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 2015

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 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 September 2015 Unaudited HK$'000	2014 Unaudited HK$'000
REVENUE	3	**1,416,354**	1,414,036
Cost of sales		**(932,710)**	(921,291)
Gross profit		**483,644**	492,745
Other income and gains, net	3	**12,364**	24,962
Selling and distribution expenses		**(290,844)**	(277,563)
Administrative expenses		**(140,968)**	(144,922)
Other operating expenses		**(4,831)**	(3,994)
Finance costs	4	**(8,309)**	(7,272)
Share of profits and losses of associates		**5,791**	13,058
PROFIT BEFORE TAX	2 & 5	**56,847**	97,014
Income tax expense	6	**(16,224)**	(25,296)
PROFIT FOR THE PERIOD		**40,623**	71,718
Attributable to:			
Equity holders of the Company		**40,118**	73,121
Non-controlling interests		**505**	(1,403)
		40,623	71,718
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
- Basic and diluted	8	**HK10.4 cents**	HK18.9 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2015	2014
	Unaudited	Unaudited
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**40,623**	71,718
OTHER COMPREHENSIVE LOSS		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**12**	9,420
Reclassification adjustments for gains/losses included in the condensed consolidated statement of profit or loss		
- gain on disposal	**-**	(26,251)
	12	(16,831)
Share of other comprehensive income/(loss) of associates	**(2,192)**	861
Exchange differences on translation of foreign operations	**(20,219)**	9,388
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(22,399)**	(6,582)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**18,224**	65,136
Attributable to:		
Equity holders of the Company	**18,772**	66,240
Non-controlling interests	**(548)**	(1,104)
	18,224	65,136

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2015 Unaudited** *HK$'000*	31 March 2015 Audited *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**597,366**	588,313
Investment property		**19,623**	20,125
Prepaid land lease payments		**103,948**	106,578
Goodwill		**35,942**	36,812
Investments in associates		**184,511**	180,679
Available-for-sale investments		**1,427**	3,791
Deposits		**37,273**	32,600
Deferred tax assets		**4,113**	3,789
Total non-current assets		**984,203**	972,687
CURRENT ASSETS			
Due from associates		**3**	-
Inventories		**311,882**	339,485
Trade receivables	9	**559,351**	534,758
Prepayments, deposits and other receivables		**115,699**	102,380
Tax recoverable		**1,443**	1,121
Financial assets at fair value through profit or loss		**47,300**	27,312
Cash and cash equivalents		**800,241**	857,587
Total current assets		**1,835,919**	1,862,643
CURRENT LIABILITIES			
Trade payables, other payables and accruals	10	**364,038**	375,391
Interest-bearing bank borrowings		**859,837**	911,149
Tax payable		**25,785**	22,183
Total current liabilities		**1,249,660**	1,308,723
NET CURRENT ASSETS		**586,259**	553,920
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,570,462**	1,526,607

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	30 September 2015 Unaudited *HK$'000*	31 March 2015 Audited *HK$'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**129,946**	80,551
Deferred tax liabilities	**21,518**	20,712
Total non-current liabilities	**151,464**	101,263
Net assets	**1,418,998**	1,425,344
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**38,425**	38,425
Reserves	**1,343,256**	1,336,012
Proposed dividend	**11,528**	24,977
	1,393,209	1,399,414
Non-controlling interests	**25,789**	25,930
Total equity	**1,418,998**	1,425,344

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 2015.

In the current period, the Group has adopted, for the first time, a number of revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on or after 1 April 2015.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs has had no material financial effect on the unaudited condensed consolidated interim financial statements of the Group.

The Group has not adopted the new or revised HKFRSs that have been issued but are not yet effective for the current accounting period.

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, noodles, ham and ham-related products, 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 before tax except that interest income, unallocated gains, 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.

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	
	2015	2014	**2015**	2014	**2015**	2014
	Unaudited	Unaudited	**Unaudited**	Unaudited	**Unaudited**	Unaudited
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers*	**941,203**	939,747	**475,151**	474,289	**1,416,354**	1,414,036
Intersegment sales	**3,756**	1,137	**104,710**	109,136	**108,466**	110,273
	944,959	940,884	**579,861**	583,425	**1,524,820**	1,524,309
Reconciliation:						
Elimination of intersegment sales					**(108,466)**	(110,273)
Revenue					**1,416,354**	1,414,036
Segment results	**63,360**	84,431	**(3,543)**	(6,516)	**59,817**	77,915
Reconciliation:						
Interest income					**1,157**	855
Unallocated gains					**7,704**	21,808
Finance costs					**(8,309)**	(7,272)
Share of profits and losses of associates					**5,791**	13,058
Corporate and other unallocated expenses					**(9,313)**	(9,350)
Profit before tax					**56,847**	97,014

	Hong Kong		Mainland China		Total	
	30 September 2015	31 March 2015	**30 September 2015**	31 March 2015	**30 September 2015**	31 March 2015
	Unaudited	Audited	**Unaudited**	Audited	**Unaudited**	Audited
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**1,126,890**	1,108,697	**980,510**	970,982	**2,107,400**	2,079,679
Reconciliation:						
Elimination of intersegment receivables					**(326,313)**	(318,628)
Investments in associates					**184,511**	180,679
Corporate and other unallocated assets					**854,524**	893,600
Total assets					**2,820,122**	2,835,330
Segment liabilities	**314,538**	328,661	**375,813**	365,358	**690,351**	694,019
Reconciliation:						
Elimination of intersegment payables					**(326,313)**	(318,628)
Corporate and other unallocated liabilities					**1,037,086**	1,034,595
Total liabilities					**1,401,124**	1,409,986

* The revenue information above is based on the locations of the customers.

3. REVENUE, OTHER INCOME AND GAINS, NET

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

	Six months ended 30 September	
	2015	2014
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Revenue	**1,416,354**	1,414,036
Other income		
Bank interest income	**1,157**	855
Rental income	**617**	623
Others	**2,886**	1,676
	4,660	3,154
Gains, net		
Investment gains	**-**	55
Gain on disposal of available-for-sale investment stated at cost	**688**	-
Fair value gains/(losses), net:		
Available-for-sale investments (transfer from equity on disposal)	**-**	26,251
Financial assets at fair value through profit or loss	**7,016**	(4,498)
	7,704	21,808
	12,364	24,962

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2015	2014
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Interest on bank and trust receipt loans	**8,309**	7,272

5. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2015	2014
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Cost of inventories sold	**932,710**	921,291
Depreciation	**30,744**	28,844
Amortisation of prepaid land lease payments	**1,619**	1,649

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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	
	2015	2014
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**11,207**	20,329
Current – Elsewhere		
Charge for the period	**4,573**	4,082
Overprovision in prior years	**(376)**	-
Deferred	**820**	885
Total tax charge for the period	**16,224**	25,296

The share of tax attributable to associates amounting to HK$1,304,000 (2014: HK$3,051,000) is included in "Share of profits and losses of associates" in the unaudited condensed consolidated statement of profit or loss.

7. DIVIDEND

	Six months ended 30 September	
	2015	2014
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Interim – HK3.0 cents (2014: HK3.0 cents) per ordinary share	**11,528**	11,528

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 2015 and 2014 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 earnings per share are based on:

	Six months ended 30 September	
	2015	2014
	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	**40,118**	73,121

	Number of shares	
	2015	2014
	Unaudited	Unaudited
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	**384,257,640**	386,833,257

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 2015 and 31 March 2015, based on the invoice date and net of provisions, is as follows:

	30 September 2015	31 March 2015
	Unaudited	Audited
	HK$'000	*HK$'000*
Within 1 month	**234,698**	208,203
1 to 2 months	**105,990**	90,325
2 to 3 months	**77,843**	101,693
Over 3 months	**140,820**	134,537
	559,351	534,758

Included in trade receivables are amounts due from the Group's associates of HK$1,898,000 (31 March 2015: HK$1,415,000) and a subsidiary of Hong Kong Food Investment Holdings Limited, a substantial shareholder of the Company, of HK$618,000 (31 March 2015: HK$231,000), 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$205,442,000 (31 March 2015: HK$210,212,000). An aged analysis of the trade payables as at 30 September 2015 and 31 March 2015 based on the invoice date, is as follows:

	30 September 2015	31 March 2015
	Unaudited	Audited
	HK$'000	*HK$'000*
Within 1 month	**136,903**	141,531
1 to 2 months	**40,481**	36,019
2 to 3 months	**11,925**	15,513
Over 3 months	**16,133**	17,149
	205,442	210,212

10. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (continued)

Included in the trade payables are trade payables of HK$63,723,000 (31 March 2015: HK$53,037,000) due to the Group's 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.

11. EVENTS AFTER THE REPORTING PERIOD

On 2 November 2015, Champ Business Development Limited ("Champ Business"), a 70%-owned subsidiary of the Group, acquired the entire interest in Murray Catering Company Limited ("Murray Catering") at a total cash consideration of approximately HK$19.5 million, which comprised the purchase price for the acquisition and the consideration for the assignment of a loan due to the vendor by Murray Catering to Champ Business. Murray Catering is engaged in catering business providing mainly lunch box and tuck shop services to schools in Hong Kong. The Group has acquired Murray Catering to further expand its catering business in Hong Kong and create synergetic effects with other businesses of the Group. The Group plans to measure the non-controlling interest in Murray Catering at the non-controlling interest's proportionate share of Murray Catering's identifiable net assets.

Because the acquisition of Murray Catering was effected shortly before the date of approval of these financial statements, it is not practicable to disclose further details about the acquisition.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3.0 cents (2014: HK3.0 cents) per ordinary share for the six months ended 30 September 2015, payable to shareholders whose names appear in the register of members of the Company at the close of business on Friday, 18 December 2015. The said dividend will be paid on Monday, 18 January 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 16 December 2015 to Friday, 18 December 2015, both days inclusive, during such period no transfer of shares will be registered. In order to be eligible to receive the interim dividend for the six months ended 30 September 2015, all share 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 15 December 2015.

BUSINESS REVIEW AND PROSPECTS

RESULTS

The Group's consolidated turnover increased slightly to HK$1,416,354,000 (2014: HK$1,414,036,000) for the six months ended 30 September 2015. To cope with the weakening consumer sentiment, resulting from the slowdown of economy, and the intensified market competition, the Group has taken measures to enhance its competitiveness and the profit in the period under review was reduced. Profit attributable to equity holders of the Company was HK$40,118,000 (2014: HK$73,121,000).

During the period under review, the sales derived from Hong Kong stood at HK$941,203,000 (2014: HK$939,747,000), accounting for approximately 66% of the Group's total sales. The sales of Mainland China amounted to HK$475,151,000 (2014: HK$474,289,000), representing approximately 34% of the Group's total sales.

BUSINESS REVIEW

In response to the slowdown of overall retail market in Hong Kong, weakening consumer purchasing power and intensified market competition, the Group took proactive measures during the period. Based on the market condition, the Group increased the spending in marketing and promotion, and in parallel, reduced the selling price of certain products. Such strategic move aimed to secure the Group's long-term leading position in the market, despite the decrease of short-term profit. The Group believes that market fluctuation is only periodic and will continue to invest for the future and develop its medium to long-term businesses. With the strong brand equity, extensive distribution network, stringent quality, disciplined cost control and solid financial position, the Group will strive for achieving better results and return in the medium to long run.

Distribution Business

The coverage of the Group's food distribution business has always been strong. With the support of its comprehensive distribution network and superb sales team, the Group keeps bringing in overseas high-quality food products and distributing food items of internationally renowned brands. The business has been developing solidly. Currently, the Group distributes food brands from various countries around the world. It offers a great variety of products, including milk powder, milk, biscuits, cakes, candies, chocolates, snacks, instant noodles, ice-cream, health food, beverages, sauce, seasonings, ham and sausages, from more than one hundred reputable food companies through its comprehensive distribution channels, including department stores, supermarkets, convenient stores, fast food shops, wholesalers, retailers, restaurants, bars and airways to satisfy the demand of various customer segments.

Manufacturing Business

The Group is dedicated to manufacture a great variety of quality food in order to suit different market needs through exercising stringent quality controls and sophisticated management on its one-stop business platform and marketing strategies. It has 20 food manufacturing plants in Hong Kong and Mainland China. The quality of production meets international standards and received numerous accreditations, including "HACCP", "ISO 9001", "ISO 22000" and "Hong Kong Q-Mark Product Scheme Certification".

Retail and Catering Businesses

The retail and catering businesses have been developing steadily and in an innovative manner to cope with the dynamic market in Hong Kong, Macau and Guangdong Province. The Group owns numerous retail outlets and its specialty stores are well-known in Hong Kong, for example, the trendy snack store "Okashi Land" and Japanese cookie store "YOKU MOKU" have been well received by the young consumers.

Besides, the Group's Chinese and Japanese style restaurants are also famous brands. Japanese style restaurant "Shiki•Etsu", Shanghai vegetarian cuisine "Kung Tak Lam", Japanese style dumpling fast food shop "Osaka Ohsho" in Hong Kong, together with "Panxi Restaurant" in Guangzhou as well as light meal restaurant chain "Mori Café" in Mainland China are all well-known and well received by diners. For example, Shanghai vegetarian cuisine "Kung Tak Lam" has been awarded the Bib Gourmand by the Michelin Guide Hong Kong Macau 2016. It is the only vegetarian cuisine restaurant recommended by the Michelin Guide in Hong Kong.

BRAND DEVELOPMENT

Founded in 1971, the Group has become one of the most sizable integrated food enterprises in Hong Kong owing to the collective effort over the past 40 years. The Group adopts a cautious attitude to produce safe, quality and delicious food in order to live by its "Eating safely, eating happily" motto.

The Group is committed to expand its food business, not just in Hong Kong but also in Mainland China. To act in concert with the Mainland China's strategic development of the Pilot Free Trade Zone, the Group will continue to play the role of retailing diplomacy in bridging Mainland China with the world by introducing high-quality food products to Mainland China. The Group will further enhance the brand image of "Four Seas" by offering superior quality products and services with the perspective of providing greater variety of choices and enjoyment to the customers.

CORPORATE SOCIAL RESPONSIBILITY

"Taking from community, repaying to community" is always the belief of the Group. To enliven the "Lion Rock Spirit", the Group has been actively supporting community services which are widely acclaimed and recognised.

Moreover, the Group has partnered with Jinan University to build an innovation and entrepreneurship platform for the university students, the first ever school startup project in Guangdong Province for students across Guangdong and Hong Kong. Four Seas Seaweed Life Hall, which was initiated in July this year, is the core project of the platform that provides students first-hand experience of running a business. By encouraging them to become innovative and entrepreneurial, the Group aims at developing the platform as a startup incubator for students to establish their new business models. Currently, many students have joined the platform with many creative ideas.

PROSPECTS AND GROWTH

The Group will utilise its growth potential and will continue to expand its business in Hong Kong with "Four Seas" brand and to develop the snack market in Mainland China. Moving forward, it is hoped that Mainland China market will be a key driver for the Group's business growth.

Hong Kong Business

The Group will continue to introduce high-quality food items around the world to Hong Kong consumers and let the consumers enjoy world-class snacks anytime and anywhere. Last year, the Group obtained the distribution right of German candy brand "HARIBO" in Hong Kong and Mainland China. It is growing satisfactorily since it was launched.

Moreover, the Group has partnered with several famous Japanese brands to distribute different kinds of Japanese snacks and drinks, including plum wine from Kagoshima, snacks and abalone from other areas of Japan in order to bring in new experiences to customers who enjoy Japanese foods and drinks.

In recent years, the Group has launched the Japanese premium cookie brand "YOKU MOKU". Specialty stores were opened in Hong Kong Island, Kowloon and New Territories, as well as Macau. The Group is going to launch the first "YOKU MOKU" specialty café at Lee Tung Avenue in Wan Chai, providing a leisure place for consumers to enjoy delicious cookies and pastries in this bustling city.

Hong Kong Business (continued)

In addition, the Group has recently acquired Murray Catering Company Limited ("Murray Catering"), a lunch box and tuck shop services provider for the schools in Hong Kong. Murray Catering operates a central kitchen in Tuen Mun, New Territories with ISO 22000 and HACCP accreditation. Such move strengthens the Group's quality food production business and creates synergetic effect with other businesses of the Group. With its extensive distribution network among schools, the business of the Group can be further developed.

Mainland China Business

The business direction of the Group has always been providing "excellent food quality, diversified choices, guaranteed food safety, fast delivery and reasonable pricing". Through the one-stop online shopping platform, consumers in Mainland China can easily purchase the Group's internationally imported products. Moreover, the Group will continue to devote efforts on food hygiene, safety and quality to meet the market needs so as to consolidate its position in the Mainland market.

The Mainland Government pays serious attention to the development of the Pilot Free Trade Zone initiative. In light of this, the Group is seizing opportunities to strengthen and widen its sales platform in Mainland China. "Four Seas Food International Trading Platform" is one of the first authorised core projects in the zone at the Nansha New Area in Guangzhou, focusing on cross-border e-commerce. This operation will be commenced within this year. Riding on this "Four Seas Food International Trading Platform", together with the Group's international supply chain network, consumers can purchase high-quality foreign products through the online platform of the Group. The consumers will witness a new shopping experience and benefit by the combined advantageous characteristics of the physical store located at Nansha New Area and the cross-border e-commerce platform. It will be another milestone of the Group's future development and further strengthen the online shopping services under "Four Seas" brand.

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 2015, the Group held cash and cash equivalents of HK$800,241,000. As at 30 September 2015, the Group had banking facilities of HK$2,658,946,000 of which 37% had been utilised. The Group had a gearing ratio of 71% as at 30 September 2015. 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.

STAFF EMPLOYMENT

The total number of employees of the Group as at 30 September 2015 was approximately 3,900. 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, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2015.

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 2015, except for the following deviations:

CORPORATE GOVERNANCE (continued)

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 2015.

The Company has also established the Code for Securities Transactions by 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 inside 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 2015.

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 2015 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

This announcement was published on the website of Hong Kong Exchanges and Clearing Limited 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 2015, containing information required by the Listing Rules, will be despatched to shareholders of the Company and published on the above websites in due course.

APPRECIATION

The Board would like to express its 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 Mr. TAI Tak Fung, Stephen, Ms. WU Mei Yung, Quinly, Mr. MAN Wing Cheung, Ellis, 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
Four Seas Mercantile Holdings Limited
TAI Tak Fung, Stephen, *GBS, SBS, JP*
Chairman

Hong Kong, 27 November 2015

* *For identification purpose only*