Ko Yo Chemical (Group) Limited

玖 源 化 工 (集 團) 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00827)

Profit Warning

The board of directors (the "Board") of Ko Yo Chemical (Group) Limited (the "Company", together with its subsidiaries, the "Group") makes this announcement pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The Board wishes to inform shareholders and potential investors of the Company that the market prices of methanol, urea and other chemical products were steady in the year of 2018. Due to the loss on the upper half of year 2018 and the provision on the put options of the convertible bonds, the Board expects that a loss will be recorded for the Group in the financial year of 2018 but the loss in the financial year of 2018 was greatly reduced as compare to the financial year of 2017.

With the record of considerable amount of net cash inflow from operating activities in lower half of year 2018 and the issue of convertible bonds with an amount of HK$129.6 million on 31 January 2019, the Board is of the view that the Group's overall financial position is still healthy and remains positive on the long term prospect of the Group.

As the Company is in the processing of finalizing the annual report for the year ended 31 December 2018 (the "Annual Report"), the information in this announcement is based on a preliminary assessment by the Company's management according to the management accounts of the Group. The details financial information of the Group shall be disclosed in the Annual Report.

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
Ko Yo Chemical (Group) Limited
Chairman
Tang Guoqiang

Hong Kong, 18 February 2019

As at the date of this announcement, the Board comprises four executive directors, being Mr. Tang Guoqiang, Mr. Shi Jianmin, Mr. Li Weiruo, and Mr. Zhang Weihua, one non-executive director being Mr. Zhang Fubo and three independent non-executive directors being Mr. Hu Xiaoping, Mr. Shi Lei and Mr. Xu Congcai.