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## **FOUR SEAS MERCANTILE HOLDINGS LIMITED**

**四洲集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code : 374)

### **POSITIVE PROFIT ALERT**

This announcement is made by Four Seas Mercantile Holdings Limited (the “**Company**”, and 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 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 shareholders of the Company and potential investors that, based on the information currently available to the management, the Group is expected to record unaudited profit attributable to the Company’s shareholders of between HK\$55 million and HK\$60 million for the six months ended 30 September 2022, as compared to the same profit of approximately HK\$15.4 million for the same period last year. The increase was primarily attributable to the receipts of income tax and consumption tax refunds in the net sum of approximately HK\$39 million, after deducting the professional fees incurred, by Miyata Co. Ltd., a subsidiary of the Company in Japan, from its local authorities in respect of over-provisions of taxation in prior years. There was no similar tax refund item for the same period last year. In addition to the aforesaid tax refunds to Miyata Co. Ltd., the Group has also seen improvements in its operating profits for the six months’ period under review. The adverse inflationary impacts on the Group’s profit margins as caused by general increases in production, selling and administrative costs during the period under review were by and large compensated by two positive contributing factors: (i) the depreciation in Japanese yen, which had the direct effect of reducing the cost of sale for the Group’s imported good from Japan, thus improving the overall gross profit margin of the Group; and (ii) the receipt of subsidies in the amount of approximately HK\$20 million under the Hong Kong Government anti-pandemic support schemes (2021 same period: approximately HK\$5.5 million).

The information contained in this announcement is only based on the preliminary review by the Company's management on the financial information currently available to it 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 interim results announcement of the Company for the six months ended 30 September 2022 which is expected to be published in late November 2022.

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

On behalf of the board  
**Four Seas Mercantile Holdings Limited**  
**TAI Tak Fung, Stephen**, *GBM, GBS, SBS, JP*  
*Chairman*

Hong Kong, 21 November 2022

*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. WU Wing Bui and Mr. WONG Fu Hang, Derek and the independent non-executive directors of the Company are Ms. LEUNG Mei Han, Mr. CHAN Yuk Sang, Peter and Mr. Tsunao KIJIMA.*