

**NSX ANNOUNCEMENT**  
**30 October 2020**

**Market Update**

Kemao Industries Limited ("KEM" or "the Company") wishes to provide a market update on its business performance for the year ending 31 December 2020. In light of unprecedented challenges arising from COVID-19, the Company expects its annual sales and net profit will decline significantly compared with last year.

Under rising infections globally and the current second wave of COVID in Europe, countries and governments have imposed new restrictions. Notwithstanding these are necessary steps to stop the spread of the virus, their negative impact on the economy are greater than expected. While KEM's domestic sales have not decreased materially, the Company expects its overseas sales will decrease by more or less 50% for the year.

Meanwhile, KEM sees price of raw materials and other overhead, such as shipping costs, continuously rising amid market uncertainties caused by COVID-19. The increase in the aforesaid costs further reduce the Company's profit.

Given the circumstances, KEM is taking action to manage its business through this period and to ensure it remains well-positioned in preparation for when conditions stabilise. The measures taken are as follows:

- Adjusting product lines to better suit current market demand;
- Continuing to improve production management to reduce operation costs; and
- Tightening credit terms.

Circumstances relating to COVID-19 are changing rapidly. Due to the uncertainty surrounding the duration and scale of COVID-19, the Company is not in a position to estimate its full impact on the business and to provide earnings guidance.

Authorised by the Board,



XUEKUN LI  
Company Secretary