FOUR SEAS MERCANTILE HOLDINGS LIMITED

四洲集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 374)

PROFIT WARNING

This announcement is made by Four Seas Mercantile Holdings Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the information currently available to the Board and the preliminary review of the latest unaudited consolidated management accounts of the Group, it is expected that the Group will record a decrease of approximately 60% to 70% in its consolidated profit attributable to equity holders of the Company for the year ended 31 March 2016 as compared with the year ended 31 March 2015. Based on information currently available to the Company, the Board considers that such decrease was, for one thing, due to the continual weakening of the retail market and the overall consumer market, in which the Group operated, in the second half of the year ended 31 March 2016 as a result of the economic slowdown. Coupled with the intensified competition within the industry and in order to cope with the market conditions and enhance its overall competitiveness, the Group has (i) made some downward adjustment to the selling prices of certain products of the Group; and (ii) increased its marketing and promotional expenses for the year ended 31 March 2016 as compared with the previous year. With these efforts in promoting sales, the revenue of the Group for the year ended 31 March 2016 is expected to be maintained at a relatively stable level as compared with the year ended 31 March 2015 despite the decrease of profitability. For another, the appreciation of the Japanese yen in the second half of the year ended 31 March 2016 has also negatively impacted the profits of the Group.

The Company has yet to finalise the audited annual results of the Group for the year ended 31 March 2016. The information contained in this announcement is only based on the preliminary assessment by the management of the Company with reference to the information currently available including the unaudited consolidated management accounts of the Group, which have not been reviewed or audited by the Company's auditors or the audit committee of the Company and subject to adjustments. The actual annual results of the Group for the year ended 31 March 2016 may be different from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the results announcement of the Company for the year ended 31 March 2016, which is expected to be published by the end of June 2016.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Four Seas Mercantile Holdings Limited
Nam Chi Ming, Gibson
Executive Director

Hong Kong, 6 May 2016

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 of the Company, Ms. LEUNG Mei Han, Mr. CHAN Yuk Sang, Peter and Mr. Tsunao KIJIMA as independent non-executive directors of the Company.

* *For identification purpose only*