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**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company 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, the consolidated profit after taxation attributable to equity holders of the Company for the six months ended 30 September 2016 (the "**Period**") is expected to decrease by 10% to 20% as compared with the consolidated profit after taxation of approximately HK$40.1 million for the corresponding period in 2015. The Group is expected to record a substantial decline in gross profit for the Period which was mainly attributable to (i) the continued weakening of the retail market and the overall consumer market together with the intensified competition within the industry and therefore, the Group has lowered the sale prices of certain products to combat with the challenging market conditions; and (ii) the appreciation of the Japanese Yen against the Hong Kong Dollar during the Period. On the other hand, the drop in gross profit was compensated by certain one-off gains net of tax recorded during the Period from the disposals of (i) a non-core subsidiary of the Company holding a livestock farm in the amount of approximately HK$38 million; (ii) a non-core subsidiary of the Company holding a poultry farm in the amount of approximately HK$20 million; and (iii) a non-core subsidiary holding a property in the amount of approximately HK$38 million.

* *For identification purpose only*

The Company has not finalised the unaudited interim results of the Group for the six months ended 30 September 2016 (the "**Interim Results**"). 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 are subject to adjustments. The Interim Results may be different from what is disclosed in this announcement. Shareholders of the Company and potential investors are advised to read carefully the Company's announcement on the Interim Results, which is expected to be published by the end of November 2016.

Shareholders of the Company 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, 18 November 2016

As at the date of this announcement, the executive 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 and the independent non-executive directors of the Company are Ms. LEUNG Mei Han, Mr. CHAN Yuk Sang, Peter and Mr. Tsunao KIJIMA.