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.

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 consolidated management accounts of the Group and the information currently available to the Board, the Group is expected to record an operating loss for the year ended 31 December 2017 as compared with an operating profit recorded by the Group for the year ended 31 December 2016.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the 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 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 a preliminary review of the unaudited consolidated management accounts of the Company and its subsidiaries (collectively the "**Group**") and information currently available to the Board, the Group is expected to record an operating loss for the year ended 31 December 2017 as compared with an operating profit recorded by the Group for the year ended 31 December 2016.

Such operating loss for the year ended 31 December 2017 is due to a slight decrease in revenue (which was primarily due to the less favourable market conditions in the notebook computer industry, which affected the Group's magnesium alloy die casting business) and an increase in the cost of sales (which was primarily due to an increase in the cost of raw materials). The Group's operating profit was also adversely affected by (i) the appreciation of the Renminbi against the United States dollar, which affected the Group's profitability; and (ii) the general and administration expenses incurred in the overall integration of the Group's production facilities.

As announced by the Company on 12 July 2017, the disposal of the entire equity interest of the Company's former subsidiary, MG Technology (Shenzhen) Company Limited (the "**Disposal**"), was completed on the same date. After taking into account, among other things, the one-off gain from the Disposal, the Board expects that the Group will record a net profit for the year ended 31 December 2017.

In response to this difficult and challenging operating environment, the Group will continue to implement stringent cost control measures, increase automation in production and develop new products and technology with a view to enhance operational efficiency and achieve product diversification.

The information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2017, which have not been audited by the Company's auditors and reviewed by the audit committee of the Company and may be subject to adjustment. The Company is still in the process of finalizing the consolidated results of the Group for the year ended 31 December 2017, which is expected to be published in late March 2018.

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
Ka Shui International Holdings Limited
Lee Yuen Fat
Chairman

Hong Kong, 9 February 2018

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Lee Yuen Fat, Mr. Wong Wing Chuen, Dr. Wong Cheong Yiu, and four independent non-executive directors, namely Professor Sun Kai Lit Cliff BBS, JP, Ir Dr. Lo Wai Kwok SBS, MH, JP, Mr. Andrew Look and Mr. Kong Kai Chuen, Frankie.