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, based on the preliminary assessment of the unaudited consolidated management accounts of the Group, it is expected to record a net loss of approximately RMB103 million for the six months ended 30 June 2020, representing a decrease in loss of approximately RMB225 million as compared to a net loss of approximately RMB328 million for the same period last year. The greatly reduced in loss was mainly due to the provision of approximately RMB211 million made from the valuation loss of convertible bonds in the first half of year 2019 and such provision was not made in the first half of year 2020. The average selling prices of products were still in low level in the first half of year 2020. Therefore, the operating profit of the Group in the first half of year 2020 can only cover the interest expenses of approximately RMB 65 million but not the deprecation expenses of approximately RMB113 million.

As the Company is in the processing of finalizing its interim results report for the six months ended 30 June 2020 (the "Interim Results 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 Interim Results 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, 7 August 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.