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Ko Yo Chemical (Group) Limited

玫源化工(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0827)

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111,
Cayman Islands

*Principal place of business
in Hong Kong:*

Suite No. 02, 31st Floor
Sino Plaza
255-257 Gloucester Road
Causeway Bay, Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of the members of Ko Yo Chemical (Group) Limited (the “Company”) will be held at Suite No. 02, 31st Floor, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong on 9 September 2011 at 3:00 p.m. for the purposes of considering and, if thought fit, passing the resolution set out below:

The Company and International Finance Corporation entered into a subscription agreement dated 17 June 2011 (“Subscription Agreement”) (a copy of which has been produced to the meeting marked “A” and initialled by the chairman of the meeting for identification purposes). Pursuant to the Subscription Agreement and in accordance with its terms, the Company proposes to issue International Finance Corporation an aggregate number of fully paid and non-assessable Subscription Shares equal to the fixed Hong Kong dollar equivalent of US\$8 million divided by the subscription price. The aggregate subscription price payable by International Finance Corporation is US\$7 million. The minimum and maximum number of subscription shares ranges between approximately 286,896,552 and 355,237,476 ordinary shares of HK\$0.02 each in the capital of the Company (the “Proposed Subscription Shares”) at a subscription price ranging between HK\$0.1757 and HK\$0.2175 each (the “Proposed Subscription Price”) (however, the effective subscription price per share payable by International Finance Corporation is lower than the Proposed Subscription Price due to the aggregate subscription price being discounted).

ORDINARY RESOLUTION

“THAT the entry into the Subscription Agreement in relation to the Proposed Subscription Shares and the Proposed Subscription Price contemplated thereunder be and is hereby approved, confirmed and ratified and, subject to the fulfillment of the terms and conditions set out in the Subscription Agreement:

- (i) the subscription for the Proposed Subscription Shares pursuant to the Subscription Agreement be and is hereby approved and the directors of the Company (the “**Directors**”) be and are hereby authorized to allot and issue the Subscription Shares pursuant to the Subscription Agreement; and
- (ii) any one or more of the Directors be and is/are hereby generally and unconditionally authorized to do all such acts and things, to sign and execute all such documents which he/they consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Subscription Agreement contemplated thereunder.”

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

Hong Kong, 17 August 2011

Notes:

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, in the event of, a poll, vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (2) In order to be valid, the form of proxy must be deposited with the Company’s share registrar in Hong Kong, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, together with any power of attorney or other authority, under which it is signed, or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or any adjournment thereof. The completion and return of the form of proxy will not preclude you from attending and voting at the meeting in person at extraordinary general meeting or any adjourned meetings should you so desire.

- (3) Where there are joint holders of any shares in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
- (4) In accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), International Finance Corporation, a substantial shareholder of the Company is required to abstain from voting on the ordinary resolution as set out above.
- (5) Pursuant to the Listing Rules, voting on the ordinary resolution as set out above will be conducted by a way of poll.

As at the date of this announcement, the Board comprises five executive Directors, being Mr. Li Weiruo, Mr. Yuan Bai, Ms. Chi Chuan, Ms. Man Au Vivian and Mr. Li Shengdi and three independent non-executive Directors of Mr. Hu Xiaoping, Mr. Woo Che-wor, Alex and Mr. Qian Laizhong.