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KANGLI INTERNATIONAL HOLDINGS LIMITED

康利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6890)

PROFIT WARNING

This announcement is made by KangLi International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Directors**”) of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the unaudited consolidated management accounts (the “**Unaudited Consolidated Management Accounts**”) of the Group for the year ended 31 December 2022 (the “**Reporting Year**”) and the latest information currently available, the Group expects to record a net loss of not more than RMB35,000,000 for the Reporting Year as compared to a net profit of approximately RMB98,097,000 for the year ended 31 December 2021.

The Board believes that the aforementioned expected loss were mainly attributable to the effect of the COVID-19 pandemic outburst in different regions in China during the Reporting Year which led to: (1) decrease in the Group’s revenue as a result of drop in sales volume of its products; (2) drop in both the average selling price of our products and the average unit cost of raw materials, where the magnitude of drop in average selling price was larger than the average unit cost of raw materials; and (3) significant decrease in gross profit margin as a result of increase in overall production cost due to drop in utilisation rate of our production facilities.

As the Company is still in the process of preparing and finalising the results of the Group for the Reporting Year, the information contained in this announcement is only based on a preliminary assessment made by the Board with reference to the latest information currently available and the Unaudited Consolidated Management Accounts, which has not been reviewed by the audit committee of the Board, and therefore may be subject to adjustments as appropriate. Particulars of the Group’s business performance will be disclosed in its results announcement for the Reporting Year, which is expected to be published before end of March 2023.

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

By order of the Board
KangLi International Holdings Limited
Liu Ping
Chairman

Hong Kong, 3 March 2023

As at the date of this announcement, the Board comprises five executive Directors, being Mr. Mei Zefeng, Ms. Liu Ping, Mr. Zhang Zhihong, Ms. Lu Xiaoyu and Mr. Xu Chao, and three independent non-executive Directors, being Mr. Lau Ying Kit, Mr. Yang Guang and Mr. Cao Cheng.