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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 due to the increase of price the raw material of natural gas, and the market prices of urea, methanol and ammonia were decreased as compared with last year, which in turn leads to the operating gross profit of the Group was greatly decreased, and the provision made from the valuation loss of convertible bonds (the "Convertible Bonds") issued as stated in the announcements dated 31 January 2019 and 15 March 2019 and the impairment loss on plants and equipment, the Board expects that a loss will be recorded for the Group in the financial year of 2019.

With the completion of the issue of Convertible Bonds, the Board is in confident to improve the Group's overall financial position.

As the Company is in the processing of finalizing the annual report for the year ended 31 December 2019 (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, 14 February 2020

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