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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: 827)

Positive Profit Alert

The board of directors (the “Board”) of Ko Yo Chemical (Group) Limited (the “Company”) makes this announcement pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board wishes to inform shareholders of the Company and potential investors that benefited by the commence production of the new urea plant in Dazhou since October 2010, and the market prices of urea and other chemical products were increased, the Board expects that a profit will be recorded in the unaudited consolidated management accounts of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2011 as compared to an unaudited loss of the corresponding period of last year.

As the Company is in the processing of finalizing its interim results report for the six months ended 30 June 2011 (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
Li Wei Ruo

Chengdu, the PRC, 20 July 2011

As at the date of this announcement, the board of Directors comprises five executive directors, being Mr. Li Weiruo, Mr. Yuan Bai, Ms Chi Chuan, Ms Man Au Vivian, Mr. Li Shengdi and three independent non-executive Directors of Mr. Hu Xiaoping, Mr. Woo Che-Wor, Alex and Mr. Qian Laizhong.