



Proposed Acquisition of LCY Chemical Corp. by KKR Consortium

July 22, 2018

Shareholders to Receive TWD 56 Per Share in Cash, a 17.28% Premium to July 20 Closing Price

Existing Management Team Will Continue to Lead Company with Support from KKR

Partnership Provides Greater Access to Capital and Operational Resources to Undertake Growth Opportunities in Taiwan and Around the World

TAIPEI, Taiwan--(BUSINESS WIRE)-- LCY Chemical Corp. ("LCY" or the "Company") (TPE: 1704) and global investment firm KKR today announced the signing of a share exchange agreement for a consortium led by KKR to acquire all of the issued and outstanding shares of LCY for TWD 56 per share in cash, adjusted to include a TWD 2.90 per share dividend (rounded to the nearest TWD 0.01) (ex-dividend offer price is TWD 53.10 per share). The transaction, which has been unanimously approved by the board of directors of LCY upon the recommendation of its Audit Committee comprising independent directors, represents a total market capitalization of approximately TWD 47.8 billion (USD 1.56 billion).

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20180722005024/en/>



The offer price represents a premium of 17.28% to LCY's closing price on 20 July 2018, the last trading day prior to the transaction announcement. It also represents a premium of 19.2%, 23.0% and 24.3% over the 30-day, 90-day and 180-day average closing prices, respectively.¹

Mr. TH Hong, Chairman of LCY, said, "The proposed transaction delivers meaningful and immediate value to our shareholders, while also providing greater access to capital, operational resources and the time horizon needed to execute a strategy to drive long-term, sustainable value creation. KKR is the ideal partner to help us build on our 50-year track record of producing high-quality chemical products for customers worldwide and take LCY to its next level of growth given KKR's focus on responsible business and operational excellence. KKR's decision to partner with us is a testament to the innovative

and talented team we have built in Taiwan – and around the world – and we look forward to working with them to build an even stronger company."

Mr. Paul Yang, Member and Head of KKR Greater China, said, "LCY is a global leader in the specialty chemical industry and has earned its place as one of Taiwan's leading global companies. We believe that KKR's partnership approach will enable LCY to make the necessary investments in R&D and other growth initiatives to maintain the technological capabilities, capacity and product differentiation needed to further the Company's leadership position going forward. This is an exciting opportunity to work alongside LCY's exceptional management and dedicated employees to help the Company take full advantage of the opportunities that lie ahead."

Founded in 1965, LCY is a producer of specialty chemicals with a concentration on thermoplastic elastomers and performance plastics used in infrastructure, health care, household, automotive, textile and electronic products, among other diverse applications. LCY will maintain its corporate headquarters in Taipei, its existing global distribution and sales networks and its production plants in Taiwan, mainland China and the United States.

KKR is a global investment firm with over 42 years of experience partnering with management teams and helping them to create value as a long-term, patient investor. Following completion of the transaction, KKR intends to work closely with LCY's existing management team and employees to strengthen the Company's business platform by exploring expansion opportunities in new and existing international markets as well as penetrating new verticals, with a goal to grow and support employment in Taiwan and overseas. KKR also looks to enhance the Company's approach to environmental, social and governance management to responsibly and sustainably grow LCY's corporate value.

Immediately following consummation of the share swap, KKR will hold a majority and controlling interest in LCY. The KKR consortium includes participation by the Company's current employees and certain members of the Founding Family.

KKR makes its proposed investment from its Asian Fund III. The transaction is expected to close in the fourth quarter of 2018, subject to customary closing conditions and regulatory approvals. Upon the completion of the transaction, LCY will become a private company, and its shares will no longer be traded on the Taiwan Stock Exchange. KKR and its partners are committed to supporting LCY's global expansion and will evaluate a range of options to support the Company's strategy, including capital market activities in Taiwan.

Baker & McKenzie is acting as legal advisor to the Company. Simpson Thacher & Bartlett and Lee & Li are acting as legal advisors to KKR and

the consortium. Goldman Sachs (Asia) L.L.C. is acting as financial advisor to KKR. Goldman Sachs Bank USA has agreed to underwrite and arrange debt financing to the consortium for the share exchange transaction, subject to certain customary conditions.

About LCY Chemical Corp.

Founded in 1965, LCY CHEMICAL CORP (TWSE:1704) aims at improving the quality of life and has been in petrochemical business for more than 50 years. Product portfolios include methanol, solvents, electronic-grade chemicals, rubbers and performance plastics. For more details, visit LCY CHEMICAL CORP. website: <http://www.lcygroup.com/lcy/en/>.

About KKR

KKR is a leading global investment firm that manages multiple alternative asset classes, including private equity, energy, infrastructure, real estate and credit, with strategic manager partnerships that manage hedge funds. KKR aims to generate attractive investment returns for its fund investors by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation with KKR portfolio companies. KKR invests its own capital alongside the capital it manages for fund investors and provides financing solutions and investment opportunities through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. Inc. (NYSE:KKR), please visit KKR's website at www.kkr.com and on Twitter @KKR_Co.

Forward-Looking Statements

This press release contains forward-looking statements, including but not limited to statements about completing the proposed transaction on the terms and timetable described above, and strategic or other potential benefits of the proposed transaction. Words such as “will,” “believes,” “expects,” and “future” or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements, and investors should not place undue reliance on such statement. These forward-looking statements speak only as of the date of this press release, and KKR and the Company do not undertake any obligation to update or revise any of the forward-looking statements to reflect future events or circumstances, except as required by law.

¹ The figures set out above are based on Bloomberg data as of the last full trading day immediately prior to the date of the announced share swap.

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