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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 year ended 31 December 2021, the Group is expected to record a net profit before interest, profit tax and provision on issuing of convertible bonds of approximately RMB816 million for the year ended 31 December 2021. After counting of interest of approximately RMB161 million, profit tax of approximately RMB81 million and provision on issuing of convertible bonds of approximately RMB227 million, the group is expected to record a net profit of approximately RMB347 million for the year ended 31 December 2021, representing an increase of approximately RMB589 million as compared to a net loss of approximately RMB242 million recorded for the year 2020. 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 year 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 year 2021 is expected to be approximately 26.4% whereas the average gross profit margin of the year 2020 was approximately 1.6%.

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, 4 March 2022

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.