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YUESHOU ENVIRONMENTAL HOLDINGS LIMITED

粵首環保控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1191)

PROPOSED CHANGE OF AUDITORS

The Board announces that HLB Hodgson Impey Cheng Limited have tendered their resignation as auditors of the Group with effect from 29 August 2013. The Board proposes to appoint BDO Limited as the new auditors of the Group to fill the casual vacancy following the resignation of HLB Hodgson Impey Cheng Limited and to hold office until the conclusion of the next annual general meeting of the Company.

The board of directors (the “**Board**”) of Yueshou Environmental Holdings Limited (the “**Company**” together with its subsidiaries the “**Group**”) announces that HLB Hodgson Impey Cheng Limited (“**HLB**”) resigned as the auditors of the Group with effect from 29 August 2013. The Board proposes to appoint BDO Limited as the new auditors of the Group to fill the casual vacancy following the resignation of HLB and to hold office until the conclusion of the next annual general meeting of the Company.

In HLB’s resignation letter dated 29 August 2013, HLB set out the circumstances leading to their resignation as the auditors of the Company, which are extracted as follows:

“HLB Hodgson Impey Cheng Limited was appointed as the auditors of the Company at the annual general meeting of the Company held on 24 December 2012 upon the retirement of the predecessor auditors, HLB Hodgson Impey Cheng. As independent auditors, we are required to comply with ethical requirements, including the independence requirements under Section 290 headed “Independence – audit and review engagements” of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “COE”).

It has recently come to our attention that the Company has commenced legal proceedings against HLB Hodgson Impey Cheng Limited on 26 July 2013. In light of the significance of the threats to our independence arising from the aforesaid legal proceedings, we wish to inform you that we have decided to tender our resignation as auditors of the Company.

We draw your attention to the fact that the auditors' report dated 30 October 2012 issued by the predecessor auditors, HLB Hodgson Impey Cheng, on the consolidated financial statements of the Company for the year ended 31 July 2012 (the "Auditors' Report") was disclaimed for material uncertainty relating to the going concern basis. Details were set out in the Auditors' Report. HLB Hodgson Impey Cheng Limited has not reported on any financial statements of the Company since its appointment as auditors of the Company."

The Board confirmed that aside from that as disclosed above, there is no other disagreement between the Company and HLB and that there are no other circumstances connected with the resignation of HLB which the Board considers should be brought to the attention of the members or creditors of the Company.

The Board and the audit committee of the Company also confirm that there are not any matters in respect of the Proposed Change of Auditors that need to be brought to the attention of the Shareholders or creditors of the Company.

The Board would like to take this opportunity to express its gratitude to HLB for their contribution to the Group during past years of service.

By Order of the Board
Yueshou Environmental Holdings Limited
Tang Lo Nar, Luler Ko Mei Ying
Joint Company Secretary

Hong Kong, 29 August 2013

As at the date of this announcement, the Board of the Company consists of Mr. Tan Cheow Teck, Mr. Shannon Tan Siang-tau (alias Shannon Chen Xiangdao), Ms. Juanita Dimla De Guzman, Mr. Lau Kwan, Mr. Shen Xia and Mr. Leung Wai Shun Wilson as executive Directors; and Mr. Sai Chun Yu and Mr. Wen Jian Sheng as independent non-executive Directors.