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
Supplemental Announcement

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).

Reference is made to the announcement of the Company dated 14 February 2020 in relation to, among other things, the profit warning of the results of the Company for the year ended 31 December 2019 (the "Announcement"). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those in the Announcement.

The Board wishes to further inform shareholders and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019, the Group is expected to record a net loss of approximately RMB617 million for the year ended 31 December 2019, an increase in loss of approximately RMB269 million as compared to a net loss of approximately RMB348 million for the year ended 31 December 2018. The major reasons for the loss in 2019 were:

(1) the increase in price of 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;

(2) the provision made from the valuation loss of Convertible Bonds was approximately

RMB223 million; and

(3) the impairment loss on plants and equipment was approximately RMB185 million.

As the Company is in the processing of finalizing 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 which have not been audited or reviewed by the auditor of the Company and is subject to adjustments as may be required. 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, 19 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.