

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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 management, the Group is expected to record a profit attributable to equity holders of the Company of between HK\$14,700,000 to HK\$16,000,000 for the six months ended 30 September 2021 (2020 corresponding period: HK\$30,016,000), on total revenue of approximately HK\$ 2,354 million (2020 corresponding period: approximately HK\$2,185 million).

Despite the encouraging increase in revenue, the operating environment for the Group’s business during the period concerned remained challenging as the economy had still suffered from the COVID-19 impacts.

The decrease in profit was mainly attributable to (a) the decrease in gross profit margin as a result of increase in cost of sales, including production costs arising from the price hikes of raw material costs and transportation/freight charges; (b) the less in magnitude of the reliefs received from the Hong Kong Government anti-pandemic support schemes in the amount of approximately HK\$5.4 million (2020 corresponding period: approximately HK\$38.9 million); (c) the increase in other operating expenses over the corresponding period of last year by approximately HK\$3.1 million; and (d) the share of profits and losses of associates being more or less evened out to virtually nil (2020 corresponding period: approximately HK\$6.6 million). It is further noted that included in the above expected profit attributable to equity holders of the Company for the period concerned was a provisional gain on bargain purchase of approximately HK\$3 million after tax recognized in a business combination on certain newly acquired operating assets during the period.

* *For identification purpose only*

The information contained in this announcement is only based on the preliminary review by the Company's management and is not based on any figures or information that has been audited or reviewed by the auditors or the audit committee of the Company. Shareholders and potential investors are advised to read carefully the results announcement of the Company for the six months ended 30 September 2021 which is expected to be published in late November 2021.

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

By order of the Board of
Four Seas Mercantile Holdings Limited
MAN Wing Cheung, Ellis
Executive Director

Hong Kong, 24 November 2021

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. TAI Chun Kit, Mr. MAN Wing Cheung, Ellis and Mr. WU Wing Bui and the independent non-executive directors of the Company are Ms. LEUNG Mei Han, Mr. CHAN Yuk Sang, Peter and Mr. Tsunao KIJIMA.