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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)

PROPOSED CHANGE OF AUDITORS

The Board announces that PwC has resigned as the auditors of the Company with effect from 27 January 2016. The Board has resolved, with the recommendation from the Audit Committee of the Company, to propose the appointment of Zhonghui as the new auditors of the Company to fill the vacancy following the resignation of PwC, subject to the approval of the Shareholders at the EGM.

A circular containing, among others, details of the proposed appointment together with the notice of the EGM will be despatched to the Shareholders as soon as practicable.

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Ko Yo Chemical (Group) Limited (the “**Company**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board announces that since the Company and PricewaterhouseCoopers (“**PwC**”) could not reach an agreement on the audit fee of the Company, PwC has resigned as the auditors of the Company with effect from 27 January 2016.

On 27 January 2016, the Board resolved, on the recommendation from the Audit Committee of the Company, to propose the appointment of Zhonghui Anda CPA Limited (“**Zhonghui**”) as the new auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company. The Board proposed

to seek the approval of the shareholders of the Company by way of an ordinary resolution at the upcoming extraordinary general meeting of the Company (the “EGM”) to approve the appointment and to fix the remuneration of Zhonghui to such appointment.

The Board confirms that there is no disagreement between PwC and the Company, and there are no other matters in respect of the proposed appointment that need to be brought to the attention of holders of securities of the Company.

The Company is incorporated under the laws of Cayman Islands and to the knowledge of the Board there is no requirement under the laws of the Cayman Islands for the resigning auditors to confirm whether or not there are any circumstances connected with their resignation which they consider should be brought to the attention of the holders of the securities of the Company. PwC has therefore not issued such confirmation.

The Board would like to take this opportunity to express its gratitude to PwC for their professional services rendered over the past years.

A circular containing, among others, details of the proposed appointment together with the notice of EGM will be despatched to the shareholders of the Company as practicable as possible.

By Order of the Board
Ko Yo Chemical (Group) Limited
Chairman
Li Weiruo

Hong Kong, 27 January 2016

As at the date of this announcement, the board of directors comprises seven executive directors, being Mr. Li Weiruo, Mr. Yuan Bai, Ms. Chi Chuan, Ms. Man Au Vivian, Mr. Li Shengdi, Mr. Li Feng and Mr. Li Ciping, one non-executive director being, Mr. Zhang Fubo, and four independent non-executive directors being, Mr. Hu Xiaoping, Mr. Woo Che-Wor, Alex, Mr. Qian Laizhong and Mr. Sun Tongchuan.