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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)

Announcement

The board of directors (the “Board”) of Ko Yo Chemical (Group) Limited (the “Company”, together with its subsidiaries, the “Group”) makes this announcement pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The Board is pleased to announce that the Company’s chemical plant in Guangan City of Sichuan Province, with an annual production capacity of 3,000 tons of fiber grade of polyphenylene sulfide, has satisfied relevant standards and fulfilled planned production volumes on 24 May 2016, that was after nearly four months of production and commissioning. The capacity and consumption benchmarks of that project have reached, and some of them even outperformed, the originally designated level. Not to mention that its product quality is reliable, and that each of its product indicators meets the standard of fiber grade product, fulfilling the requirements of downstream customers to full extent while enjoying competitiveness in the international market.

The Company’s chemical plant in Guangan City of Sichuan Province (the “Guangan Plant”) has been running smooth in terms of its production equipment, daily output of each of methanol and synthesis ammonia exceeding the record level since the production started in May 2016. As natural gas price of the Guangan Plant decreased to RMB1.516 per cubic meter with effective from 1 May 2016, there was a drop in price of approximately 35%, as compared with the natural gas price of RMB2.35 per cubic meter for the same period last year. The Board considers that the profitability of the Company’s overall operations will be further improved.

This announcement is made by order of the Board of which the directors individually and jointly accept responsibility for the accuracy of this announcement.

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

Hong Kong, 25 May 2016

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