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 RESULTS FOR THE YEAR ENDED 31 MARCH 2013

RESULTS

The board of directors (the "Board") of Four Seas Mercantile Holdings Limited (the "Company") announces the preliminary consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
REVENUE	4	**2,899,647**	2,789,334
Cost of sales		**(2,014,020)**	(2,004,166)
Gross profit		**885,627**	785,168
Other income and gains	4	**46,478**	13,722
Selling and distribution expenses		**(495,545)**	(460,828)
Administrative expenses		**(255,755)**	(237,559)
Other operating expenses		**(30,732)**	(25,904)
Finance costs	5	**(18,577)**	(16,808)
Share of profits and losses of associates		**9,244**	9,741
PROFIT BEFORE TAX	3 & 6	**140,740**	67,532
Income tax expense	7	**(33,537)**	(23,745)
PROFIT FOR THE YEAR		**107,203**	43,787
Attributable to:			
Equity holders of the Company		**110,779**	52,581
Non-controlling interests		**(3,576)**	(8,794)
		107,203	43,787
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
- Basic and diluted	9	**HK28.5 cents**	HK13.5 cents

Details of the dividends paid and proposed for the year are disclosed in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	2013	2012
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**107,203**	43,787
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available-for-sale investments:		
Changes in fair value	**13,994**	(25,039)
Reclassification adjustments for gains/losses included in the consolidated income statement		
- gain on disposal	**(8,655)**	(5,109)
- impairment losses	**13,627**	11,051
Income tax effect	**-**	-
	18,966	(19,097)
Share of other comprehensive income of associates	**870**	3,417
Release of exchange fluctuation reserve upon disposal of subsidiaries	**(4,639)**	-
Exchange differences on translation of foreign operations	**13,213**	14,944
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**28,410**	(736)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**135,613**	43,051
Attributable to:		
Equity holders of the Company	**138,519**	50,953
Non-controlling interests	**(2,906)**	(7,902)
	135,613	43,051

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**563,834**	569,189
Investment property		**19,998**	19,669
Prepaid land lease payments		**113,146**	116,164
Goodwill		**36,809**	38,177
Non-current livestock		**-**	119
Investments in associates		**158,698**	151,289
Available-for-sale investments		**77,533**	93,208
Deposits		**18,092**	20,715
Deferred tax assets		**1,576**	1,281
Total non-current assets		**989,686**	1,009,811
CURRENT ASSETS			
Due from associates		**15**	561
Current livestock		**179**	3,647
Inventories		**253,094**	218,220
Trade receivables	10	**502,953**	525,978
Prepayments, deposits and other receivables		**94,798**	110,028
Tax recoverable		**1,924**	5,451
Financial assets at fair value through profit or loss		**12,012**	-
Cash and cash equivalents		**610,724**	552,147
Total current assets		**1,475,699**	1,416,032
CURRENT LIABILITIES			
Trade payables, other payables and accruals	11	**335,484**	316,683
Interest-bearing bank borrowings		**781,630**	862,868
Tax payable		**26,745**	20,909
Total current liabilities		**1,143,859**	1,200,460
NET CURRENT ASSETS		**331,840**	215,572
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,321,526**	1,225,383

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2013

	Notes	**2013** ***HK$'000***	2012 *HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**74,533**	71,724
Deferred tax liabilities		**18,251**	17,822
Total non-current liabilities		**92,784**	89,546
Net assets		**1,228,742**	1,135,837
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**38,790**	39,070
Reserves		**1,146,540**	1,047,376
Proposed final dividend	8	**19,395**	19,416
		1,204,725	1,105,862
Non-controlling interests		**24,017**	29,975
Total equity		**1,228,742**	1,135,837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain non-current livestock, an investment property, certain properties classified as property, plant and equipment, derivative financial instruments, a club debenture, financial assets at fair value through profit or loss and certain available-for-sale investments, which have been measured at valuation or fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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*

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis.

The presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sales has been rebutted by the Group as the Group's investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Accordingly deferred tax has been determined on the basis of recovery through use. The adoption of the amendments did not have any impact on the financial position or performance of the Group.

3. 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.

Segment assets exclude available-for-sale investments, deferred tax assets, tax recoverable, investments in associates, financial assets at fair value through profit or loss and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

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.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

	Hong Kong		Mainland China		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**1,901,473**	1,818,989	**998,174**	970,345	**2,899,647**	2,789,334
Intersegment sales	**3,594**	2,029	**222,861**	216,508	**226,455**	218,537
	1,905,067	1,821,018	**1,221,035**	1,186,853	**3,126,102**	3,007,871
Reconciliation:						
Elimination of intersegment sales					**(226,455)**	(218,537)
Revenue					**2,899,647**	2,789,334
Segment results	**136,140**	100,906	**25,652**	(3,091)	**161,792**	97,815
Reconciliation:						
Interest income					**1,215**	1,085
Dividend income and unallocated gains					**18,514**	2,634
Impairment of available-for-sale investments					**(13,627)**	(11,051)
Finance costs					**(18,577)**	(16,808)
Share of profits and losses of associates					**9,244**	9,741
Corporate and other unallocated expenses					**(17,821)**	(15,884)
Profit before tax					**140,740**	67,532
Segment assets	**976,543**	1,017,090	**829,972**	786,137	**1,806,515**	1,803,227
Reconciliation:						
Elimination of intersegment receivables					**(203,597)**	(180,760)
Investments in associates					**158,698**	151,289
Corporate and other unallocated assets					**703,769**	652,087
Total assets					**2,465,385**	2,425,843
Segment liabilities	**248,781**	230,141	**290,300**	267,302	**539,081**	497,443
Reconciliation:						
Elimination of intersegment payables					**(203,597)**	(180,760)
Corporate and other unallocated liabilities					**901,159**	973,323
Total liabilities					**1,236,643**	1,290,006
Other segment information:						
Impairment of trade receivables	**-**	3,414	**1,035**	266	**1,035**	3,680
Impairment of slow-moving inventories	**60**	431	**558**	844	**618**	1,275
Depreciation and amortisation***	**19,125**	17,067	**35,966**	38,142	**55,091**	55,209
Capital expenditure*	**22,916**	15,457	**31,570**	37,095	**54,486**	52,552
Non-current assets**	**205,869**	206,499	**527,918**	540,125	**733,787**	746,624

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments and investment property.

** Non-current assets exclude financial instruments, deferred tax assets and investments in associates.

*** Depreciation and amortisation exclude amortisation of non-current livestock.

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:

	2013	2012
	HK$'000	*HK$'000*
Revenue	**2,899,647**	2,789,334
Other income		
Bank interest income	**1,215**	1,085
Dividend income from listed available-for-sale investments	**6,815**	1,866
Management fee income	**-**	162
Rental income	**1,900**	1,873
Others	**7,621**	6,144
	17,551	11,130
Gains		
Investment gains/(losses), net*	**217**	(4,341)
Fair value gain on an investment property	**-**	1,824
Fair value gains:		
Available-for-sale investments (transfer from equity on disposal)	**8,655**	5,109
Financial assets at fair value through profit or loss	**2,827**	-
Gain on disposal of items of property, plant and equipment, net	**12,504**	-
Gain on disposal of subsidiaries (note 12)	**4,724**	-
	28,927	2,592
	46,478	13,722

* Investment gains/(losses), net comprise net gains from currency-linked deposits of HK$45,000 (2012: losses of HK$2,995,000) and net exchange gain on cash and cash equivalents of HK$172,000 (2012: loss of HK$1,346,000).

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2013	2012
	HK$'000	*HK$'000*
Interest on bank and trust receipt loans wholly repayable within five years	**18,577**	16,808

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2013	2012
	HK$'000	*HK$'000*
Cost of inventories sold	**2,013,336**	2,002,891
Depreciation	**51,810**	51,937
Amortisation of prepaid land lease payments	**3,281**	3,272
Amortisation of non-current livestock	**2**	15
Minimum lease payments under operating leases in respect of land and buildings	**148,691**	134,328
Auditors' remuneration	**3,226**	2,813
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages, salaries, allowances and benefits in kind	**275,443**	243,052
Pension scheme contributions	**15,527**	12,910
Less: Forfeited contributions	**-**	(561)
Net pension scheme contributions**	**15,527**	12,349
	290,970	255,401
Loss/(gain) on disposal/write-off of items of property, plant and equipment, net	**(12,504)**	1,033
Foreign exchange differences, net	**2,585**	(4,299)
Rental income on an investment property less direct operating expenses of HK$646,000 (2012: HK$629,000)	**(1,254)**	(1,244)
Impairment of available-for-sale investments*	**13,627**	11,051
Decrease/(increase) in fair value less estimated point-of-sale costs attributable to:		
- physical change on non-current livestock	**(8)**	(15)
- price change on non-current livestock	**1**	2
Impairment of trade receivables*	**1,035**	3,680
Impairment of slow-moving inventories***	**618**	1,275
Impairment of goodwill*	**1,942**	-
Impairment of non-current livestock***	**66**	-

* The impairment of available-for-sale investments, goodwill and trade receivables are included in "Other operating expenses" in the consolidated income statement.

** During the year ended 31 March 2012, the Group had forfeited contributions of HK$561,000 available to reduce its contributions to the pension scheme in future years.

*** The impairment of slow-moving inventories and non-current livestock are included in "Cost of sales" in the consolidated income statement.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2013	2012
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**27,734**	17,523
Current – Elsewhere		
Charge for the year	**6,166**	6,648
Overprovision in prior years	**(292)**	(9)
Deferred	**(71)**	(417)
Total tax charge for the year	**33,537**	23,745

The share of tax attributable to associates amounting to HK$3,110,000 (2012: HK$3,576,000) is included in "Share of profits and losses of associates" in the consolidated income statement.

8. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Interim – HK2.0 cents (2012: HK2.0 cents) per ordinary share	**7,760**	7,814
Proposed final – HK5.0 cents (2012: HK5.0 cents) per ordinary share	**19,395**	19,416
	27,155	27,230

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. 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 year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

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

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	**110,779**	52,581

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**388,308,330**	390,706,456

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

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**192,727**	212,549
1 to 2 months	**91,457**	98,603
2 to 3 months	**97,863**	71,614
Over 3 months	**120,906**	143,212
	502,953	525,978

Included in trade receivables are amounts due from the Group's associates of HK$1,567,000 (2012: HK$1,600,000) and a subsidiary of Hong Kong Food Investment Holdings Limited ("HKFH"), a substantial shareholder of the Company, of HK$181,000 (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 are included in the Company's announcement dated 6 August 2012.

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in trade payables, other payables and accruals is trade payables balance of HK$187,862,000 (2012: HK$173,596,000). An aged analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**119,485**	111,997
1 to 2 months	**38,376**	37,734
2 to 3 months	**14,681**	9,264
Over 3 months	**15,320**	14,601
	187,862	173,596

Included in the trade payables are trade payables of HK$41,733,000 (2012: HK$49,599,000) due to associates, which are 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.

12. DISPOSAL OF SUBSIDIARIES

	2013
	HK$'000
Net assets disposed of:	
Cash and bank balances	**194**
Other payables and accruals	**(279)**
	(85)
Exchange reserve realised upon disposal of subsidiaries	**(4,639)**
Gain on disposal of subsidiaries	**4,724**
	-
	HK$
Satisfied by cash	**1**

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK5.0 cents in cash per ordinary share for the year ended 31 March 2013. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Friday, 23 August 2013 (the "AGM"), the said dividend will be paid in cash on or about Wednesday, 18 September 2013 to the shareholders of the Company whose names appear on the register of members of the Company as on Tuesday, 3 September 2013. Together with the interim dividend of HK2.0 cents per share, the total dividends per share for the financial year ended 31 March 2013 is HK7.0 cents (2012: HK7.0 cents).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods, and no transfers of shares will be registered during such periods:

(i) from Wednesday, 21 August 2013 to Friday, 23 August 2013, both days inclusive, for the purpose of determining the entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, 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, 20 August 2013; and

(ii) from Friday, 30 August 2013 to Tuesday, 3 September 2013, both days inclusive, for the purpose of determining the entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, 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, for registration not later than 4:30 p.m. on Thursday, 29 August 2013. The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the AGM. The record date for entitlement to the proposed final dividend is Tuesday, 3 September 2013 and the payment of final dividend will be made on or about Wednesday, 18 September 2013.

BUSINESS REVIEW AND PROSPECTS

RESULTS

During the year, the Group's profit achieved a substantial growth. For the year ended 31 March 2013, the Group's sales reached HK$2,899,647,000 (2012: HK$2,789,334,000), representing an increase of 4% over the same period of last year. The profit for the year attributable to equity holders of the Company even increased significantly by 111% to HK$110,779,000 (2012: HK$52,581,000). The profit growth was derived from the increase in gross profit margin under the control of purchasing and production costs, coupled with the benefit of the depreciation of Japanese yen. Distribution of food products in Mainland China and Hong Kong is the Group's major business, among which Japanese products are one of the main kinds and the Japanese yen depreciation reduced the purchasing costs of the Group. Besides, the steady selling prices of the products carried by the Group were achieved due to the market recognition of the brand power of the Group which became a favourable factor for the increase in gross profit, leading to a substantial growth in profit.

During the year, the Group recorded a steady sales growth in Hong Kong and Mainland China. The sales derived from Hong Kong segment reached HK$1,901,473,000 (2012: HK$1,818,989,000), representing an increase of 5% over the same period of last year, and accounted for approximately 66% of the Group's total revenue. The sales in Mainland China was HK$998,174,000 (2012: HK$970,345,000), increased by 3% compared to the same period of last year, and accounted for approximately 34% of the Group's total revenue. The Group will continue to expand its presence in the market of Mainland China, in order to further increase its profits and establish a long-term brand image.

BUSINESS REVIEW

The year under review is a year for harvest of the Group. Despite of the fact that the global economy recovered slowly and the European sovereign-debt crisis was deteriorating during the year, the Group achieved astonishing and encouraging results with our pragmatic and prudent operational strategies. The Group's accomplishments rest on our business integrity and innovative business wisdom. These qualities demonstrate our ability to bring sustainable returns to shareholders.

Since its establishment in Hong Kong in 1971, the Group has strived for providing high-quality and luscious food for customers catering for different needs. The Group advocates a "Modern Delicacy Concept" leading to a high-quality life for the customers. With its long-standing history, rich experience and innovative spirit, the Group has developed into a leading enterprise of Hong Kong food industry. Last year, the Group was honored with "The China Securities Golden Bauhinia Awards: Listed Company with the Best Brand Value", in recognition of its achievements.

Distribution Business

Food distribution business has long been the core business of the Group and it has been developed steadily over the years. The internationally renowned brands of quality food products distributed by the Group suit the demands of different customers which include milk powder, snacks, health foods, wine, beverages, sauce, seasonings, ham and sausages, etc., importing from many countries such as Japan, Mainland China, Korea, Malaysia, Singapore, the US and European countries, etc. The Group has a comprehensive distribution network and superb sales management forces. With its well established international network, the Group brings in high-quality food products from overseas. Recently, the Group successfully obtained the distributorship of YOKU MOKU, a famous Japanese food souvenir brand, broadening the variety of the Group's distributed products. The Group has attached great importance to the relationships with customers and suppliers. It heightened the brands' awareness as well as influence in order to strengthen the Group's leading position in the food industry.

Manufacturing Business

As the distribution business has been grown mature, the Group is gradually emphasizing the strategic focus of reinforcing of its own brand and has achieved great success. Being a pioneer in establishing its own brand name in Hong Kong, the Group has set up manufacturing plants to produce a variety of food products. As at 31 March 2013, the Group has a total of 20 manufacturing plants in Mainland China and Hong Kong. Products comprising "Four Seas Seaweed", "Four Seas Milk Drink", "Four Seas Biscuit Stick", "Four Seas Tsubu Tsubu Orange Drink", "Four Seas Coffee", "Four Seas Cracker", "Four Seas Chestnut", "Four Seas Potato Chip", "Four Seas Puff Snack Series", "Four Seas Sweet Corn", "Four Seas Bub Bub Candy", "Four Seas Instant Noodle", "Maid Brand Ham and Sausage Series" and "Cowboy Peanut" etc.

In view of the well development of "Four Seas" brand and tremendous business opportunities in Mainland China, the Group has actively expanded its business under its own brand in the mainland market and took Guangdong province as a model market in Mainland China. In the development of the Group's Mainland China business, production-sales integration was emphasized to perfect every stage of the production flow. Also, the Group has actively established a variety of sales channels for both its own and franchised products. The one-stop platform for production and sales has effectively improved the production efficiency. The Group stipulated effective marketing strategies via the full control in inventory management and production capacity together with well understanding of market trend. Moreover, such integration is very conducive to food safety control. The Group always regards food safety as the conscience of a food enterprise. Over the years, the Group upholds the principles of total quality control and a well-developed system to ensure food safety starting from the source, which enhances the happiness and confidence of the consumers on our products.

Retail and Catering Businesses

The Group’s retail business has been growing steadily. The Group’s retail chain namely, “Okashi Land”, has its foothold across Hong Kong and it is popular among the young consumers. “Okashi Land” was accredited with “QTS Merchant of the Quality Tourism Services” Scheme, “Hong Kong & Macau Merchants of Integrity Award”, “The Most Popular Hong Kong and Macau Brands”. Under the leadership of “Okashi Land”, the Group's retail business achieved encouraging development.

The Group’s catering business in Mainland China and Hong Kong, including Japanese restaurants, Japanese fast food shops, sushi restaurant chains, high-end vegetarian restaurants, garden-style Chinese restaurants and light meal restaurants, has been developing during the year.

The Group’s “Kung Tak Lam Shanghai Vegetarian Cuisine”, providing healthy vegetarian diets with lofty style, is the first choice for many Hong Kong vegetarians. The Japanese-style “Restaurant Shiki”, located in business district at Admiralty, offers delicious food for customers working in the vicinity. The Japanese fast food shop “Osaka Ohsho” is well received by customers and is expanding its branch network in Hong Kong.

The Group’s “Panxi Restaurant”, located in the sightseeing spot of Liwan district in Guangzhou, is one of the largest garden-style Chinese restaurants in Mainland China. With its history of 66 years, “Panxi Restaurant” is famous for its Lingnan dishes. It is one of the few high-class Guangdong restaurants that is located in city centre with glittering lake and lush greenery, attracting a large number of celebrities. It has continued to perform satisfactorily during the year. The sushi restaurant chain, “Sushi Oh”, also expanded its business to Guangzhou during the year. Moreover, “Mori Café”, another new brand innovated by the Group, established its first restaurant in Guangzhou to furnish public with light meals during the year.

PROSPECTS

After 42 years of efforts, the Group has become the main pillar of Hong Kong food industry. Since 1971, the Group has been evolving from the business of importing snacks from Japan to an enterprise covering food processing and production, distribution, retail and catering businesses. The Group always strives for improving food quality, establishing high-quality brands and expanding its broad retail network, in order to consolidate the leading position of the Group in Hong Kong food industry.

Footing in Hong Kong and facing the huge market in Mainland China, the Group will proactively expand the Mainland China market. In face of the increasing consumption power, busy lifestyle and diversified leisure activities of the Mainland Chinese, there is a strong growth in Chinese leisure food market. Therefore, the Group will be further expanding its market share in Mainland China to seize the enormous business opportunities. With our efforts all over the years, the Group’s business in Guangdong province has been mature; hence, the Group is going to take Guangdong province as a foundation to promote “Four Seas” brand products and other distributed products to different mainland cities stage by stage, in order to expand the sales network and increase the Group’s penetration in the mainland market to strive for a better accomplishment.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and facilities granted by its principal bankers. As at 31 March 2013, the Group had banking facilities of HK$1,756,545,000, of which 49% had been utilised. The Group had a gearing ratio of 71% as at 31 March 2013. 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, 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 31 March 2013, the Group held cash and cash equivalents of HK$610,724,000. As at 31 March 2013, the Group had no significant contingent liabilities.

STAFF EMPLOYMENT

The total number of employees of the Group as at 31 March 2013 was approximately 4,100. 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 year under review, the Company repurchased a total of 2,690,000 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 l08,000 shares that were repurchased but were not cancelled at 31 March 2012, all the 2,798,000 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 year under review pursuant to the mandates granted by shareholders at the Annual General Meetings held on 18 August 2011 and 28 August 2012 respectively, 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 repurchases by the Company on the Stock Exchange during the year ended 31 March 2013 were as follows:

Month of repurchase	Number of shares repurchased	Purchase price per share Highest *HK$*	Purchase price per share Lowest *HK$*	Aggregate price paid *HK$'000*
April 2012	2,286,000	2.51	1.88	5,180
December 2012	404,000	2.28	2.03	864
	2,690,000			6,044

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 year.

CORPORATE GOVERNANCE

The Company and management are committed to maintain a good corporate governance with an emphasis on the principles of transparency, accountability and independence to all shareholders. The Company believes that good corporate governance is essential to continual growth and enhancement of shareholders' value. The Company periodically reviews its corporate governance practices with reference to the latest development of corporate governance. Throughout the year under review, the Company has applied the principles of and complied with most of the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") 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.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's 2013 Annual Report, which will be sent to the shareholders in due course.

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 year ended 31 March 2013.

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 year ended 31 March 2013.

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 considered and reviewed the accounting principles and practices adopted by the Group and has discussed with the management in relation to internal controls and financial reporting matters including a review of the Group's consolidated financial statements for the year ended 31 March 2013.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This 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 annual report of the Company for the year ended 31 March 2013, containing information required by the Listing Rules, will be despatched to shareholders and published on the above websites in due course.

APPRECIATION

The Board of the Company would like to take this opportunity to thank our shareholders and business partners for their continuous support and the fellow directors and our staff for their dedication and hard work throughout the reporting year.

THE BOARD

As at the date of this announcement, the directors of the Company are Mr. TAI Tak Fung, Stephen, Ms. 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
TAI Tak Fung, Stephen, *GBS, SBS, JP*
Chairman

Hong Kong, 27 June 2013

**For identification purpose only*