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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)

(1) CONNECTED TRANSACTION RELATING TO ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE AND (2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Board is pleased to announce that on 10 July 2019, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$987,000,000, and the Company has conditionally agreed to issue the Convertible Bonds, subject to and on the terms of the Subscription Agreement.

Based on the initial Conversion Price of HK\$0.141 per Conversion Share and assuming full conversion of the Convertible Bonds, a maximum number of 7,000,000,000 Conversion Shares will be issued and allotted by the Company, representing approximately 162.9% of the existing issued share capital of the Company as at the date of this announcement; and approximately 62.0% of the issued share capital of the Company as enlarged by the issue and allotment of Conversion Shares (assuming that there is no change in the issued share capital of the Company after the date of this announcement and before Closing).

The gross proceeds from the issue of the Convertible Bonds will be approximately HK\$987,000,000 (equivalent to RMB858,690,000). The net proceeds from the issue of the Convertible Bonds pursuant to the Subscription Agreement, after deduction of all relevant costs and expenses, is estimated to be approximately HK\$986,000,000. The proceeds from the issue of the Convertible Bonds are intended to be used for the establishment of new production lines in Dazhou plant and Guangan plant, and the general working capital of the Group.

Mandate to issue the Conversion Shares

The entering into of the Subscription Agreement and the transactions contemplated thereunder, including the issue and allotment of the Conversion Shares under Specific Mandate, are subject to the approval of the Independent Shareholders at the EGM.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Implications under the Listing Rules

The Subscriber is an executive Director and the chairman of the Board. Accordingly, the Subscriber is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Subscription Agreement, and the issue of the Convertible Bonds to the Subscriber would constitute connected transactions of the Company subject to, among others, the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to accommodate the issue of the Conversion Shares and to provide additional flexibility to the Company, the Board proposes to increase the authorised share capital of the Company from HK\$800,000,000 divided into 8,000,000,000 Shares to HK\$2,000,000,000 divided into 20,000,000,000 Shares by the creation of an additional 12,000,000,000 Shares.

GENERAL

An EGM will be convened and held by the Company, to consider and, if thought fit, to approve the issue of the Convertible Bonds, the transactions contemplated under the Subscription Agreement (including the obtaining of the Specific Mandate) and the increase in the authorised share capital of the Company.

To the best of the Directors' information, belief and knowledge, save for the Subscriber, no other parties have any material interest which is different from other Shareholders in relation to the increase in the authorised share capital of the Company. As the Subscriber is interested in the Subscription Agreement, the Subscriber will abstain from voting on the resolutions in relation to the Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate.

An Independent Board Committee will be established to make recommendations to the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder.

A circular containing, among others, (i) further details of the Subscription Agreement, the Specific Mandate and the increase in the authorised share capital of the Company; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Subscription Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM and a form of proxy will be despatched to the Shareholders as soon as practicable. It is estimated that the circular will be despatched to the Shareholder on or before 13 September 2019.

Shareholders and potential investors should be aware that the Subscription Agreement and the transactions contemplated thereunder are subject to the fulfilment of the Conditions, and therefore the proposed issue of the Convertible Bonds may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

(1) PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

On 10 July 2019 (after market close), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$987,000,000 and the Company has conditionally agreed to issue the Convertible Bonds subject to and on the terms of the Subscription Agreement.

SUBSCRIPTION AGREEMENT

Date: 10 July 2019 (after market close)

Parties: (i) the Company; and
(ii) the Subscriber

Principal Amount: HK\$987,000,000

Interest rate: 5% per annum payable annually in arrears

Tranches: The Subscriber shall subscribe for all of the Convertible Bonds in no more than five tranches on or before the Long Stop Date, and the principal sum of the Convertible Bonds to be subscribed in each tranche shall not be less than HK\$50,000,000.

Maturity: On the fifth (5) anniversary of the Issue Date

Conversion Price: HK\$0.141

The Conversion Price of HK\$0.141 per Share represents:

- i. a discount of approximately 19.89% to the closing price of HK\$0.176 per Share as quoted on the Stock Exchange on 10 July 2019, being the date of the Subscription Agreement;
- ii. a discount of approximately 19.70% to the average closing price of approximately HK\$0.1756 per Share as quoted on the Stock Exchange for the last five (5) Trading Days immediately prior to the date of the Subscription Agreement;
- iii. a discount of approximately 21.01% to the average closing price of approximately HK\$0.1785 per Share as quoted on the Stock Exchange for the last ten (10) Trading Days immediately prior to the date of the Subscription Agreement; and
- iv. a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 13.92% represented by the cumulative theoretical ex-price of HK\$0.118 per Share to the benchmarked price immediately before 12 months period of approximately HK\$0.137 per Share (as defined under Rule 7.27B of the Listing Rules).

Based on the initial Conversion Price of HK\$0.141 per Share, the Convertible Bonds is convertible into 7,000,000,000 Conversion Shares, which represent approximately 162.9% of the existing issued share capital of the Company of 4,298,042,599 Shares as at the date of this announcement and approximately 62.0% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.141 per Share and the completion of the Subscription.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares.

Conditions Precedent

Closing of a tranche of the Subscription under the Subscription Agreement shall be conditional upon:

- (a) the execution and delivery of the transaction documents by the Company and the Subscriber;
- (b) the representations, warranties, agreements and undertakings of the Company in the Subscription Agreement being true, accurate and correct in all material respects at, and as if made on, the closing date for that particular tranche;
- (c) the Board duly passing the resolutions approving, the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds;
- (d) the Shareholders duly passing the resolutions approving, the Subscription Agreement and the transactions contemplated thereunder, including the granting of the Specific Mandate for the issue and allotment of the Conversion Shares at the EGM; and
- (e) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares.

If the conditions above is not fulfilled or waived by the Company (conditions d and e cannot be waived) on or before the Long Stop Date (or such other date as may be agreed between the Subscriber and the Company), the obligations of the parties under the Subscription Agreement shall lapse.

Closing of the Subscription

Closing of the Subscription shall take place at the principal place of business of the Company in Hong Kong (or such other place as may be agreed by the parties) in no more than five tranches on or before the Long Stop Date. And in respect to the closing of each tranche of subscription, it shall take place within three Business Days after receipt of a Notice of Closing issued by the Subscriber to the Company in connection with the relevant principal amount of the Convertible Bonds.

Adjustments to the Conversion Price

The Conversion Price shall be adjusted as provided in each of the following cases:

- (a) an alteration of the nominal value of the Shares as a result of consolidation, subdivision or re-denomination or reclassification;
- (b) an issue by the Company of any Shares credited as fully-paid to the Shareholders by way of capitalization of profits or reserves including, Shares paid up out of distributable profits or reserves and/or share premium account issued;
- (c) a capital distribution (including an extraordinary dividend) being made by the Company to the Shareholders;

- (d) an issue of any securities to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at less than 85% of the market price on the date of the announcement of the terms of such issue or grant;
- (e) an issue of any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares);
- (f) an issue of any securities (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (otherwise than as mentioned in item (d)) options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares in each case at a price per Share which is less than 85% of the market price on the date of announcement of the terms of such issue or grant;
- (g) save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this item (g), an issue of any securities (other than the Convertible Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 85% of the market price on the date of announcement of the terms of issue of such securities (otherwise as mentioned in items (d), (e) or (f) above);
- (h) any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in item (g) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than 85% of the market price on the date of announcement; and
- (i) any other events where the Company determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to above.

Ranking of Conversion Shares

The Conversion Shares, when issued and fully paid, will rank *pari passu* among themselves and with Shares in issue at the time of issue and allotment of the Conversion Shares.

Conversion Period

The Conversion Period shall be the period beginning on, and including, the date of issue of the Convertible Bonds and ending on, and including, 5:00 p.m. on the day which is five (5) Trading Days before the Maturity Date, provided that the conversion of the Convertible Bonds (i) does not trigger any mandatory offer obligations under Rule 26 of the Takeovers Code on the part of the Subscriber which exercised the conversion rights, namely more than 30% (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code; and (ii) does not reduce the public float of the Shares to less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares.

Conversion Rights

The holder of the Convertible Bonds has the right (subject to the conditions stated in the section headed “Conversion Period”) to convert the principal amount of the Convertible Bonds into fully-paid Shares to be issued by the Company and listed and traded on the Stock Exchange at the bondholder’s election at any time during the Conversion Period.

Redemption at Maturity

Unless previously redeemed, converted or purchased and cancelled, the Company shall, subject to receipt of the relevant Convertible Bonds Certificate, redeem all the outstanding Convertible Bonds held by a bondholder on the Maturity Date at an amount equal to the Redemption Amount.

“Redemption Amount” means the amount equal to the aggregate of:

- (a) the aggregate principal amount of such outstanding Convertible Bonds held by the relevant bondholder; and
- (b) any accrued but unpaid interest on such outstanding Convertible Bonds on the Maturity Date.

Application for listing

Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, the Conversion Shares.

MANDATE TO ISSUE THE CONVERSION SHARES

The Subscription Agreement and the transactions contemplated thereunder, including the issue and allotment of the Conversion Shares under Specific Mandate, are subject to the approval of the Independent Shareholders at the EGM.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

During the past twelve months immediately prior to the date of this announcement, the Group completed the following fund raising exercise to strengthen its financial position and raised the gross proceeds of approximately HK\$270,000,000, with the net proceeds of approximately HK\$269,000,000. As at the date of this announcement, the sum of HK\$44 million remains to be applied. Set out below are details of application of funds raised and applied during the past twelve months immediately preceding the date of this announcement:

Date of completion	Description of fund raising activities	Intended use of proceeds	Actual use of proceeds as at the date of announcement
15 March 2019	Issue of convertible bonds in the principal amount of HK\$270,000,000 under specific mandate	<p>(a) approximately HK\$170 million for repayment of high interest rate short-term borrowings;</p> <p>(b) approximately HK\$70 million for the pre-payment arrangement between the Group and the customers; and</p> <p>(c) approximately HK\$29 million for general working capital of the Group.</p>	<p>(a) approximately HK\$126 million was used for repayment of high interest rate short-term borrowings, among which, approximately HK\$18 million was used for pledged bank deposit;</p> <p>(b) approximately HK\$70 million was used for the pre-payment arrangement; and</p> <p>(c) approximately HK\$29 million was used for general working capital of the Group, among which, approximately HK\$13 million was used for the maintenance of production facilities.</p>

Save for the fund raising activities mentioned above, the Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the manufacture and sale of chemical products and chemical fertilisers in the PRC.

INFORMATION ABOUT THE SUBSCRIBER

The Subscriber is an executive Director and the chairman of the Board. As at the date of this announcement, the Subscriber is also the chairman of Liyang Huakan Jianda Health Co., Ltd., a private limited liability company established in the PRC.

REASONS FOR THE ISSUE OF THE CONVERTIBLE BONDS AND USE OF PROCEEDS

The gross proceeds from the issue of Convertible Bonds pursuant to the Subscription Agreement will be approximately HK\$987,000,000. The net proceeds from the issue of the Convertible Bonds pursuant to the Subscription Agreement, after deduction of all relevant costs and expenses, is estimated to be approximately HK\$986,000,000. The Company intends to apply the net proceeds arising from the issue of the Convertible Bonds in the following manner:

1. approximately HK\$230 million will be used for the establishment of a new production line of dimethyl carbonate in Dazhou plant, among which (i) approximately HK\$170 million for the purchase of new machinery and equipment for the production of dimethyl carbonate; and (ii) approximately HK\$60 million for the installation of such machinery and equipment for the new production line;
2. approximately HK\$550 million will be used for the establishment of a new production line of propylene oxide in Guangan plant, among which (i) approximately HK\$440 million for the purchase of new machinery and equipment for the production of propylene oxide in Guangan plant; and (ii) approximately HK\$110 million for the installation of such machinery and equipment for the new production line; and
3. the remaining balance, approximately HK\$206 million will be used as general working capital of the Group.

The Directors consider raising funds by issuing Convertible Bonds is justifiable considering the recent market conditions which represent an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position of the Group. The Directors consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

The Directors (excluding the independent non-executive Directors who will form their view after considering advice from an independent financial adviser in respect of the Subscription) are of the view that the Subscription Agreement (including the Conversion Price of the Conversion Shares)

have been entered into on normal commercial terms that are fair and reasonable and is in the interests of the Company and the Shareholders as a whole. As the Directors are confident about the prevailing and future business development of the Group, the Directors believe that the issue of Convertible Bonds will allow the Company to raise the necessary funds at a reasonable cost to meet additional cash requirements for its operation and future development.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the conversion of the Conversion Shares in full (assuming that there is no other change in the issued share capital of and the shareholding of the Company) is as follows:

Shareholders		As at the date of this announcement		Immediately after the issue and allotment of the Conversion Shares upon full conversion of the Convertible Bonds		Immediately after full conversion of the Convertible Bonds and Existing Bonds	
		Number of Shares	% (approx.)	Number of Shares	% (approx.)	Number of Shares	% (approx.)
Substantial Shareholder							
(as defined under the Listing Rules)							
Asia Pacific Resources Development Investment Company	<i>Note 1</i>	800,000,000	18.61	800,000,000	7.08	1,801,375,000	12.17
Directors							
The Subscriber	<i>Note 2</i>	100,000,000	2.33	3,388,282,975	29.99	4,440,067,273	29.99
Shi Jianmin	<i>Note 3</i>	300,000	0.01	300,000	0.01	300,000	0.01
Public Shareholders							
		3,397,742,599	79.05	7,109,459,624	62.92	8,558,975,326	57.83
Total		4,298,042,599	100.00	11,298,042,599	100.00	14,800,717,599	100.00

Note 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.

Note 2: The Subscriber held convertible bonds of the Company in the principal amount of HK\$270,000,000 and 100,000,000 Shares.

Note 3: Mr. Shi Jianmin is the beneficial owner of 300,000 Shares.

IMPLICATIONS UNDER THE LISTING RULES

The Subscriber is an executive Director and chairman of the Board of the Company. Accordingly, the Subscriber is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the entering into of the Subscription Agreement and the issue of the Convertible Bonds to the Subscriber would constitute connected transactions of the Company subject to, among others, the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In this connection, the Subscriber shall abstain from voting at the EGM to be convened to consider and, if thought fit, to approve the issue of the Convertible Bonds and the transactions contemplated under the Subscription Agreement (including the obtaining of the Specific Mandate).

(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK\$800,000,000 divided into 8,000,000,000 ordinary shares of HK\$0.1 each, of which 4,298,042,599 Shares were in issue as at the date of this announcement.

To accommodate the issue of the Conversion Shares following the exercise of the conversion rights and to provide additional flexibility to the Company, the Board proposes to increase the authorised share capital of the Company from HK\$800,000,000 divided into 8,000,000,000 Shares to HK\$2,000,000,000 divided into 20,000,000,000 Shares by the creation of an additional 12,000,000,000 new Shares, which shall rank *pari passu* with each other and with the existing Shares in all respects upon issue. This proposed increase in the authorised share capital of the Company is conditional upon the approval of the Shareholders by passing an ordinary resolution at the EGM.

GENERAL

An EGM will be convened and held by the Company for the Shareholders or the Independent Shareholders as appropriate, to consider and, if thought fit, to approve the issue of the Convertible Bonds, the transactions contemplated under the Subscription Agreement (including the obtaining of the Specific Mandate) and the increase in the authorised share capital of the Company.

To the best of the Directors' information, belief and knowledge, save for the Subscriber, no other parties have any material interest which is different from other Shareholders in relation to the increase in the authorised share capital of the Company. As the Subscriber is interested in the Subscription Agreement, the Subscriber will abstain from voting on the resolutions in relation to the Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate.

An Independent Board Committee will be established to make recommendations to the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) further details of the Subscription Agreement, the Specific Mandate and the increase in the authorised share capital of the Company; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Subscription Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM and a form of proxy will be despatched to the Shareholders as soon as practicable. It is estimated that the circular will be despatched to the Shareholders on or before 13 September 2019, as additional time is required by the Company for the preparation of certain information for inclusion in the circular.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors;
“Business Days”	means a day on which commercial banks and foreign exchange markets settle payments in Hong Kong, excluding any day in Hong Kong on which a typhoon signal number 8 or above or a “black” rainstorm warning is hoisted;
“Closing”	completion of the Subscription for the Convertible Bond in accordance with the terms of the Subscription Agreement;
“Closing Conditions”	terms and conditions required for the completion of the Subscription for the Convertible Bond in accordance with the terms of the Subscription Agreement;
“Closing Date”	the date of the Closing;
“Company”	Ko Yo Chemical (Group) Limited (Stock Code: 827), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Convertible Bonds Certificate”	a certificate issued to each Convertible Bonds holder in respect of its registered holding of Convertible Bonds;
“Conversion Shares”	the Share(s) which may fall to be issued and allotted upon exercise of the conversion rights attaching to the Convertible Bonds;
“Convertible Bonds”	convertible bond to be issued pursuant to the Subscription Agreement;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the Subscription Agreement, the transactions contemplated thereunder (including but not limited to the Specific Mandate for the issue and allotment of the Conversion Shares) and the increase in the authorised share capital of the Company;
“Existing Bonds”	the outstanding convertible bonds issued by the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, to be formed for the purpose of advising the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders other than the Subscriber and his respective associates and/or concert parties who are involved or interested in the Subscription;
“Issue Date”	means the date on which the Convertible Bonds are to be issued in accordance with the Subscription Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	30 April 2020, or such other date as may be agreed between the Company and the Subscriber;
“Maturity Date”	means the date falling on the fifth (5th) anniversary of the Issue Date;
“Notice of Closing”	the written notice to be given by the Subscriber to the Company during the Subscription Period stating the principal amount of the Convertible Bond which the Subscriber would subscribe;
“PRC”	the People’s Republic of China;
“Rate of Interest”	5% per annum;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the issued Share(s);
“Specific Mandate”	the specific mandate to be granted to the Directors by the Independent Shareholders at the EGM to allot, issue and deal with up to 7,000,000,000 Shares, being 162.9% of the issued share capital of the Company as at the date of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Mr. Tang Guoqiang;
“Subscription”	the subscription for the Convertible Bonds by the Subscriber pursuant to the Subscription Agreement;

“Subscription Agreement”	the agreement dated 10 July 2019 entered into by the Company and the Subscriber;
“Subscription Period”	the period commencing from the date of the Subscription Agreement and ending on 30 April 2020 (or such date as the Company and the Subscriber may agree);
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules;
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers;
“Trading Days”	means a day when the Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of dealing days; and
“%”	per cent.

SHAREHOLDERS AND POTENTIAL INVESTORS OF THE SHARES SHOULD NOTE THAT THE SUBSCRIPTION IS SUBJECT TO THE FULFILLMENT OF CONDITION AND MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

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

Hong Kong, 10 July 2019

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