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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)

Positive Profit Alert

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 (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the “**Listing Rules**”) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The Board wishes to inform the shareholders and potential investors of the Company that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2021, the Group is expected to record a net profit of approximately RMB154 million for the six months ended 30 June 2021, representing an increase of approximately RMB257 million as compared to a net loss of approximately RMB103 million recorded for the same corresponding period last year. The significant increase in net profit of the Group is mainly attributable to the increase in the gross profit margin of the Group’s products. Improvement in the PRC economy and the upward price trend of chemical products and chemical fertilisers for the six months ended 30 June 2021 driven by the increase in prices of crude oil and crude oil-related raw materials, have led to the increase in the selling price of the Group’s products and the gross profit margin of the Group’s products. The average gross profit margin of the Group’s products for the six months ended 30 June 2021 is expected to be approximately 21.6% whereas the average gross profit margin of the same period last year was approximately 0.3%.

The information contained in this announcement is based on a preliminary assessment by the Board based on the information currently available and the unaudited consolidated management

accounts of the Group for the six months ended 30 June 2021, which has not been audited or reviewed by the Company's auditors. The Company expects to announce its unaudited interim results for the six months ended 30 June 2021 on 27 August 2021.

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, 6 August 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. Xu Congcai and Mr. Le Yiren.