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KA SHUI INTERNATIONAL HOLDINGS LIMITED

嘉瑞國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 822)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that, based on a preliminary review of the unaudited management accounts of the Group, it is expected that the Group's unaudited consolidated net profit for the financial year ended 31 December 2013 would record a significant decrease as compared with the audited results for the financial year ended 31 December 2012.

This profit warning announcement is only based on a preliminary assessment of the consolidated management accounts of the Group for the year ended 31 December 2013, which have not been reviewed by the auditors of the Company.

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

This announcement is made by Ka Shui International Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Future Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on a preliminary review of the unaudited management accounts of the Company and its subsidiaries (collectively the “**Group**”), it is expected that the Group’s unaudited consolidated net profit for the financial year ended 31 December 2013 would record a significant decrease as compared with the audited results for the financial year ended 31 December 2012.

The expected decrease in the net profit of the Group is primarily attributable to the impairment loss of inventories and property, plant and equipment of the Group due to the fire accident occurred on 27 November 2013 in a production factory area operated by MG Technology (Shenzhen) Company Limited, a wholly-owned subsidiary of the Company, which is located in Shenzhen, China. Although there is in existence insurance coverage for property including building, machinery and stock, and also for loss of profits due to business interruption at the factory area and the Group has been vigorously pursuing a negotiation for the amount of the insurance compensation with the relevant insurance company, it now appears that an agreement on and finalization of the amount of the insurance compensation would be unlikely before the announcement of the Group’s final results for the year ended 31 December 2013 as the assessment of the loss and damage caused by the fire involves various investigations and inspections of voluminous documentations by the loss adjusters. As such, no amount of the insurance compensation has therefore been recognized in the Group’s results for the year ended 31 December 2013.

Upon the finalization of the amount of the insurance compensation with the relevant insurance company, the Group will issue an announcement forthwith and such amount will then be recognized in the Group’s results for the year ending 31 December 2014.

This profit warning announcement is only based on a preliminary assessment of the consolidated management accounts of the Group for the year ended 31 December 2013, which have not been reviewed by the auditors of the Company.

The Company is in the process of finalizing the results of the Group for the year ended 31 December 2013, which is expected to be published on 24 March 2014.

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

By Order of the Board
Ka Shui International Holdings Limited
Lee Yuen Fat
Chairman

Hong Kong, 14 March 2014

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Lee Yuen Fat, Dr. Keung Wing Ching, Mr. Wong Wing Chuen and Mr. Chan Tat Cheong, Alan, and four independent non-executive directors, namely Mr. Sun Kai Lit Cliff BBS, JP, Ir Dr. Lo Wai Kwok BBS, MH, JP, Mr. Yeow Hoe Ann John and Mr. Andrew Look.