

NSX ANNOUNCEMENT

1 July 2021

Market Update

Kemao Industries Limited ("KEM" or "the Company") wishes to provide a market update on its operation and business performance for the half-year ended 30 June 2021.

Notwithstanding various measures and restrictions have been implemented by countries and governments to prevent the spread of COVID-19, the number of infections is continuing to surge globally and as a consequence it has caused a considerable impact on the Company's performance to date.

Although the Company's domestic sales have rebounded since the fourth quarter of 2020, overseas sales remain subdued. Moreover, increasing prices of raw materials and shipping cost continued to drag down profits. The Company expects to report a loss for the half-year ended 30 June 2021 with a significant decline in net results compared with the same period of last year.

Under this challenging environment, the Company has adopted prudent practices to manage liquidity by reducing stock levels and tightening credit terms. KEM confirms its cashflow remains stable.

Authorised by the Board,



BILL LAM
Chairman