



The Company hereby notifies as follows:

Koor Industries Ltd. ("Koor") published an immediate report today, with respect to an approach made to Koor by China National Chemical Corporation ("ChemChina"), a large Chinese company controlled by the Chinese Government and engaged in the fields of chemistry and agrochemistry, regarding a proposed strategic Transaction with respect to the Company, the principles of which would be to convert the Company into a private company controlled by ChemChina and jointly owned by ChemChina and Koor.

Following such approach, Koor and ChemChina reached preliminary principle understandings regarding a transaction, whereby all shares of the Company held by the public would be acquired and the Company would become a private company, and approximately 17% of the shares of the Company would be acquired from Koor, so that following the transaction the Company would be held approximately 70% by ChemChina and approximately 30% by Koor (the "Transaction"). Koor reports that according to the said understandings, the Transaction would be conducted based on a valuation of the Company of approximately US\$2.72 billion (calculated on the basis of effective holdings, which do not include shares held by the Company and its subsidiaries).

In addition, Koor reported that pursuant to these principal understandings a shareholders agreement may be executed between Koor and ChemChina, to govern Koor and ChemChina's relationship in the Company, including granting certain minority rights to Koor, including, among others, a put option for Koor to sell to ChemChina its remaining holdings in the Company, based on the aforesaid valuation of the Company plus an annual increase of 20%, for a certain period and subject to various conditions.

It is clarified that Koor reported that at this stage there are only preliminary understandings, that the details of the Transaction are subject to negotiation between Koor and ChemChina, and that internal approvals of Koor and ChemChina for completion of the Transaction, including approvals of the board of directors of the Companies, have not yet been obtained. Accordingly, Koor wishes to clarify that, at this

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stage, there is no assurance as to the signing and timing of any binding agreement between Koor and ChemChina regarding the Transaction, nor as to the structure and terms of the Transaction thereunder.

Koor reported that completion of the Transaction between Koor and ChemChina is subject to, among other things, signing a binding agreement and obtaining approvals required by law, including approval of the share holders of Company. According to Koor's report, if and when such agreement is signed, Koor will report its principal terms.

The Company reports there is no certainty that the Company will be a party to the Transaction nor was the Transaction approved by its board of Directors.

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