialising in snacks and confectioneries retail chain, was able to deliver satisfactory performance attributable to its trendy Japanese snack foods and popularity among consumers. Moreover, it has provided an excellent platform for FSMHL to promote brand products and further develop the potentiality of snack market. Recently, "Okashi Land" was awarded by Metro Broadcast as "U! Choice Most Favourite Confectionery Chain Stores of University Students in Hong Kong".

During the period, the performance of catering business was satisfactory. The longstanding renowned "Panxi Restaurant" located in Liwan District in Guangzhou, China maintained solid business performance. "Kung Tak Lam Shanghai Vegetarian Cuisine Limited" opened a new outlet in Shatin to meet the increasing demand of health-conscious customers. Also, it was bestowed with the "Gold with Distinction Award" in the Vegetarian Category of "The Best of the Best Culinary Awards 2009" for its award-winning dish of "Braised Vegetarian Meatball in Casserole". Moreover, "Restaurant Shiki Limited" and "Osaka Ohsho" Japanese dumplings specialty restaurant chain maintained stable performance. In Mainland China, "Shousihuang", a sushi restaurant chain, achieved concrete business growth.

Prospects

Looking ahead, the Group will continue to consolidate its market position and explore more high quality products so as to widen its product varieties. Through its solid foundation, extensive distribution network, close relationship with suppliers, wealth of frozen meat trading experience, prudent purchasing management and flexible sales strategy, the Group will persistently develop a stable frozen meat trading. Besides, the long-term investment in FSMHL will continue to contribute earnings to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and facilities granted by its principal bankers. As at 30 September 2009, the Group had banking facilities of HK$451,700,000 of which 14% had been utilised. The Group had a gearing ratio of 13% as at 30 September 2009. This is expressed as the total bank borrowings to equity attributable to equity holders of the Company. Bank borrowings of the Group, denominated in Hong Kong dollars, mainly comprise 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 2009, the Group held cash and cash equivalents of HK$72,419,000. There were no significant changes in the Group's 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 2009 was 57. 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. The Group operates a mandatory provident fund scheme which covers all the employees of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the six months ended 30 September 2009.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to safeguarding the interests of its shareholders and enhancing corporate value. The Company's directors are of the view that 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 2009, except for the following deviations:

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

Currently, all independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. 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 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 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 as set out in the Code of Conduct throughout the six months ended 30 September 2009.

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 unpublished price-sensitive 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 2009.

AUDIT COMMITTEE

The Audit Committee comprises all the 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 with the management on internal controls and financial reporting matters including a review of the Company's unaudited condensed consolidated interim financial statements for the six months ended 30 September 2009.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Company's interim results announcement is published on the website of Stock Exchange 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 2009 will be despatched to 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 and business partners for their continuous support and our staff for their hard work.

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, 10 December 2009