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If you have sold or transferred all your Shares in **Ko Yo Chemical (Group) Limited**, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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: 0827)

**PROPOSED GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS, AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Ko Yo Chemical (Group) Limited (the “Company”) to be held at Suite No. 02, 31st Floor, Sino Plaza, 255–257 Gloucester Road, Causeway Bay, Hong Kong on Friday, 12 May 2017, at 3:00 p.m., is set out on pages 12 to 15 of this circular. A form of proxy for use at the annual general meeting is also enclosed.

Whether or not you intend to attend the annual general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, 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 the proxy will not preclude you from attending and voting in person at the annual general meeting or any adjourned meetings should you so desire.

6 April 2017

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual General Meeting”	the annual general meeting of the Company to be held at Suite No. 02, 31st Floor, Sino Plaza, 255–257 Gloucester Road, Causeway Bay, Hong Kong on Friday, 12 May 2017, at 3: 00 p.m., notice of which is set out on pages 12 to 15 of this circular
“Board”	the Board of Directors
“Company”	Ko Yo Chemical (Group) Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Corporate Governance Code”	the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Issue Mandate”	the general mandate granted to the Directors on 13 May 2016 to exercise the powers of the Company to allot, issue and otherwise deal with Shares during the relevant period of up to 20% of the aggregate nominal value of the issued share capital of the Company as at date of relevant resolution
“Existing Repurchase Mandate”	the general mandate granted to the Directors on 13 May 2016 to exercise the powers of the Company to repurchase Shares during the relevant period of up to 10% of the aggregate nominal value of the issued share capital of the Company as at date of relevant resolution
“Latest Practicable Date”	31 March 2017, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to dispatch of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary Resolution(s)”	means the proposed ordinary resolution(s) in respect of the special business as referred to in the notice of Annual General Meeting

DEFINITIONS

“Proposed Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with Shares during the relevant period of up to a maximum of 20% of issued share capital of the Company as at the date of passing the Resolution No. 5 as set out in the notice of the Annual General Meeting
“Proposed Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase Shares during the relevant period up to a maximum of 10% of issued share capital of the Company as at the date of passing the Resolution No. 6 as set out in the notice of the Annual General Meeting
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Codes on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong



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: 0827)

Executive Directors:

Mr. Wu Tianran (*Chairman*)

Mr. Li Weiruo

Mr. Yuan Bai

Mr. Wan Congxin

Registered Office:

Cricket Square Hutchins Drive

P.O. Box 2681 GT

Grand Cayman KY1-1111

Cayman Islands

Non-executive Director:

Mr. Zhang Fubo

Principal place of business

in Hong Kong:

Suite No. 02, 31st Floor

Sino Plaza

255-257 Gloucester Road

Causeway Bay

Hong Kong

Independent Non-executive Directors:

Mr. Hu Xiaoping

Mr. Shi Lei

Mr. Ge Jun

6 April 2017

To the Shareholders

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS, AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the Annual General Meeting for (a) the re-election of retiring Directors; (b) the renewal of the Existing Issue Mandate; (c) the renewal of the Existing Repurchase Mandate; and (d) the extension of the Proposed Issue Mandate by adding to it the aggregate number of the Shares to be repurchased under the Proposed Repurchase Mandate.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 87 of the articles of association of the Company and to ensure the compliance with the Corporate Governance Code, the following Directors, namely, Mr. Li Weiruo, Mr. Wan Congxin, Mr. Shi Lei and Mr. Ge Jun will retire at the Annual General Meeting.

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at the relevant general meeting. Brief biographical details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 13 May 2016, ordinary resolutions were passed granting the Existing Issue Mandate and Existing Repurchase Mandate to the Directors. In accordance with the provisions of the Listing Rules and the terms of the Existing Issue Mandate and Existing Repurchase Mandate, the Existing Issue Mandate and Existing Repurchase Mandate will expire at the conclusion of the Annual General Meeting.

Resolution No. 5 in the notice of the Annual General Meeting will be proposed at the Annual General Meeting to renew the Existing Issue Mandate. The Proposed Issue Mandate will confer on the Directors the power to allot, issue and otherwise deal with Shares of up to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution granting such mandate. The number of new Shares can be allotted under the Proposed Issue Mandate is 859,608,519 based on the issued Shares at the Latest Practicable Date.

Resolution No. 6 in the notice of the Annual General Meeting will also be proposed at the Annual General Meeting to renew the Existing Repurchase Mandate. Moreover, Resolution No. 7 will be proposed to extend the Proposed Issue Mandate only after exercised the Proposed Repurchase Mandate, provide that such extended amount representing the aggregate nominal amount of the share capital of the Company purchased under the Proposed Repurchase Mandate shall not exceed 10% of the aggregate nominal value of the share capital of the Company at the date of passing the Resolution No. 6. Such mandates will continue in force until the conclusion of the next annual general meeting of the Company, or the expiration of the period within the next annual general meeting of the Company is required by law or the articles of association to be held, or until the general mandates are revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever is the earliest. With reference to the proposed new general mandates, the Directors wish to state that they have no immediate plans to issue or repurchase any Shares pursuant to the relevant mandates.

LETTER FROM THE BOARD

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Proposed Repurchase Mandate containing all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the Annual General Meeting is set out in the Appendix I to this circular.

ANNUAL GENERAL MEETING

A notice of the Annual General Meeting is set out on pages 12 to 15 of this circular. At the Annual General Meeting, in addition to the ordinary business of the meeting, resolutions will be proposed as special businesses to approve the Proposed Issue Mandate, the Proposed Repurchase Mandate, the extension of the Proposed Issue Mandate and the re-election of retiring Directors.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you intend to attend the meeting in person, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, 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 the proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meetings should you so desire.

In accordance with the Rule 13.39(4) of Listing Rules, all votes of the Shareholders to be taken at the Annual General Meeting must be taken by poll, and an announcement of the results of which will be published on the date of the Annual General Meeting or the business day following the Annual General Meeting as prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors are of the opinion that the proposals referred to above are in the best interests of the Company and therefore recommend you to vote in favour of the relevant resolutions in relation to the Proposed Issue Mandate, Proposed Repurchase Mandate, the extension of the Proposed Issue Mandate and re-election of directors at the Annual General Meeting.

Yours faithfully,
For and on behalf of the Board of
Ko Yo Chemical (Group) Limited
Ng Tianran
Chairman

The explanatory statement contains all the information required to be given to the Shareholders pursuant to the requirement of Listing Rules. The purpose of this explanatory statement is to provide the Shareholders with all information reasonably necessary for them to make an informed decision as to whether to pass the resolution approving the Proposed Repurchase Mandate at the Annual General Meeting.

1. RELEVANT LEGAL AND REGULATORY REQUIREMENTS IN HONG KONG

(a) Shareholders' approval

All repurchase of Shares, which must be fully paid up, on the Stock Exchange, by the Company on the Stock Exchange must be approved in advance by an ordinary resolution of Shareholders of the Company, either by way of a general mandate or by specific approval in relation to specific transactions.

(b) Source of funds

All repurchases by the Company must be funded out of funds legally available for the purpose in accordance with the applicable laws of the Cayman Islands and the articles of association of the Company. The Company may not repurchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under Cayman Islands law, any repurchases by the Company may be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purposes of the repurchase or, under certain circumstances, out of capital. Any premium payable on a repurchase must be made out of the profits of the Company or out of the Company's share premium account before or at the time the shares are purchased or, under certain circumstances, out of capital. If payment is made out of capital, the Company must be able to pay its debts as they fall due in the ordinary course of business.

There might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the latest published audited consolidated accounts contained in the annual report for the year ended 31 December 2016 in the event that the Proposed Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Proposed Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(c) Connected parties

The Company shall not knowingly repurchase Shares on the Stock Exchange from a "connected person", that is, a director, chief executive, substantial shareholder or management shareholder of the Company or any of their associates (as defined in the Listing Rules) and a connected person shall not knowingly sell his Shares to the Company on the Stock Exchange. As at the Latest Practicable Date, so far as is known to the Company, no connected persons have notified the Company that they have a present intention to sell the Shares.

(d) Takeovers code

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders for the Directors to have general authority from the Shareholders to enable the Company to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit the Company and its Shareholders.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 4,298,042,599 Shares of par value HK\$0.10 each. Subject to the passing of the resolution granting the Proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 429,804,259 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by applicable laws of the Cayman Islands or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

4. SECURITIES PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve months before the Latest Practicable Date:

Month	Highest trade price <i>HK\$</i>	Lowest trade price <i>HK\$</i>
2016		
March	0.425	0.340
April	0.375	0.265
May	0.300	0.218
June	0.240	0.099
July	0.140	0.103
August	0.440	0.102
September	0.285	0.163
October	0.305	0.222
November	0.250	0.187
December	0.235	0.172
2017		
January	0.239	0.176
February	0.270	0.196
March (up to the Latest Practicable Date)	0.235	0.196

5. GENERAL

To the best of their knowledge, having made all reasonable enquiries, none of the Directors nor any of their associates currently intends to sell any Shares to the Company or its subsidiaries in the event that the Proposed Repurchase Mandate is approved.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules and the laws of the Cayman Islands.

There have been no repurchases of any securities of the Company made in the previous six months (whether on the Stock Exchange or otherwise). The Directors have no present intention to exercise in full the power to repurchase Shares proposed to be granted pursuant to the Proposed Repurchase Mandate.

The details of the retiring directors proposed to be re-elected at the Annual General Meeting are set out as follows:

Li Weiruo

Executive Director

Mr. Li Weiruo (“Mr. Li”), aged 63, is an Executive Director and the founder of the Group. He graduated from Sichuan Institute of Finance and Economics with a certificate in economics in 1985. Mr. Li has over 20 years’ experience in corporate management in the PRC. He was awarded a certificate for “Chief Economists of Large-to-Medium Sized Enterprises in the PRC” after completing “The Study Course for Chief Economists of Large-to-Medium Sized Enterprises” commissioned by the State Economics Commission at the Southwest University of Finance and Economics in 1986. He is one of the authors of “Modern Corporate Management” which was published by the Sichuan Education Publisher. Mr. Li was the former Vice-director of China Nonferrous Metal Corporation in Chengdu. Mr. Li moved to Hong Kong in 1994 and became a permanent resident of Hong Kong in 2001. He was appointed as a member of the Chinese People’s Political Consultative Conference of Sichuan Province in 2003. Mr. Li was appointed as the vice chairman of the China Association for Quality Inspection in August 2005. In May 2006, Mr. Li was awarded the “Outstanding Entrepreneur of Privately- owned Petroleum and Chemical Enterprises in China 2006” by the China Petroleum and Chemical Industry Association. In September 2007, Mr. Li received the “Asia 10 Brand Innovative Personality Award” by the Asia Brand Ceremony Organizing Committee. In December 2008, he was accredited the award of “World Economy Top 10 Outstanding Chinese Entrepreneurs” by the “2008 Asia Pacific Annual Chinese-Economy Council for Investment & Financing”. Mr. Li is responsible for the management of the plant in China of the Group in Board level. Save as disclosed above, Mr. Li did not hold any directorship in other publicly listed companies in the last three years.

Mr. Li does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Other than the personal interests of 410,392,000 of the Company, and long and short position of 2,100,000 non-voting deferred shares of Ko Yo Development Company Limited (a wholly-owned subsidiary of the Company), Mr. Li does not have any interest in shares of the Company within the meaning of Part XV of the SFO.

Mr. Li has entered in to a service agreement with the Company for a period of three years commencing on 10 June 2006 and shall continue thereafter until terminated by either party giving to the other not less than three months’ prior written notice, but is subject to retirement by rotation and re- election at annual general meetings of the Company in accordance with the Articles of the Company. A director’s fee in the amount of HK\$1,600,000 together with a salary in the amount of RMB780,000 were paid for his services for the year ended 31 December 2016. The remuneration was determined by the Remuneration Committee of the Company with reference to his duties and responsibilities with the Company and the prevailing market conditions.

Wan Congxin

Executive Director

Mr. Wan Congxin (“Mr. Wan”), aged 54, is an Executive Director of the Group. He joined the China Construction Bank, Jingmen branch in the Hubei province in 1984 and left with his last position as accountant in 1999. Mr. Wan then joined the Shanghai Mingshen Enterprise (Group) Limited in 1999 and left position as a deputy general manager in November 2016. Mr. Wan was appointed as an Executive Director and compliance officer of the Group on 15 January 2017. Mr. Wan is responsible for the financial management and compliance matters of the Group.

Mr. Wan does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Mr. Wan does not have any interest in shares of the Company within the meaning of Part XV of the SFO.

Mr. Wan has entered in to a service agreement with the Company for a period of three years commencing on 15 January 2017 and shall continue thereafter until terminated by either party giving to the other not less than three months’ prior written notice, but is subject to retirement by rotation and re- election at annual general meetings of the Company in accordance with the Articles of the Company. A director’s fee in the amount of HK\$300,000 and RMB942,000 will be paid for his services for the year ended 31 December 2017. The remuneration was determined by the Remuneration Committee of the Company with reference to his duties and responsibilities with the Company and the prevailing market conditions.

Shi Lei

Independent non-Executive Director

Mr. Shi Lei (“Mr. Shi”), aged 59, is an Independent Non-Executive Director of the Group. He obtained his doctorate degree from the Institute of Economics at Shanghai Academy of Social Sciences in 1993. Mr. Shi joined Fudan University as a post-doctorate researcher in 1993 and maintained a teaching role at Fudan University on a full-time basis thereafter. Mr. Shi is currently serving as a tutor and professor in economics at Fudan University and is also the director of the Center for Public Economy Research at Fudan University. Mr. Shi’s main fields of research and teaching include industrial structure and policy, modern enterprise theory and practice and modern economics in China. Mr. Shi has won numerous provincial level research and teaching awards. Mr. Shi was appointed as a special advisor to the Shanghai City Government and is also currently a commentator at the China Central Television. He was appointed as an Independent Non-Executive Director of the Group on 15 January 2017. Save as disclosed above, Mr. Shi did not hold any directorship in other publicly listed companies in the last three years.

Mr. Shi does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Mr. Shi does not have any interest in shares of the Company within the meaning of Part XV of the SFO.

There is no service agreement between the Company and Mr. Shi. If re-elected, Mr. Shi will be appointed for a specific term of two years and his emoluments will be determined by the Remuneration Committee of the Company with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market conditions. The director's fee of Mr. Shi for the year ended 31 December 2017 is HK\$200,000 which was determined with reference to his duties and responsibilities with the Company and the prevailing market conditions.

Ge Jun

Independent non-Executive Director

Mr. Ge Jun ("Mr. Ge"), aged 44, is an Independent Non-Executive Director of the Group. He is currently the head of the Pudong Innovation Research Institute. Mr. Ge obtained his bachelor's degree in physics and chemistry from Xiamen University. Mr. Ge was a visiting scholar at the University of Nottingham. Mr. Ge has served the Shanghai Research Institute of Building Sciences as an assistant engineer and China Europe International Business School ("CEIBS") at various positions including administration manager, deputy head of the corporate and public relations department, assistant to the head of CEIBS and secretary of its foundation fund. He was appointed as an Independent Non-Executive Director of the Group on 15 January 2017. Save as disclosed above, Mr. Ge did not hold any directorship in other publicly listed companies in the last three years.

Mr. Ge does not have any relationship with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Mr. Ge does not have any interest in shares of the Company within the meaning of Part XV of the SFO.

There is no service agreement between the Company and Mr. Ge. If re-elected, Mr. Ge will be appointed for a specific term of two years and his emoluments will be determined by the Remuneration Committee of the Company with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market conditions. The director's fee of Mr. Ge for the year ended 31 December 2017 is HK\$200,000 which was determined with reference to his duties and responsibilities with the Company and the prevailing market conditions.

NOTICE OF ANNUAL GENERAL MEETING



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: 0827)

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681 GT
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 IS HEREBY GIVEN that the annual general meeting 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 Friday, 12 May 2017 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries, the report of the directors and the auditors, and the corporate governance report for the year ended 31 December 2016;
2. To consider the re-election of the retiring directors of the Company;
3. To consider and authorize the board of directors (the “Board”) of the Company to fix the directors’ remunerations;
4. To consider the re-appointment of ZHONGHUI ANDA CPA Limited as auditors of the Company and to authorize the Board to fix their remuneration; and

As special business, to consider and if thought fit, pass the following resolutions as ordinary resolutions:

5. **“THAT:**

- (a) subject to sub-paragraph (c) below, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with the ordinary shares of par value HK\$0.10 each (the “Shares”) in the capital of the Company and to

NOTICE OF ANNUAL GENERAL MEETING

make an offer or agreement or grant an option which would or might require such Shares to be allotted and issued be generally and unconditionally approved;

- (b) the Directors be authorized to make an offer or agreement or grant an option during the Relevant Period which would or might require Shares in the capital of the Company to be allotted and issued either during or after the end of the Relevant Period pursuant to sub-paragraph (a) above;
- (c) the aggregate nominal value of the Shares in the capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approvals in sub- paragraphs (a) and (b) above, otherwise than pursuant to a rights issue (as defined below) or pursuant to the exercise of options which may be granted under the share option schemes adopted by the Company or an issue of Shares of the Company in lieu of the whole or part of a dividend on Shares of the Company in accordance with the articles of association of the Company, shall not exceed the aggregate of:
 - (i) 20% of the aggregate nominal value of the share capital of the Company in issue; and
 - (ii) conditional on the passing of Resolution No. 7 below, the aggregate nominal amount of the share capital of the Company purchased under the authority referred to in Resolution No. 6;
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the articles of association of the Company to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution; and

“rights issue” means the allotment or issue of Shares in the Company or other securities which would or might require Shares to be allotted and issued pursuant to an offer made to all the shareholders of the Company (excluding for such purpose any shareholder who is resident in a place where such offer is not permitted under the laws of that place) and, where appropriate, the holders

NOTICE OF ANNUAL GENERAL MEETING

of other equity securities of the Company entitled to such offer, pro rata (apart from fractional entitlements) to their existing holdings of Shares or such other equity securities.”

6. **“THAT:**

- (a) the Directors be granted a general mandate to exercise all the powers of the Company to purchase its own securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which shares in the capital of the Company may be listed and which is recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, such number of securities as will represent up to 10% of the aggregate nominal value of the share capital of the Company in issue, during the Relevant Period (defined below) in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) (as amended from time to time) (or of such other stock exchange);

- (b) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the articles of association of the Company to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
7. **“THAT** the unconditional general mandate referred to in Resolution No. 5 above be extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such unconditional general mandate of an amount representing the aggregate nominal amount of the securities of the Company purchased by the Company pursuant to the mandate to purchase securities referred to in Resolution No. 6 above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of the Company in issue.”

On behalf of the board
Chung Tin Ming
Company Secretary

Hong Kong, 6 April 2017

NOTICE OF ANNUAL GENERAL MEETING

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 instead of him. A proxy need not be a member of the Company.
- (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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, 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.
- (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 of members in respect of the joint holding.
- (4) Concerning Resolutions No. 5 and No. 6, the Board wishes to state that there is no immediate plan to issue any new shares or to repurchase any shares of the Company. The general mandates are being sought from shareholders in compliance with the Companies Law (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and the Listing Rules.
- (5) The Register of Members of the Company will be closed from Tuesday, 9 May 2017 to Friday, 12 May 2017, both days inclusive, during which period no share transfers will be effected. In order to ascertain shareholders' rights for attending and voting at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Monday, 8 May 2017.
- (6) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 12:00 noon on the date of the Annual General Meeting, the meeting will be postponed. The Company will publish an announcement on the website of the Company at www.koyochem.com and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and venue of the rescheduled meeting.