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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
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).

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 for the year ended 31 December 2020, the Group is expected to record a net loss of approximately RMB271 million for the year ended 31 December 2020, a decrease in loss of approximately RMB461 million as compared to a net loss of approximately RMB732 million for the year ended 31 December 2019. The major reasons for the decrease in loss in 2020 were:

(1) the increase in sales volume of product as compared with last year, which in turn leads to the operating gross profit of the Group was increased;
(2) the decrease in provision made from the valuation loss of convertible bonds and employees' options from approximately RMB223 million in 2019 to approximately RMB30 million in 2020; and
(3) the decrease in impairment loss on plants and equipment from approximately RMB195 million in 2019 to approximately RMB26 million in 2020.

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, 5 March 2021

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.