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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 consolidated management accounts of the Group and the information currently available to the Board, the Group is expected to record a decrease of approximately 15 to 30% in the consolidated profit attributable to owners of the Company for the six months ended 30 June 2019 when compared with the same period last year.

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 the information currently available to the Board, the Group is expected to record a decrease of approximately 15 to 30% in the consolidated profit attributable to owners of the Company for the six months ended 30 June 2019 when compared with the same period last year. Such expected decline was mainly attributable to the following factors:

(i) decrease in revenue due to uncertainty of general business atmosphere, in particular the escalating trade dispute of China and the United States, which resulted in the Group's customers placing fewer orders; and

(ii) while there was a decrease in the general and administration expenses when compared with the same period last year, such decrease was lower than the decrease in the revenue primarily due to, among others, expenses relating to the continuing integration of the Group's production facilities.

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 enhancing operational efficiency and achieving product diversification, as well as closely monitoring the market situation and making necessary adjustments to its strategies and operations.

The information contained in this announcement is only based on the Board's preliminary assessment of the Group's unaudited consolidated management accounts for the six months ended 30 June 2019, which have not been reviewed by the Company's auditors and the Company's audit committee. The interim results of the Group for the six months ended 30 June 2019 is expected to be published in late August 2019.

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, 12 August 2019

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Lee Yuen Fat, Mr. Wong Wing Chuen, Ms. Chan So Wah, 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.