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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)

COMPLETION OF CONNECTED TRANSACTION
ISSUE OF CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE

Reference is made to the announcements dated 19 July 2018, 26 October 2018, 27 December 2018 and 31 January 2019, and the circular dated 4 October 2018 (the “**Circular**”) of Ko Yo Chemical (Group) Limited (the “**Company**”) in relation to the issue of the Convertible Bonds under Specific Mandate. Capitalised terms used in this announcement have the same meanings as those defined in the Circular, unless otherwise stated herein.

COMPLETION OF ISSUE OF THE CONVERTIBLE BONDS

The Board is pleased to announce that all conditions set out in the Subscription Agreement as supplemented by the first supplemental agreement dated 27 December 2018 (the “**First Supplemental Agreement**”) and the second supplemental agreement dated 31 January 2019 (the “**Second Supplemental Agreement**”) have been fulfilled and completion of the issue of the Convertible Bonds has been taken placed on 15 March 2019.

Following the Closing of the first tranche on 31 January 2019, pursuant to which the Convertible Bonds in the principal amount of HK\$129,600,000 was subscribed by the Subscriber, the remaining balance of the principal amount of the Convertible Bonds being HK\$140,400,000 has been issued to the Subscriber on 15 March 2019. Pursuant to the Subscription Agreement as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement, the Convertible Bonds in the principal amount of HK\$270,000,000 have been issued by the Company to the Subscriber as at the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

Based on the Conversion Price of HK\$0.108 per Share, the Convertible Bonds is convertible into 2,500,000,000 Conversion Shares, which represent approximately 58.2% of the existing issued share capital of the Company of 4,298,042,599 Shares as at the date of this announcement and approximately 36.8% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares upon full conversion of the Convertible Bonds at the Conversion Price of HK\$0.108 per Share.

As at the date of this announcement, the Company has 4,298,042,599 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the conversion of the Convertible Bonds are as follows (*for illustrative purposes only*):

Shareholders	Note	As at the date of this announcement		Immediately after the issue and allotment of the Conversion Shares upon conversion of all the Convertible Bonds	
		Number of Shares	% (approx.)	Number of Shares	% (approx.)
Asia Pacific Resources Development Investment Limited	1	800,000,000	18.61	800,000,000	13.34
Directors					
Subscriber	2	100,000,000	2.33	1,798,304,493	29.99 ^(Note 2)
Li Weiruo	3	410,392,000	9.55	410,392,000	6.84
Shi Jianmin	4	300,000	0.01	300,000	0.01
Zhang Fubo	5	5,000,000	0.12	5,000,000	0.08
Public Shareholders		2,982,350,599	69.38	2,982,350,599	49.74
Total		<u>4,298,042,599</u>	<u>100.00</u>	<u>5,996,347,092</u>	<u>100.00</u>

Notes:

1. Asia Pacific Resources Development Investment Limited is wholly owned by Mr. Cheng Kin Ming who held convertible bonds of the Company in the principal amount of HK\$320,440,000 and 800,000,000 shares of the Company.

2. Pursuant to the Subscription Agreement, the Subscriber shall subscribe for the Convertible Bonds which is convertible into 2,500,000,000 Conversion Shares based on the initial Conversion Price of HK\$0.108 per Share. No conversion rights attaching to the Convertible Bonds shall be exercised if (i) the Subscriber and all other persons acting in concert (as defined in the Takeovers Code) with it jointly controlling or being interested in, directly or indirectly, 30% or more of the voting rights of the Company (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) as would trigger a mandatory general offer as may be specified from time to time under the Takeovers Code; or (ii) the conversion would result in the Company breaching the minimum public float requirement under Rule 8.08 of the Listing Rules.
3. Mr. Li Weiruo is the beneficial owner of 410,392,000 Shares.
4. Mr. Shi Jianmin is the beneficial owner of 300,000 Shares.
5. Mr. Zhang Fubo is the beneficial owner 5,000,000 Shares.

By Order of the Board
Ko Yo Chemical (Group) Limited
Tang Guoqiang
Chairman

Hong Kong, 15 March 2019

As at the date of this announcement, the Board comprises four executive Directors, being Mr. Tang Guoqiang, Mr. Shi Jianmin, Mr. Li Weiruo and Mr. Zhang Weihua; one non-executive Director, being Mr. Zhang Fubo; and three independent non-executive Directors, being Mr. Hu Xiaoping, Mr. Shi Lei and Mr. Xu Congcai.