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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: 827)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “EGM”) of Ko Yo Chemical (Group) Limited (the “Company”) will be held at 11:00 a.m. on Monday, 13 October 2014 at Suite No. 02, 31st Floor, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendment, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** the five (5) issued and unissued shares of HK\$0.02 each in the share capital of the Company will be consolidated into one (1) share of HK\$0.10 each (the “**Consolidated Shares**”) (the “**Share Consolidation**”). The board of directors of the Company (the “**Board**”) shall at its absolute discretion sell any aggregated fractional Consolidated Shares arising upon the Share Consolidation at any time within one month from the effective date of the Share Consolidation, being 14 October 2014 and on such terms as it considers appropriate.”
2. “**THAT** conditional and immediately up the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares be changed to 4,000 Consolidated Shares.”
3. “**THAT** the authorised share capital of the Company be increased from HK\$400,000,000 divided into 4,000,000,000 shares of par value HK\$0.10 each to HK\$800,000,000 divided into 8,000,000,000 shares of par value HK\$0.1 each by the creation of an additional 4,000,000,000 shares of par value HK\$0.10 each.”
4. “**THAT:**
 - (a) the subscription agreement (the “**Subscription Agreement**”) dated 30 July 2014 (as supplemented by a supplemental agreement dated 29 August 2014) entered into between the Company and Asia Pacific Resources Development Investment Limited (the “**Subscriber**”) pursuant to which the Company will allot and issue to the Subscriber (a) 800,000,000 new shares of HK\$0.10 each (the “**New Shares**”) at HK\$0.32 per New Share; and (b) the 7% coupon convertible bonds due 2024 (the “**Convertible Bonds**”) in an aggregate principal amount of HK\$832,000,000 (the principal terms of which are set out in the circular of the

Company dated 22 September 2014 (the “**Circular**”), and a copy of which having been produced to this meeting and marked “A” and initialed by the chairman of this meeting for the purpose of identification), and the transaction contemplated thereby be and hereby approved, confirmed and ratified;

- (b) the allotment and issue of the New Shares and the Convertible Bonds to the Subscriber pursuant to the terms of the Subscription Agreement be and hereby approved;
 - (c) the directors of the Company be and are hereby granted a specific mandate to exercise all the powers of the Company to allot and issue up to 2,600,000,000 new shares of HK\$0.10 each (or such greater number as may be required to be issued as a result of an adjustment to the conversion price as provided for in accordance with the terms of the terms and conditions of the Convertible Bonds) in the capital of the Company as may be required to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds, subject to and in accordance with the terms and conditions set out in the Subscription Agreement and the Convertible Bonds; and
 - (d) any one or more directors of the Company be and hereby authorised to allot and issue the New Shares and the Convertible Bonds in accordance with the terms of the Subscription Agreement and to do all such acts and things as they consider necessary or expedient for the purpose of giving effect to the Subscription Agreement and completing the transactions contemplated thereby.”
5. “**THAT** subject to the granting of the whitewash waiver by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong and any delegate of such Executive Director pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers in respect of the obligation on the part of the Subscriber and parties acting in concert with it to make a mandatory general offer to the shareholders of the Company for all issued Shares not already owned by the Subscriber or parties acting in concert with it under Rule 26 of the Hong Kong Code on Takeovers and Mergers as a result of the allotment and issue of the New Shares and the new Consolidated Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds, such whitewash waiver be and is hereby approved.”

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

Hong Kong, 22 September 2014

Registered office:-

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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

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or, if he is holder of more than one share, more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the branch share registrar of the Company, Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof).
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney or other person duly authorised.
4. Delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.

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 and four independent non-executive directors being, Mr. Hu Xiaoping, Mr. Woo Che-Wor, Alex, Mr. Qian Laizhong and Mr. Sun Tongchuan.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.