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FOUR SEAS MERCANTILE HOLDINGS LIMITED
四洲集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 374)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

INTERIM RESULTS

The board of directors (the "Board") of Four Seas Mercantile Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2011, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2011	2010
		Unaudited	Unaudited
	Notes	***HK$'000***	*HK$'000*
REVENUE	3	**1,290,037**	1,138,220
Cost of sales		**(929,398)**	(818,822)
Gross profit		**360,639**	319,398
Other income and gains	3	**7,846**	10,174
Selling and distribution expenses		**(207,329)**	(175,990)
Administrative expenses		**(114,716)**	(104,817)
Other operating expenses		**(6,105)**	(4,533)
Finance costs	4	**(7,245)**	(6,144)
Share of profits and losses of associates		**7,496**	6,609
PROFIT BEFORE TAX	2 & 5	**40,586**	44,697
Income tax expense	6	**(9,972)**	(9,262)
PROFIT FOR THE PERIOD		**30,614**	35,435
Attributable to:			
Equity holders of the Company		**30,638**	34,538
Non-controlling interests		**(24)**	897
		30,614	35,435
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
- Basic and diluted	8	**HK7.8 cents**	HK8.8 cents

Details of the dividends payable and proposed for the period are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2011	2010
	Unaudited	Unaudited
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**30,614**	35,435
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available-for-sale investments:		
Changes in fair value	**(23,215)**	(8,857)
Reclassification adjustments for gains/losses included in the condensed consolidated income statement		
- gain on disposal	**-**	(1,577)
- impairment losses	**2,334**	-
Income tax effect	**-**	-
	(20,881)	(10,434)
Share of other comprehensive income of associates	**2,553**	751
Exchange differences on translation of foreign operations	**12,742**	6,397
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(5,586)**	(3,286)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**25,028**	32,149
Attributable to:		
Equity holders of the Company	**25,235**	31,255
Non-controlling interests	**(207)**	894
	25,028	32,149

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2011 Unaudited *HK$'000*	31 March 2011 Audited *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**571,653**	557,661
Investment property		**17,686**	17,223
Prepaid land lease payments		**117,177**	115,593
Goodwill		**37,902**	36,990
Non-current livestock		**481**	425
Investments in associates		**148,648**	138,082
Available-for-sale investments		**78,722**	78,851
Deposits		**18,053**	19,869
Deferred tax assets		**1,291**	1,281
Total non-current assets		**991,613**	965,975
CURRENT ASSETS			
Due from associates		**546**	442
Current livestock		**3,428**	4,034
Inventories		**244,691**	206,851
Trade receivables	9	**491,590**	501,075
Prepayments, deposits and other receivables		**112,492**	103,410
Tax recoverable		**5,017**	4,281
Cash and cash equivalents		**498,914**	576,424
Total current assets		**1,356,678**	1,396,517
CURRENT LIABILITIES			
Trade payables, other payables and accruals	10	**321,613**	307,924
Interest-bearing bank borrowings		**764,130**	743,386
Tax payable		**17,945**	10,873
Total current liabilities		**1,103,688**	1,062,183
NET CURRENT ASSETS		**252,990**	334,334
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,244,603**	1,300,309

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	30 September 2011 Unaudited	31 March 2011 Audited
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**101,697**	162,878
Deferred tax liabilities	**17,684**	17,702
Total non-current liabilities	**119,381**	180,580
Net assets	**1,125,222**	1,119,729
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**39,070**	39,070
Reserves	**1,041,350**	1,023,929
Proposed dividends	**7,814**	19,535
	1,088,234	1,082,534
Non-controlling interests	**36,988**	37,195
Total equity	**1,125,222**	1,119,729

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 unaudited condensed consolidated interim financial statements are consistent with those adopted in the preparation of the annual financial statements for the year ended 31 March 2011.

In the current period, the Group has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretations issued by the HKICPA, which are effective for accounting periods beginning on or after 1 April 2011.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)-Int 14 Amendment	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs

The application of these new and revised HKFRSs has had no material effect on the unaudited condensed consolidated interim financial statements of the Group for the current and prior accounting periods.

The Group has not applied the new or revised HKFRSs that have been issued but are not yet effective for the current accounting period. The directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on geographical areas and has two reportable operating segments as follows:

(i) the Hong Kong segment is engaged in the manufacturing and trading of snack foods, confectionery, beverages, frozen food products, ham and ham-related products, noodles and the retailing of snack foods, confectionery and beverages, and the operations of restaurants; and

(ii) the Mainland China segment is engaged in the manufacturing and trading of snack foods, confectionery, beverages, frozen food products, poultry products, and ham and ham-related products, noodles and the operations of restaurants.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, dividend income and unallocated gains, impairment of available-for-sale investments, finance costs, share of profits and losses of associates and corporate and other unallocated expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

2. OPERATING SEGMENT INFORMATION (continued)

	Hong Kong Six months ended 30 September		Mainland China Six months ended 30 September		Total Six months ended 30 September	
	2011	2010	**2011**	2010	**2011**	2010
	Unaudited	Unaudited	**Unaudited**	Unaudited	**Unaudited**	Unaudited
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**835,329**	767,676	**454,708**	370,544	**1,290,037**	1,138,220
Intersegment sales	**644**	2,499	**103,615**	72,263	**104,259**	74,762
	835,973	770,175	**558,323**	442,807	**1,394,296**	1,212,982
Reconciliation:						
Elimination of intersegment sales					**(104,259)**	(74,762)
Revenue					**1,290,037**	1,138,220
Segment results	**50,200**	42,728	**(7,230)**	212	**42,970**	42,940
Reconciliation:						
Interest income					**638**	768
Dividend income and unallocated gains					**3,086**	4,032
Impairment of available-for-sale investments					**(2,334)**	-
Finance costs					**(7,245)**	(6,144)
Share of profits and losses of associates					**7,496**	6,609
Corporate and other unallocated expenses					**(4,025)**	(3,508)
Profit before tax					**40,586**	44,697

3. 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	
	2011	2010
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Revenue	**1,290,037**	1,138,220
Other income		
Bank interest income	**638**	768
Dividend income from listed available-for-sale investments	**1,322**	325
Management fee income	**293**	322
Rental income	**520**	769
Others	**3,309**	4,283
	6,082	6,467
Gains		
Investment gains, net*	**1,764**	2,130
Fair value gains on available-for-sale investments (transfer from equity on disposal)	**-**	1,577
	1,764	3,707
	7,846	10,174

* Investment gains, net comprise net gains from currency-linked deposits of HK$1,906,000 (2010: net losses of HK$2,780,000) and net exchange losses on cash and cash equivalents of HK$142,000 (2010: net exchange gains of HK$4,910,000).

4. FINANCE COSTS

An analysis of financial costs is as follows:

	Six months ended 30 September	
	2011	2010
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Interest on bank and trust receipt loans wholly repayable within five years	**7,245**	6,144

5. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2011	2010
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Cost of inventories sold	**929,398**	818,822
Depreciation	**22,734**	22,077
Amortisation of non-current livestock	**7**	84
Amortisation of prepaid land lease payments	**1,549**	1,460
Impairment of available-for-sale investments	**2,334**	-

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 September	
	2011	2010
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**9,279**	8,550
Overprovision in prior years	**(49)**	-
Current – Elsewhere		
Charge for the period	**1,136**	1,729
Deferred	**(394)**	(1,017)
Total tax charge for the period	**9,972**	9,262

The share of tax attributable to associates amounting to HK$1,301,000 (2010: HK$998,000) is included in "Share of profits and losses of associates" in the unaudited condensed consolidated income statement.

7. DIVIDEND

	Six months ended 30 September 2011 Unaudited *HK$'000*	2010 Unaudited *HK$'000*
Proposed interim – HK2.0 cents (2010: HK2.0 cents) per ordinary share	**7,814**	7,814

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

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2011 and 2010 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

The calculations of basic and diluted earning per share are based on:

	Six months ended 30 September 2011 Unaudited *HK$'000*	2010 Unaudited *HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	**30,638**	34,538

	Number of shares 2011 Unaudited	2010 Unaudited
Shares		
Weighted average number of ordinary shares in issue during the period in the basic and diluted earnings per share calculation	**390,707,640**	390,711,651

9. 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, extending up to four to five months for major customers.

An aged analysis of trade receivables as at 30 September 2011 and 31 March 2011, based on the invoice date and net of provisions, is as follows:

	30 September 2011	31 March 2011
	Unaudited	Audited
	HK$'000	*HK$'000*
Within 1 month	**186,443**	181,913
1 to 2 months	**103,140**	80,629
2 to 3 months	**61,083**	95,198
Over 3 months	**140,924**	143,335
	491,590	501,075

Included in trade receivables are amounts due from the Group's associates of HK$4,152,000 (31 March 2011: HK$1,456,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals is trade payables balance of HK$189,740,000 (31 March 2011: HK$170,973,000). An aged analysis of the trade payables as at 30 September 2011 and 31 March 2011 based on the invoice date, is as follows:

	30 September 2011	31 March 2011
	Unaudited	Audited
	HK$'000	*HK$'000*
Within 1 month	**137,289**	121,835
1 to 2 months	**30,330**	25,735
2 to 3 months	**12,724**	12,284
Over 3 months	**9,397**	11,119
	189,740	170,973

Included in the trade payables are trade payables of HK$51,096,000 (31 March 2011: HK$42,747,000) due to the Group's associates, which is normally settled on 30-day to 60-day terms.

The trade payables are non-interest-bearing and are normally settled on 30-day to 60-day terms. Other payables are non-interest-bearing and have an average term of three months.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK2.0 cents (2010: HK2.0 cents) per ordinary share for the six months ended 30 September 2011, payable to shareholders whose names appear in the Register of Members of the Company on Wednesday, 21 December 2011. The said dividend will be payable on or about Thursday, 12 January 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 19 December 2011 to Wednesday, 21 December 2011, 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 2011, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 December 2011.

BUSINESS REVIEW AND PROSPECTS

Results

For the six months ended 30 September 2011, the Group's consolidated turnover reached HK$1,290,037,000 (2010: HK$1,138,220,000), representing a 13% increase over the same period of last year. The profit attributable to equity holders of the Company was HK$30,638,000 (2010: HK$34,538,000).

For the period under review, the Group's business development in both Hong Kong and Mainland China maintained a steady growth benefiting from the increasing recognition of "Four Seas" brand and effective marketing campaigns. The sales derived from Hong Kong segment reached HK$835,329,000, representing 9% increase over the same period of last year which contributed to the improvement in the segment result. The sales in Mainland China was HK$454,708,000, representing 23% increase compared to the same period of last year. Due to the rising raw material costs and operating expenses in Mainland China, the segment result dropped accordingly. The segment sales in Hong Kong and Mainland China accounted for 65% and 35% of the Group's sales, respectively.

Distribution Business

Since its establishment in 1971, food distribution has long been the Group's core business distributing finest quality food products with excellent relationship with suppliers all over the world for 40 years. Leveraging on proactively competitive strategy on offering high product quality and superb sales management team, the Group has developed a comprehensive distribution network with a well-established customer base including department stores, supermarkets, convenience stores, fast food chains, wholesalers, retailers, restaurants, pubs, hotels, and airlines. Furthermore, the Group has a wealth of experience in the distribution of widest products ranging from milk powder, milk, biscuits, cakes, confectioneries, chocolates, snacks, instant noodles, ice-cream, health foods, wine, beverages, sauce and seasonings, ham, sausages etc. under hundreds of internationally renowned brandnames. The Group has commanded a leading position in the food industry of Hong Kong.

Manufacturing Business

With 20 manufacturing plants in both Mainland China and Hong Kong, the Group continued to exert its strength on production and enhance productivity by continuously improving the food processing. The Group has been able to produce a wide variety of different high quality products including seaweed, candies and confectioneries, puffed snacks, peanuts, potato chips, instant noodles, biscuits, cake, chestnuts, ham, sausages, frozen dim sum, Tsubu Tsubu orange drinks, coffee, milk tea, lemon tea, green tea, Oolong tea and dairy drinks. All these products have been well-received by consumers.

Over the years, it has been the core corporate value of the Group for complying various standards of stringent quality control and food safety. Adherent to the Group's motto of "Safety, Ease, Health and Deliciousness" in production, the Group has been pursuing higher quality by word-of-mouth and greater value by brand equity. The Group received numerous accreditations from relevant international institutions including "HACCP", "ISO 9001", "ISO 22000", "Hong Kong Q-Mark Product Scheme Certification" for its consecutive 22 year's testimonial etc.

Four Seas Brand

With its best effort over the years, "Four Seas" brand has been developed as a premium proprietary bandname and becomes one of the most famous brands in Mainland and Hong Kong. Together with its distinctive competitive advantages on product ranges, "Four Seas" brand has also been entrusted with a vote of confidence and recognized by consumers with its accentuating brand identity.

With the launch of a series of TV commercials on "Four Seas" branded products featuring unique product images and endorsement by celebrities, "Four Seas" brand has highly been acknowledged by consumers. Among them included "Four Seas Tsubu Tsubu Orange Drinks" by Mr. Richie Yam; "Four Seas Seaweed" by Mr. Hins Cheung and "Four Seas Biscuits" by Miss Niki Chow. In addition, the Group sponsored a number of music concerts of popular singers including Miss Joey Yung, Mr. Hins Cheung and Mr. Richie Yam, which were all well-acclaimed by consumers.

Catering Business

The Group has devoted tremendous efforts in the development of catering business. Its specialty restaurants, including a Japanese-style restaurant, "Restaurant Shiki", Japanese dumpling shops "Osaka Ohsho", and the award-winning vegetarian restaurant "Kung Tak Lam Shanghai Vegetarian Cuisine" and the sushi restaurant chain "Shousihuang" in Mainland China, have been well-received by customers.

Panxi Restaurant, located on the bank of Liwan Lake in Guangzhou, is one of the largest garden style Chinese restaurants in Mainland China. It received the compliment of "National Grade Restaurant" and the title of "Old Chinese Trademark". The well-known "Eight Famous Dishes and Eight Delicious Dim Sum" of Panxi Restaurant won various prizes from national and international cuisine competitions. Alongside Panxi Restaurant is a floating restaurant linked with a long and winding corridor surrounded by a panoramic lake view over stream reflection. Accompanying the view with delicious dim sum and finest cuisines, Panxi Restaurant has been renowned for tourist attractions and guest patronages alike. Following the Guangzhou 2010 Asian Games last year, Liwan District has been developed as a popular sightseeing place. Panxi Restaurant has become one of the most favorite sightseeing spots and delivered an impressive performance with much prospect.

Retailing Business

The Group's "Okashi Land" with over 80 outlets scattered over every district of Hong Kong, has been one of the most renowned brandnames in retail business of Hong Kong. Inherited with the Group's good quality heritage, "Okashi Land" introduced a variety of assortment of trendy snack foods which has been well recognized by consumers. With its unique shop layout along with product varieties, "Okashi Land" has been a favorite shopping paradise for young consumers. This resulted in continuous increase in shopper traffic and delivered an outstanding business performance. With such a good business prospect, the Group will continue to develop the retail business in both Mainland China and Hong Kong which will certainly contribute to a steady business growth in the coming future.

Prospects

Founded in 1971, Four Seas Group evolved from a small business as importer to an international food enterprise and is today renowned for food manufacturing, food distribution, retailing, catering and agricultural investments, which have been widely recognized by both consumers and the public, in spite of the turbulent environment throughout its history of 40 years. The Group has a distinguished reputation and solid business foundation which deserved many accolades. Looking forward, with Four Seas Group being one of the largest food conglomerates in Hong Kong together with marking the milestone of its 40th anniversary of establishment this year, the Group will continue to strive for excellence of business performance as well as reinforcing its leading position in the food industry.

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 2011, the Group had banking facilities of HK$1,524,544,000 of which 57% had been utilised. The Group had a gearing ratio of 80% as at 30 September 2011. This is expressed as the bank borrowings to equity attributable to equity holders of the Company. Bank borrowings of the Group, denominated in Hong Kong dollars, Japanese yen, Renminbi and United States dollars, mainly comprise trust receipt loans and bank loans (the "Interest-Bearing Bank Borrowings") at prevailing market interest rates. The Interest-Bearing Bank Borrowings which are classified as current liabilities are repayable on demand or within one year and the Interest-Bearing Bank Borrowings in non-current liabilities are repayable in the second to third years. As at 30 September 2011, the Group held cash and cash equivalents of HK$498,914,000. During the period, the Group placed surplus short term funds in short term currency-linked deposits and foreign currency deposits with banks and incurred a net investment gain of HK$1,764,000. As at 30 September 2011, no short term currency-linked deposits were placed with banks. As at 30 September 2011, the Group had no significant contingent liabilities. As at 30 September 2011, bank loans of a non-wholly-owned subsidiary are secured by the pledge of that non-wholly-owned subsidiary's certain leasehold land of HK$2,433,000 and buildings of HK$8,846,000.

STAFF EMPLOYMENT

The total number of employees of the Group as at 30 September 2011 was approximately 4,200. Remuneration packages are generally structured by reference to market terms and individual qualifications. Salaries and wages are normally reviewed annually based on performance appraisals and other relevant factors.

PURCHASE, 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 securities during the six months ended 30 September 2011.

CORPORATE GOVERNANCE PRACTICES

The Group recognises the importance of good corporate governance to its healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate its needs. 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 to the Listing Rules throughout the accounting period for the six months ended 30 September 2011, 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 of the Company (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, 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 of dealings as set out in the Code of Conduct throughout the six months ended 30 September 2011.

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 2011.

AUDIT COMMITTEE

The Audit Committee comprises all the three independent non-executive directors, namely Ms. Leung Mei Han (Chairperson of the Audit Committee), Mr. Chan Yuk Sang, Peter and Mr. Tsunao Kijima. The Audit Committee has reviewed the results of the Group for the six months ended 30 September 2011 and discussed with the management on the accounting principles and practices adopted by the Group, internal controls and financial reporting matters.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The Company's interim results announcement was published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.fourseasgroup.com.hk.

The interim report of the Company for the six months ended 30 September 2011 containing 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 due course.

APPRECIATION

The Board of Directors of the Company would like to express sincere appreciation to the shareholders, business partners and staff for their continued support to the Group.

THE BOARD

As at the date of this announcement, the directors of the Company are Dr. TAI Tak Fung, Stephen, Dr. WU Mei Yung, Quinly, Mr. MAN Wing Cheung, Ellis, Mr. YIP Wai Keung, Mr. WU Wing Biu and Mr. NAM Chi Ming, Gibson as executive directors, Ms. LEUNG Mei Han, Mr. CHAN Yuk Sang, Peter and Mr. Tsunao KIJIMA as independent non-executive directors.

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

Hong Kong, 29 November 2011

**For identification purpose only*