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 between 15 to 30% in the consolidated profit attributable to owners of the Company for the year ended 31 December 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 Futures 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 a decrease of between 15 to 30% in the consolidated profit attributable to owners of the Company for the year ended 31 December 2019 ("**FY 2019**") when compared with the same period last year. Such expected decrease was mainly attributable to the following factors:

(i) a decline in revenue of the Group as a result of prolonged US-China trade dispute that has dampened consumer sentiment and hence demand for the products of the Group's customers; and

(ii) while a drop in the general and administration expenses is expected to be recorded when compared with the same period last year, such rate of decrease was lower than that of revenue primarily due to, among other factors, expenses relating to the continuing integration of the Group's production facilities.

Amid this difficult operating environment, the gross profit margin for FY2019 is expected to be at a level similar to that of last year due to increased operational efficiency through automation in production.

To cope with the challenges ahead, the Group will place high priority on implementation of stringent cost control measures, increasing operational efficiency and development of new products and technology to achieve product diversification, as well as closely monitoring the market situation and making necessary adjustments to its strategies and operations.

Reference is also made to the Company's date of board meeting announcement dated 15 March 2020 in connection with the publication of the unaudited final results of the Group for FY2019. The Company is still in the process of finalizing the consolidated results of the Group for FY2019, and the information contained in this announcement is only based on the Board's preliminary assessment of the Group's latest unaudited consolidated management accounts for FY2019, which is subject to final detailed review or adjustment by the Company's auditors and the Company's audit committee.

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, 17 March 2020

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.