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 2012

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 2012, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2012	2011
		Unaudited	Unaudited
	Notes	***HK$'000***	*HK$'000*
REVENUE	3	**1,378,370**	1,290,037
Cost of sales		**(982,043)**	(929,398)
Gross profit		**396,327**	360,639
Other income and gains	3	**35,438**	7,846
Selling and distribution expenses		**(242,869)**	(207,329)
Administrative expenses		**(115,243)**	(114,716)
Other operating expenses		**(13,369)**	(6,105)
Finance costs	4	**(9,536)**	(7,245)
Share of profits and losses of associates		**7,970**	7,496
PROFIT BEFORE TAX	2 & 5	**58,718**	40,586
Income tax expense	6	**(12,625)**	(9,972)
PROFIT FOR THE PERIOD		**46,093**	30,614
Attributable to:			
Equity holders of the Company		**43,506**	30,638
Non-controlling interests		**2,587**	(24)
		46,093	30,614
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
- Basic and diluted	8	**HK11.2 cents**	HK7.8 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	
	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**46,093**	30,614
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available-for-sale investments:		
Changes in fair value	**7,762**	(23,215)
Reclassification adjustments for gains/losses included in the condensed consolidated income statement		
- gain on disposal	**(4,773)**	-
- impairment losses	**6,992**	2,334
Income tax effect	**-**	-
	9,981	(20,881)
Share of other comprehensive income of associates	**108**	2,553
Exchange differences on translation of foreign operations	**3,809**	12,742
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**13,898**	(5,586)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**59,991**	25,028
Attributable to:		
Equity holders of the Company	**57,354**	25,235
Non-controlling interests	**2,637**	(207)
	59,991	25,028

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2012 Unaudited** ***HK$'000***	31 March 2012 Audited *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**569,554**	569,189
Investment property		**19,741**	19,669
Prepaid land lease payments		**113,312**	116,164
Goodwill		**38,306**	38,177
Non-current livestock		**162**	119
Investments in associates		**160,291**	151,289
Available-for-sale investments		**83,216**	93,208
Deposits		**20,007**	20,715
Deferred tax assets		**1,135**	1,281
Total non-current assets		**1,005,724**	1,009,811
CURRENT ASSETS			
Due from associates		**15**	561
Current livestock		**171**	3,647
Inventories		**243,266**	218,220
Trade receivables	9	**503,729**	525,978
Prepayments, deposits and other receivables		**116,846**	110,028
Tax recoverable		**5,947**	5,451
Financial assets at fair value through profit or loss		**9,623**	-
Cash and cash equivalents		**596,058**	552,147
Total current assets		**1,475,655**	1,416,032
CURRENT LIABILITIES			
Trade payables, other payables and accruals	10	**344,075**	316,683
Interest-bearing bank borrowings		**837,038**	862,868
Tax payable		**26,508**	20,909
Total current liabilities		**1,207,621**	1,200,460
NET CURRENT ASSETS		**268,034**	215,572
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,273,758**	1,225,383

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	30 September 2012 Unaudited *HK$'000*	31 March 2012 Audited *HK$'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**93,668**	71,724
Deferred tax liabilities	**17,491**	17,822
Total non-current liabilities	**111,159**	89,546
Net assets	**1,162,599**	1,135,837
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**38,831**	39,070
Reserves	**1,085,588**	1,047,376
Proposed dividends	**7,766**	19,416
	1,132,185	1,105,862
Non-controlling interests	**30,414**	29,975
Total equity	**1,162,599**	1,135,837

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 2012.

In the current period, the Group has adopted, 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 2012.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption 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 adopted 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 adoption 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.

	Hong Kong Six months ended 30 September		**Mainland China Six months ended 30 September**		**Total Six months ended 30 September**	
	2012	2011	**2012**	2011	**2012**	2011
	Unaudited	Unaudited	**Unaudited**	Unaudited	**Unaudited**	Unaudited
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**910,835**	835,329	**467,535**	454,708	**1,378,370**	1,290,037
Intersegment sales	**1,120**	644	**124,862**	103,615	**125,982**	104,259
	911,955	835,973	**592,397**	558,323	**1,504,352**	1,394,296
Reconciliation:						
Elimination of intersegment sales					**(125,982)**	(104,259)
Revenue					**1,378,370**	1,290,037
Segment results	**51,306**	50,200	**10,641**	(7,230)	**61,947**	42,970
Reconciliation:						
Interest income					**575**	638
Dividend income and unallocated gains					**13,580**	3,086
Impairment of available-for-sale investments					**(6,992)**	(2,334)
Finance costs					**(9,536)**	(7,245)
Share of profits and losses of associates					**7,970**	7,496
Corporate and other unallocated expenses					**(8,826)**	(4,025)
Profit before tax					**58,718**	40,586

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	
	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Revenue	**1,378,370**	1,290,037
Other income		
Bank interest income	**575**	638
Dividend income from listed available-for-sale investments	**5,249**	1,322
Management fee income	**148**	293
Rental income	**571**	520
Others	**2,814**	3,309
	9,357	6,082
Gains		
Investment gains/(losses), net*	**(237)**	1,764
Fair value gains, net:		
Available-for-sale investments (transfer from equity on disposal)	**4,773**	-
Financial assets at fair value through profit or loss	**3,795**	-
Gain on disposal of items of property, plant and equipment	**17,750**	-
	26,081	1,764
	35,438	7,846

* Investment gains/(losses), net comprise net gains from currency-linked deposits of HK$271,000 (2011: HK$1,906,000) and net exchange losses on cash and cash equivalents of HK$508,000 (2011: HK$142,000).

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Interest on bank and trust receipt loans wholly repayable within five years	**9,536**	7,245

5. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Cost of inventories sold	**982,043**	929,398
Depreciation	**26,424**	22,734
Amortisation of non-current livestock	**2**	7
Amortisation of prepaid land lease payments	**1,639**	1,549
Impairment of available-for-sale investments	**6,992**	2,334

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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	
	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**10,422**	9,279
Under/(over) provision in prior years	**141**	(49)
Current – Elsewhere		
Charge for the period	**2,278**	1,136
Deferred	**(216)**	(394)
Total tax charge for the period	**12,625**	9,972

The share of tax attributable to associates amounting to HK$1,162,000 (2011: HK$1,301,000) is included in "Share of profits and losses of associates" in the unaudited condensed consolidated income statement.

7. DIVIDEND

	Six months ended 30 September	
	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Proposed interim – HK2.0 cents (2011: HK2.0 cents) per ordinary share	**7,766**	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 2012 and 2011 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	
	2012	2011
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	**43,506**	30,638

	Number of shares	
	2012	2011
	Unaudited	Unaudited
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	**388,553,126**	390,707,640

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 2012 and 31 March 2012, based on the invoice date and net of provisions, is as follows:

	30 September 2012	31 March 2012
	Unaudited	Audited
	HK$'000	*HK$'000*
Within 1 month	**201,861**	212,549
1 to 2 months	**110,502**	98,603
2 to 3 months	**59,647**	71,614
Over 3 months	**131,719**	143,212
	503,729	525,978

Included in trade receivables are amounts due from the Group's associates of HK$165,000 (31 March 2012: HK$1,600,000) and a subsidiary of Hong Kong Food Investment Holdings Limited ("HKFH"), a substantial shareholder of the Company, of HK$577,000 (31 March 2012: Nil), which are repayable on similar credit terms to those offered to the major customers of the Group. The trade receivables due from the subsidiary of HKFH are in accordance with the master supply agreement entered into between HKFH and the Company, details of which is included in the Company's announcement dated 6 August 2012.

10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals is trade payables balance of HK$208,276,000 (31 March 2012: HK$173,596,000). An aged analysis of the trade payables as at 30 September 2012 and 31 March 2012 based on the invoice date, is as follows:

	30 September 2012	31 March 2012
	Unaudited	Audited
	HK$'000	*HK$'000*
Within 1 month	**147,353**	111,997
1 to 2 months	**40,480**	37,734
2 to 3 months	**8,666**	9,264
Over 3 months	**11,777**	14,601
	208,276	173,596

Included in the trade payables are trade payables of HK$49,904,000 (31 March 2012: HK$49,599,000) 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 (2011: HK2.0 cents) per ordinary share for the six months ended 30 September 2012, payable to shareholders whose names appear in the Register of Members of the Company on Friday, 21 December 2012. The said dividend will be payable on or about Thursday, 10 January 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 19 December 2012 to Friday, 21 December 2012, 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 2012, 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 Tuesday, 18 December 2012.

BUSINESS REVIEW AND PROSPECTS

Results

For the six months ended 30 September 2012, the Group's consolidated turnover reached HK$1,378,370,000 (2011: HK$1,290,037,000), representing a 7% increase over the same period of last year. The profit attributable to equity holders of the Company was HK$43,506,000 (2011: HK$30,638,000).

For the period under review, leveraging the Group's extensive distribution network, strong brand equity and its manufacturing capability, both Hong Kong and Mainland China segments recorded a steady sales growth. The sales derived from Hong Kong segment reached HK$910,835,000, representing an increase of 9% over the same period of last year, and accounted for approximately 66% of the Group's total sales. The sales in Mainland China increased by 3% compared to the same period of last year to HK$467,535,000, and accounted for approximately 34% of the Group's total sales. Meanwhile, both segmental results of Hong Kong and Mainland China respectively recorded a growth.

Distribution Business

Four Seas Group has endeavored to realize its business vision. With its best effort for more than 40 years' long, food distribution business has achieved a long-term sustainable growth. Coupled with its superb sales management team, extensive distribution network and closed relationship with business acquaintances all over the world, the Group has distributed a variety of finest food products from around the world including milk powder, milk, biscuits, cakes, candies, chocolates, snacks, instant noodles, ice-cream, health foods, beverages, wine, sauce, seasonings, ham and sausages to suit the demands of different customers covering department stores, supermarkets, convenience stores, fast food chains, wholesalers, retailers, restaurants, pubs, hotels, and airlines. The Group, in return, has gained overwhelming supports from customers with such diversified product mix. With its broad customer base, the Group is entitled to a commanding position in the food industry of Hong Kong.

Manufacturing Business

The Group has 20 self-owned manufacturing plants in both Mainland China and Hong Kong. All these plants are the complementary platform oriented to sales in achieving the mission of providing consumers with live enjoyment and pleasure. The high standard of quality controls together with the branded supreme food products has widely been recognized by the public. The Group has been able to produce a series of food products including seaweed, candies, puffed snacks, peanuts, potato chips, prawn crackers, corn sticks, 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.

Over the years, the Group has established a strong culture of food safety control which have received numerous accreditations from relevant international institutions including “HACCP”, “GMP”, “ISO 9001”, “ISO 22000”, “Honorary Certificate of Model Enterprise of Food Safety”, “Hong Kong Q-Mark Product Scheme Certification” for consecutive 22 years etc.

Four Seas Brand

Over the years, the Group has strived for developing its own-private brand. Four Seas brand has now been a super brandname in Hong Kong along with its exclusive image, distinctive packaging, finest quality and greatest tastes. All Four Seas branded products have been well received by consumers which deserved with many accolades among them including The Golden Bauhinia Award of “The Most Influential Brand of the Enterprise” by China Securities, “Hong Kong’s Most Valuable Companies 2012”, “Well-known Brand in Asia Award of Asia Brand Ceremony” , “Top 10 Business Leader of Asia Brand Ceremony” and “Hong Kong Top Brand Ten Year Achievement Award” recently. All these demonstrated the increasing value of “Four Seas” brand.

Capitalizing on the premium of “Four Seas” brand and its celebrity endorsers, namely “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, Four Seas brand has been highly recognized by consumers along with its rising market share. “Four Seas Tsubu Tsubu” orange drinks was awarded the “Outstanding Category Performance Award – Juice and Tea Drinks”. The Group also sponsored a number of music concerts of popular singers including Mr. Raymond Lam, Mr. Richie Yam, Miss Joey Yung and Mr. Liu Chia-chang with various pop stars. All have been well acclaimed by consumers.

Catering Business

Panxi Restaurant, uniquely located along the lakeside of Liwan, is one of the famous sightseeing spots in Guangzhou city. It received the status of “National Grade Restaurant”, the titles of “Old Chinese Trademark” and “Guangzhou Top 10 Gifts”. Equipped with over 3000 dinning seats and top-tier Chinese cuisine chefs, its award-winning “Eight Famous Dishes and Eight delicious Dim Sum” won various prizes from national and international cuisine competitions. The southern Chinese architecture style of Panxi Restaurant was wholly represented by the antique furniture, hand-painted window glass, and classic interior settings along with its winding corridors. Serving famous authentic cuisine and Chinese imperial dishes, Panxi Restaurant has been a favourable venue for social and business gathering and a new focus for tourism which contributed a noteworthy business.

The Group has operated a chain of catering business, including a Japanese-style restaurant, “Restaurant Shiki”, a Japanese dumpling shops “Osaka Ohsho”, and “Kung Tak Lam Shanghai Vegetarian Cuisine” and the sushi restaurant chain “Sushi Oh” in Mainland China, which have been well received by customers. Panxi Restaurant was awarded “The Best Loved Restaurant in the Southern Guangdong Style Category”, and Kung Tak Lam Restaurant was also awarded “Quality Restaurant for 10 Consecutive Years” and was the named vegetarian restaurant by Michelin Guide.

BUSINESS REVIEW AND PROSPECTS (continued)

Retailing Business

"Okashi Land" of the Group which has more than 80 self-operated retail outlets scattering over every district of Hong Kong, is a leading specialty store chain with distinctive image and explicit position. "Okashi Land" keeps abreast of market trends and provides a wide range of selection to fulfill consumers' desires for trendy snacks food. Celebrating the 15th anniversary this year, "Okashi Land" was delighted to launch a series of promotional campaigns and customer loyalty reward program in this period which were also well-received by customers. "Okashi Land" was accredited with "QTS Merchant of the Quality Tourism Services", "Hong Kong & Macau Merchants of Integrity Award", "Most Popular Hong Kong and Macau Brand for Mainland Tourists" and "The Most Popular Hong Kong Bright Consumer Brand".

Prospects

Founded in 1971, Four Seas Group has a leading position in the food industry of Hong Kong. With its over 40 years' concerted effort on business development, the Group has now been one of the largest food conglomerate in Hong Kong and being recognized as considerable success business model with earned reputation in the world. The Group has been renowned for food manufacturing, food distribution, retailing, catering and agricultural activities. Looking forward, the Group will further demonstrate its robust capabilities and market responsiveness in pursuit of the business diversification. The Group remains confident in its future development.

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 2012, the Group had banking facilities of HK$1,830,226,000 of which 51% had been utilised. The Group had a gearing ratio of 82% as at 30 September 2012. 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 2012, the Group held cash and cash equivalents of HK$596,058,000. 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 loss of HK$237,000. As at 30 September 2012, no short term currency-linked deposits were placed with banks. As at 30 September 2012, the Group had no significant contingent liabilities. As at 30 September 2012, 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$1,491,000 and buildings of HK$3,760,000.

STAFF EMPLOYMENT

The total number of employees of the Group as at 30 September 2012 was approximately 4,300. 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

During the period under review, the Company repurchased a total of 2,286,000 shares at prices ranging from HK$1.88 to HK$2.51 per share on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Together with 108,000 shares that were repurchased but have not yet been cancelled at 31 March 2012, all the 2,394,000 repurchased shares were cancelled by the Company and the issued share capital of the Company was reduced by the par value thereof.

Shares were repurchased during the period under review pursuant to the mandate granted by shareholders at the annual general meeting held on 18 August 2011, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Details of the repurchase by the Company on the Stock Exchange during the six months ended 30 September 2012 were as follows:

Month of repurchase	**Number of shares repurchased**	**Purchase price per share Highest** *HK$*	**Lowest** *HK$*	**Total price paid** *HK$*
April 2012	2,286,000	2.51	1.88	5,179,680

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the review period.

CORPORATE GOVERNANCE

The Group strives to maintain high standards of corporate governance to enhance shareholders value and safeguard shareholders interests. The Company's directors are of the view that the Company has met the code provisions listed in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules for the six months ended 30 September 2012, 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. 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.

CORPORATE GOVERNANCE (continued)

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 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.

Code Provision A.6.7

Under CG Code provision A.6.7, independent non-executive directors and non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders.

During the six months ended 30 September 2012, Mr. Tsunao Kijima, an independent non-executive director of the Company, was unable to attend the annual general meeting of the Company held on 28 August 2012 due to an overseas commitment.

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 2012.

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 throughout the six months ended 30 September 2012.

AUDIT COMMITTEE

The Audit Committee of the Company 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 unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2012 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 2012 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, *SBS, GBS, JP*
Chairman

Hong Kong, 30 November 2012

**For identification purpose only*