

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

RODNEY OMANOFF AND NEIL
VANLEEUVEN, INDIVIDUALLY AND ON
BEHALF OF ALL OTHERS SIMILARLY
SITUATED,

Plaintiffs,

vs.

PATRIZIO & ZHAO LLC; P&K CPAs LLC;
XINGGENG (JOHN) ZHAO; AND JOHN G.
PATRIZIO,

Defendants.

Case No.: 14-cv-00723-MCA-LDW

**NOTICE OF PENDENCY AND
SETTLEMENT OF CLASS ACTION**

If you purchased (a) common stock ("Stock") of Keyuan Petrochemicals, Inc. ("Keyuan" or the "Company") during the period from August 16, 2010 through October 7, 2011, inclusive (the "Class Period") and/or (b) Keyuan securities pursuant to the confidential private offering memorandum dated March 22, 2010, consisting of purchasers in the first tranche that closed on April 22, 2010 and the second tranche that closed on May 18, 2010 (the "Private Placement"), you could get a payment from a proposed class action settlement (the "Settlement").

Under law, a federal court has authorized this notice.

- If approved by the Court, the proposed settlement would establish a fund in the aggregate amount of \$850,000 in cash, plus interest (the "Settlement Amount").
- The Settlement represents an estimated average recovery of \$0.097 per share of Keyuan Stock for the approximately 8.8 million shares outstanding and available for trading during the Class Period. A share may have been traded more than once during the Class Period. This estimate solely reflects the average recovery per outstanding share of Keyuan Stock. The indicated average recovery per share will be the total average recovery for all purchasers of that share. This is not an estimate of the actual recovery per share you should expect. Your actual recovery will depend on the aggregate losses of all Settlement Class Members, the date(s) you purchased and sold Keyuan Stock and/or securities, and the total number of claims filed.
- Attorneys for Lead Plaintiffs ("Lead Plaintiffs' Counsel ") intend to ask the Court to award them fees of up to \$283,333.33 or thirty-three and one-third percent (33 1/3%) of the Settlement Amount, reimbursement of litigation expenses of no more than \$7,500 and an award to the Lead Plaintiffs collectively not to exceed \$5,000. Collectively, the attorneys' fees and expenses and award to Lead Plaintiffs are estimated to average \$0.033 per share of Keyuan Stock. If approved by the Court, these amounts will be paid from the Gross Settlement Fund.
- The approximate recovery, after deduction of attorneys' fees and expenses approved by the Court, is an average of \$0.064 per share of Keyuan Stock. This estimate is based on the assumptions set forth in the preceding paragraph. Your actual recovery, if any, will vary depending on your purchase price and sales price, and the number of claims filed.
- The Settlement resolves the lawsuit concerning claims of whether or not Defendants made false and misleading statements, in violation of federal securities laws, based upon the allegations set forth in the Amended Complaint, including the issuance of materially misleading "clean" or unqualified audit and interim reports for Keyuan's financial statements for 2008, 2009, and the second and third quarters of 2010.
- Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to recover on this claim. Therefore, you should read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

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| SUBMIT A CLAIM FORM NO LATER THAN DECEMBER 21, 2015 | If you did <i>not</i> previously submit a claim in connection with the “First Keyuan Settlement” by September 28, 2015, you must do so now in order to be eligible to recover from the proposed Settlement. If you <i>did</i> previously submit a claim in the First Keyuan Settlement by September 28, 2015, do not do so again . Your prior claim will be used again. (See Question no. 8 below) |
| EXCLUDE YOURSELF NO LATER THAN JANUARY 5, 2016 | Get no payment. This is the only option that allows you to be part of any other lawsuit against the Defendants about the legal claims in this case. |
| OBJECT NO LATER THAN JANUARY 5, 2016 | Write to the Court about why you do not like the settlement. |
| GO TO A HEARING ON JANUARY 25, 2016 | Speak in Court about the fairness of the settlement. |
| DO NOTHING | Get no payment. Give up rights. |

INQUIRIES

Please do not contact the Court regarding this notice. All inquiries concerning this Notice, the Proof of Claim form, or any other questions by Settlement Class Members should be directed to:

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| Patrizio & Zhao LLC Litigation c/o Strategic Claims Services P.O. Box 230 600 N. Jackson St., Ste. 3 Media, PA 19063 Tel.: 866-274-4004 Fax: 610-565-7985 info@strategicclaims.net | or | Laurence Rosen, Esq. Phillip Kim, Esq. THE ROSEN LAW FIRM, P.A. 275 Madison Avenue, 34 th Floor New York, New York 10016 Tel: 212-686-1060 Fax: 212-686-1060 info@rosenlegal.com |
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COMMON QUESTIONS AND ANSWERS CONCERNING THE SETTLEMENT

1. Why did I get this Notice?

You or someone in your family may have acquired Keyuan Stock and/or securities during the Class Period or from the Private Placement.

2. What is this lawsuit about?

The case is known as Omanoff v. Patrizio & Zhao LLC, et al., Case No. 14-cv-00723-MCA-LDW (the “Litigation”), and the Court in charge of the case is the United States District Court for the District of New Jersey.

The Litigation involves claims of whether Defendants violated the federal securities laws by making false and misleading statements to the investing public as set forth in the Amended Complaint, including the issuance of materially misleading “clean” or unqualified audit and interim reports for Keyuan’s financial statements for 2008, 2009, and the second and third quarters of 2010. The Defendants deny they did anything wrong. The proposed Settlement resolves all of the claims in the Litigation against the Defendants.

3. Why is this a class action?

In a class action, one or more persons and/or entities, called Lead Plaintiffs, sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to collectively as a Class, and these individual persons and/or entities are known as “Class Members.” One court resolves all of the issues for all Class Members, except for those Class Members who exclude themselves from the Class.

4. Why is there a Settlement?

Lead Plaintiffs and Defendants do not agree regarding the merits of Lead Plaintiffs’ allegations with respect to liability or the average amount of damages per share that would be recoverable if Lead Plaintiffs were to prevail at trial on each claim. The issues on which the Lead Plaintiffs and Defendants disagree include: (1) whether Defendants made materially false and misleading statements; (2) whether Defendants made these statements with the intent to defraud the investing public; (3) whether the statements were the cause of the Settlement Class Members’ alleged damages; and (4) the amount of damages, if any, suffered by the Settlement Class Members.

This matter has not gone to trial and the Court has not decided in favor of either Lead Plaintiffs or Defendants. Instead, Lead Plaintiffs and Defendants have agreed to settle the Litigation. Lead Plaintiffs and Class Counsel believe the Settlement is best for all Class Members because of the risks associated with continued litigation and the nature of the defenses raised by Defendants. Even if Plaintiffs were to win at trial, and also withstand Defendants’ inevitable challenge on appeal, Plaintiffs might not be able to collect some, or all, of the judgment.

5. How do I know if I am part of the Class settlement?

To be a Settlement Class Member, you must have purchased (a) Keyuan Stock during the period from August 16, 2010 through October 7, 2011, inclusive and/or (b) Keyuan securities pursuant to the confidential private offering memorandum dated March 22, 2010 consisting of purchasers in the first tranche that closed on April 22, 2010 and the second tranche that closed on May 18, 2010.

6. Are there exceptions to being included?

Yes. Excluded from the Settlement Class are Defendants, Keyuan, all present and former officers and directors of Keyuan, all former officers and directors of Tri-Point Global Equities, LLC and all such excluded persons' immediate families, legal representatives, heirs, predecessors, successors and assigns and any entity in which any excluded person has or had a controlling interest, and any persons who have separately filed actions against one or more of Defendants, based in whole or in part on any claim arising out of or relating to any of the alleged acts, omissions, misrepresentations, facts, events, matters, transactions, or occurrences referred to in the Litigation or otherwise alleged, asserted, or contended in the Litigation. Additionally, if you exclude yourself from the Class, as described below, you are not a part of the Class.

7. What does the Settlement provide?

a. What is the Settlement Fund?

The proposed Settlement calls for Defendants to create a Gross Settlement Fund in the amount of \$850,000. The Settlement is subject to Court approval. Also, subject to the Court's approval, a portion of the Gross Settlement Fund will be used to pay Lead Plaintiffs' attorneys' fees and reasonable litigation expenses and any award to Lead Plaintiffs. A portion of the Settlement Fund also will be used to pay taxes due on interest earned by the Gross Settlement Fund, if necessary, and any notice and claims administration expenses permitted by the Court. After the foregoing deductions from the Settlement Fund have been made, the amount remaining (the "Net Settlement Fund") will be distributed to Settlement Class Members who submit valid claims.

b. What can you expect to receive under the proposed Settlement?

Your share of the Net Settlement Fund will or may depend on: (i) the number of claims filed; (ii) the dates you purchased and sold Keyuan Stock and/or securities; (iii) the prices of your purchases and sales; (iv) the amount of administrative costs, including the costs of notice; and (v) the amount awarded by the Court to Lead Plaintiffs and their counsel for attorneys' fees, costs, and expenses.

The Claims Administrator will determine each Settlement Class Member's *pro rata* share of the Net Settlement Fund based upon each Settlement Class Member's valid "Recognized Claim." The Recognized Claim formula is not intended to be an estimate of the amount that a Settlement Class Member might have been able to recover after a trial; it also is not an estimate of the amount that will be paid to Settlement Class Members pursuant to the Settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Settlement Class Members with valid claims.

The Net Settlement Fund will be distributed to Class Members who submit valid, timely claim forms ("Authorized Claimants") under the below Plan of Allocation, which reflects Lead Plaintiffs' contention that because of the alleged misrepresentations and omissions made by Defendants, the price of Keyuan Stock and securities was artificially inflated during the Class Period and that disclosures and materialization of the true facts caused changes in the inflated stock price.

The Recognized Claim, or compensable loss per share, of each Authorized Claimant shall be calculated according to the following formula:

PROPOSED PLAN OF ALLOCATION OF THE NET SETTLEMENT FUND

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the parties, or another plan of allocation, without further notice to Settlement Class Members. Any orders regarding a modification of the Plan of Allocation will be posted to the Claims Administrator's website, www.strategicclaims.net.

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim. **Please Note:** The Recognized Claim formula, set forth below, is not intended to be an estimate of the amount of what a Settlement Class Member might have been able to recover after a trial, nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. To the extent there are sufficient funds remaining in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Claim. If, however, the Net Settlement Fund is not sufficient to permit payment of the total Recognized Claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Claim bears to the total Recognized Claims of all Authorized Claimants (*i.e.*, "*pro rata* share"). Payment in this manner shall be deemed conclusive against all Authorized Claimants. No distribution will be made on a claim where the potential distribution amount is less than ten dollars (\$10.00) in cash.

If any of the Net Settlement Fund remains by reason of uncashed checks, or otherwise, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, then any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (i) first, to pay any amounts mistakenly omitted from the initial distribution to Authorized Claimants or to pay any late, but otherwise valid and fully documented claims received after the cut-off date used to make the initial distribution, provided that such distributions to any late post-distribution claimants meet all of the other criteria for inclusion in the initial distribution, including the \$10.00 minimum check amount set forth in the Notice; (ii) second, to pay any additional Notice and Administration Expenses incurred in administering the Settlement; and (iii) finally, to make a second distribution to Authorized Claimants who cashed their checks from the initial distribution and who would receive at least \$10.00 from such second distribution, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. If six (6) months after such second distribution, if undertaken, or if such second distribution is not undertaken, any funds shall remain in the Net Settlement Fund after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in this Settlement cash their checks, any funds remaining in the Net Settlement Fund shall be donated to a non-profit 501(c)(3) organization(s) selected by Lead Plaintiffs' Counsel.

THE BASIS FOR CALCULATING YOUR RECOGNIZED CLAIM:

Each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his, her or its Recognized Claim as compared to the total Recognized Claims of all Authorized Claimants.

- I) Keyuan common stock purchased between August 16, 2010 and October 6, 2011, inclusive:
- A. For shares retained at the end of trading on October 6, 2011, the Recognized Claim shall be the lesser of \$3.26 per share; or the difference between the purchase price per share and \$1.79 per share.¹
 - B. If sold on or before October 6, 2011, the Recognized Claim will be zero.

II) Keyuan Units purchased or otherwise acquired in the private offering memorandum dated March 22, 2010 consisting of purchasers in the first tranche that closed on April 22, 2010 and the second tranche that closed on May 18, 2010. Each Unit effectively represents 10 shares of common stock at a purchase price of \$3.50² per share:

- A. For common shares retained at the end of trading on October 6, 2011, the Recognized Claim shall be \$1.71³ per share.
- B. If sold on or before October 6, 2011, the Recognized Claim will be zero.

For purposes of calculating your Recognized Claim, the date of purchase, acquisition or sale is the “contract” or “trade” date and not the “settlement” or “payment” date. The receipt or grant by gift, inheritance or operation of law of Keyuan Units and common shares shall not be deemed a purchase, acquisition or sale of Keyuan Units and common shares for the calculation of an Authorized Claimant’s Recognized Claim.

For purposes of calculating your Recognized Claim, all purchases, acquisitions and sales shall be matched on a First In First Out (“FIFO”) basis in chronological order. Therefore, on the Proof of Claim enclosed with this Notice, you must provide all of your purchases and acquisitions of Keyuan Units and common shares during the time period from August 16, 2010 through and including October 6, 2011.

Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Defendants, Defendants’ Counsel, Lead Plaintiffs, Lead Plaintiffs’ Counsel or the Claims Administrator or other agent designated by Lead Plaintiffs’ Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant’s Claim Form. All persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the claims submitted in connection with the Settlement, or otherwise involved in the administration or taxation of the Settlement Fund or the Net Settlement Fund shall be released and discharged from any and all claims arising out of such involvement, and all Settlement Class Members, whether or not they are to receive payment from the Net Settlement Fund, will be barred from making any further claim against the Net Settlement Fund beyond the amount allocated to them as provided in any distribution orders entered by the Court.

¹ Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated.” \$1.79 per share was the mean (average) daily closing trading price of Keyuan’s common stock during the 90-day period beginning on October 7, 2011 and ending on January 4, 2012.

² The purchase price of each Unit was \$35. Each Unit effectively represents 10 shares of common stock. Therefore, the effective purchase price per common share is \$3.50.

³ This represents the difference between the effective purchase price of \$3.50 per share and the 90 day “look back” price of \$1.79 per share.

c. Are there any further limitations on the amount I may receive?

- i) To the extent there are sufficient funds in the Net Settlement Fund, an Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Claim described above. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Claim bears to the total of the Recognized Claims of all Authorized Claimants.
- ii) For Settlement Class Members who conducted multiple transactions in Keyuan Stock and/or securities during the Class Period, the earliest subsequent sale shall be matched first against those shares in the Claimant's opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase made during the Class Period.
- iii) Transactions during the Class Period resulting in a gain shall be netted against the Settling Class Members' transactions resulting in a loss to arrive at the Recognized Claim.
- iv) Any Settlement Class Members whose collective transactions in Keyuan Stock and/or securities during the Class Period resulted in a net gain shall not be entitled to share in the Net Settlement Fund.
- v) The purchase and sales prices exclude any brokerage commissions, transfer taxes or other fees.
- vi) The covering purchase of a short sale is not an eligible purchase. Gifts and transfers are not eligible purchases.

8. How can I get a payment?

To qualify for a payment, you must have already submitted a claim in connection with the "First Keyuan Settlement" by September 28, 2015. The First Keyuan Settlement is the class action settlement against Keyuan and certain of its officers and directors in the U.S. District Court for the Southern District of New York, styled as *Neil Vanleeuwen and Rodney Omanoff, et al. v. Keyuan Petrochemicals, Inc., et al.*, No. 1:13-cv-6057 (PAC). If you already submitted a claim form in that First Keyuan Settlement on or before September 28, 2015 you need not submit a Proof of Claim for this case to qualify for payment in this case.

If you did not previously submit a claim in connection with the First Keyuan Settlement by September 28, 2015, you must send in a form entitled "Proof of Claim and Release" form with supporting documentation. This claim form is attached to this Notice. You may also obtain a claim form on the Internet at www.strategicclaims.net. Read the instructions carefully, fill out the form, sign it in the location indicated, and mail the claim form together with all documentation requested in the form, postmarked no later than December 21, 2015, to:

Patrizio & Zhao LLC Litigation
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson St., Ste. 3
Media, PA 19063
Tel.: 866-274-4004
Fax: 610-565-7985

The Claims Administrator will process your claim and determine whether you are an Authorized Claimant.

9. What am I giving up to get a payment or stay in the Settlement Class?

Unless you exclude yourself, you will remain in the Settlement Class. That means that if the Settlement is approved, you and all Settling Class Members will release (agreeing never to sue, continue to sue, or be part of any other lawsuit) all claims against Defendants and any of its current, former, and future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, agents (acting in their capacity as agents), employees, attorneys, consultants, experts, accountants, auditors, spouses, immediate family members, estates, trusts, trustees, insurers (and their respective businesses, affiliates, subsidiaries, parents and affiliated corporations, divisions, predecessors, shareholders, partners, joint venturers, principals, insurers, reinsurers, successors and assigns, and their respective past, present and future employees, officers, directors, attorneys, accountants, auditors, agents and representatives), reinsurers, advisors, associates, and all other individuals and entities in which a Defendant has or had a controlling interest or which are or were related to or affiliated with any Defendant, and all of their current, former, and future legal representatives, executors, administrators, trustees, beneficiaries, heirs, successors-in-interest, and/or assigns of any of the Defendants.

If you sign the claim form, you are agreeing to a “Release of Claims,” which will bar you from ever filing a lawsuit against the Released Parties with respect to the Settled Claims (as defined in the Stipulation) and/or to recover losses from the acquisition or sale of Keyuan Stock during the Class Period and Keyuan securities from the Private Placement, except to enforce the Settlement. That means you will accept a share in the Net Settlement Fund as sole compensation for any losses you have suffered in the acquisition and sale of Keyuan Stock during the Class Period and Keyuan securities from the Private Placement.

Further detail and information about what you are agreeing to and giving up is detailed in the Stipulation and Agreement of Settlement which is available at www.strategicclaims.net.

10. How do I get out of the Settlement?

If you do not want to receive a payment from this Settlement, and you want to keep any right you may have to sue or continue to sue any of the Defendants individually on your own, based on the legal claims raised in this Litigation, then you must take steps to get out of the Settlement. This is called excluding yourself from – or “opting out” of – the Settlement. To exclude yourself from the Settlement, you must mail a letter stating you want to be excluded as a Settlement Class Member from Omanoff v. Patrizio & Zhao LLC, et al., Case No. 14-cv-00723-MCA-LDW. Be sure to include your name, address, telephone number, email address (if any) and your signature, along with an accurate list of all of your purchases and sales of Keyuan Stock and/or securities during the Class Period, including the date, number of shares, and price of the shares purchased or sold and supporting account documentation. You must mail your exclusion request, so that it is received no later than January 5, 2016 to:

Patrizio & Zhao LLC Litigation
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson St., Ste. 3
Media, PA 19063

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not receive a settlement payment, and you cannot object to the Settlement. If you ask to be excluded, you will not be legally bound by anything that happens in this Litigation.

11. If I do not exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Defendants or any Released Party for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately, since you may have to exclude yourself from this Settlement Class to continue your own lawsuit.

12. Do I have a lawyer in this case?

The Court has appointed The Rosen Law Firm, P.A. as class counsel to represent the Settlement Class Members for the purposes of this settlement (“Settlement Class Counsel”). You have the option to retain your own separate counsel at your own cost and expense. You need not retain your own separate counsel to opt-out, object, submit a Proof of Claim, or appear at the Settlement Hearing.

13. How will the lawyers be paid?

Settlement Class Counsel has expended considerable time litigating this action on a contingent fee basis, and has paid for the expenses of the litigation itself and has not been paid attorneys’ fees in advance of this Settlement. Settlement Class Counsel has done so with the expectation that if it is successful in recovering money for the Settlement Class, it will receive attorneys’ fees and be reimbursed for its litigation expenses from the Gross Settlement Fund, as is customary in this type of litigation. Settlement Class Counsel will not receive attorneys’ fees or be reimbursed for its litigation expenses except from the Gross Settlement Fund. Therefore, Settlement Class Counsel will file a motion asking the Court at the Settlement Hearing to make an award of attorneys’ fees in an amount not to exceed \$283,333.33, for reimbursement of reasonable litigation expenses not to exceed \$7,500 and an award to Lead Plaintiffs in an amount not to exceed \$5,000. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Settlement Fund.

14. How do I tell the Court that I do not like the Settlement?

You can tell the Court you do not agree with the Settlement, any part of the Settlement, or Settlement Class Counsel’s motion for attorneys’ fees, and that you think the Court should not approve the Settlement, by mailing a letter stating that you object to the Settlement in the matter of Omanoff v. Patrizio & Zhao LLC, et al., Case No. 14-cv-00723-MCA-LDW. Be sure to include your name, address, telephone number, your signature, a list of your purchases and sales of Keyuan Stock and/or securities in order to show your membership in the Settlement Class, and all of the reasons you object to the Settlement. Be sure to mail the objections to the three different places listed below, so that it is received no later than January 5, 2016, so the Court will consider your views:

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| Clerk of the Court United States District Court District of New Jersey 50 Walnut Street Newark, NJ 07101 | COUNSEL FOR PLAINTIFFS AND THE CLASS: Laurence M. Rosen, Esq. Phillip Kim, Esq. THE ROSEN LAW FIRM, P.A. 275 Madison Avenue, 34 th Floor New York, NY 10016 | COUNSEL FOR DEFENDANTS: Thomas F. Quinn, Esq. WILSON ELSER MOSKOWITZ EDELMAN & DICKER LLP 200 Campus Drive Florham Park, NJ 07932 |
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15. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court you do not like something about the Settlement. You can object only if you stay in the Settlement Class. Requesting exclusion is telling the Court you do not want to be part of the Settlement Class and the Settlement. If you exclude yourself, you cannot object to the Settlement because it no longer concerns you. If you stay in the Settlement Class and object, but your objection is overruled, you will not be allowed a second opportunity to exclude yourself.

16. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Settlement Hearing on January 25, 2016, at 11:00 a.m., at the United States District Court, District of New Jersey, Court Room MLK 2A, 50 Walnut Street, Newark, New Jersey 07101.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate and whether to approve the Settlement. If there are objections, the Court will consider them, and the Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Settlement Class Counsel for attorneys' fees and expenses.

17. Do I have to come to the hearing?

No. Settlement Class Counsel will answer any questions the Court may have. However, you are welcome to attend at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mail your written objection on time, the Court will consider it.

18. What happens if I do nothing at all?

If you do nothing, you will not receive a payment from the Settlement. However, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants or Released Parties about the claims made in this case ever again.

DATED: OCTOBER 5, 2015

BY ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE DISTRICT OF
NEW JERSEY

PROOF OF CLAIM AND RELEASE

Deadline for Submission: December 21, 2015

THIS PROOF OF CLAIM AND RELEASE FORM IS ONLY TO BE USED BY CLAIMANTS WHO DID NOT SUBMIT A CLAIM BY SEPTEMBER 28, 2015 IN CONNECTION WITH “THE FIRST KEYUAN SETTLEMENT.” THE FIRST KEYUAN SETTLEMENT IS THE CLASS ACTION LAWSUIT AGAINST KEYUAN AND CERTAIN OF ITS OFFICERS AND DIRECTORS PENDING THE U.S. DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, STYLED AS *NEIL VANLEEUVEN AND RODNEY OMANOFF, ET AL. V. KEYUAN PETROCHEMICALS, INC., ET AL.*, NO. 1:13-CV-6057 (PAC). **IF YOU DID SUBMIT A CLAIM IN CONNECTION WITH THE FIRST KEYUAN SETTLEMENT, PLEASE DO NOT DO SO AGAIN. YOU CAN CALL THE CLAIMS ADMINISTRATOR IF YOU ARE UNSURE.**

IF YOU PURCHASED (A) KEYUAN PETROCHEMICALS, INC. (“KEYUAN”) COMMON STOCK DURING THE PERIOD FROM AUGUST 16, 2010 THROUGH OCTOBER 7, 2011, INCLUSIVE, (THE “CLASS PERIOD”) AND/OR (B) KEYUAN SECURITIES PURSUANT TO THE CONFIDENTIAL PRIVATE OFFERING MEMORANDUM DATED MARCH 22, 2010, CONSISTING OF PURCHASERS IN THE FIRST TRANCHE THAT CLOSED ON APRIL 22, 2010 AND THE SECOND TRANCHE THAT CLOSED ON MAY 18, 2010 (THE “PRIVATE PLACEMENT”), YOU ARE A “SETTLEMENT CLASS MEMBER” AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT PROCEEDS.

IF YOU ARE A SETTLEMENT CLASS MEMBER AND DID NOT SUBMIT A CLAIM IN CONNECTION TO THE FIRST KEYUAN SETTLEMENT BY SEPTEMBER 28, 2015, YOU MUST COMPLETE AND SUBMIT THIS FORM IN ORDER TO BE ELIGIBLE FOR ANY SETTLEMENT BENEFITS.

YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AND RELEASE (“PROOF OF CLAIM”) AND MAIL IT BY FIRST CLASS MAIL, POSTMARKED NO LATER THAN DECEMBER 21, 2015 TO STRATEGIC CLAIM SERVICES, THE CLAIMS ADMINISTRATOR, AT THE FOLLOWING ADDRESS:

Patrizio & Zhao LLC Litigation
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson St., Ste. 3
Media, PA 19063
Tel.: 866-274-4004
Fax: 610-565-7985

YOUR FAILURE TO SUBMIT YOUR CLAIM BY DECEMBER 21, 2015 WILL SUBJECT YOUR CLAIM TO REJECTION AND PRECLUDE YOU FROM RECEIVING ANY MONEY IN CONNECTION WITH THE SETTLEMENT OF THIS ACTION. DO NOT MAIL OR DELIVER YOUR CLAIM TO THE COURT OR TO ANY OF THE PARTIES OR THEIR COUNSEL AS ANY SUCH CLAIM WILL BE DEEMED NOT TO HAVE BEEN SUBMITTED. SUBMIT YOUR CLAIM ONLY TO THE CLAIMS ADMINISTRATOR.

CLAIMANT'S STATEMENT

1. I (we) purchased Keyuan common stock and/or securities and was (were) damaged thereby. (Do not submit this Proof of Claim if you did not purchase Keyuan common stock or securities during the designated Class Period or in the Private Placement).
2. By submitting this Proof of Claim, I (we) state that I (we) believe in good faith that I am (we are) a Class Member as defined above and in the Notice of Pendency and Settlement of Class Action (the "Notice"), or am (are) acting for such person(s); that I am (we are) not a Defendant in the Litigation or anyone excluded from the Settlement Class; that I (we) have read and understand the Notice; that I (we) believe that I am (we are) entitled to receive a share of the Net Settlement Fund, as defined in the Notice; that I (we) elect to participate in the proposed Settlement described in the Notice; and that I (we) have not filed a request for exclusion. (If you are acting in a representative capacity on behalf of a Class Member [e.g., as an executor, administrator, trustee, or other representative], you must submit evidence of your current authority to act on behalf of that Class Member. Such evidence would include, for example, letters testamentary, letters of administration, or a copy of the trust documents.)
3. I (we) consent to the jurisdiction of the Court with respect to all questions concerning the validity of this Proof of Claim. I (we) understand and agree that my (our) claim may be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to my (our) status as a Class Member(s) and the validity and amount of my (our) claim. No discovery shall be allowed on the merits of the Litigation or Settlement in connection with processing of the Proof of Claim.
4. I (we) have set forth where requested below all relevant information with respect to each purchase of Keyuan common stock and/or securities during the Class Period or in the Private Placement, and each sale, if any, of such securities. I (we) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so.
5. I (we) have enclosed photocopies of the stockbroker's confirmation slips, stockbroker's statements, or other documents evidencing each purchase, sale or retention of Keyuan common stock and/or securities listed below in support of my (our) claim. (IF ANY SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN A COPY OR EQUIVALENT DOCUMENTS FROM YOUR BROKER BECAUSE THESE DOCUMENTS ARE NECESSARY TO PROVE AND PROCESS YOUR CLAIM.)
6. I (we) understand that the information contained in this Proof of Claim is subject to such verification as the Claims Administrator may request or as the Court may direct, and I (we) agree to cooperate in any such verification. (The information requested herein is designed to provide the minimum amount of information necessary to process most simple claims. The Claims Administrator may request additional information as required to efficiently and reliably calculate your recognized claim. In some cases, the Claims Administrator may condition acceptance of the claim based upon the production of additional information, including, where applicable, information concerning transactions in any derivatives securities such as options.)
7. Upon the occurrence of the Court's approval of the Settlement, as detailed in the Notice, I (we) agree and acknowledge that my (our) signature(s) hereto shall effect and constitute a full and complete release, remise and discharge by me (us) and my (our) current, past and future trusts, estates, beneficiaries, heirs, joint tenants, tenants in common, executors, administrators, trustees, predecessors, successors, partners, spouses, parents, subsidiaries, affiliates, attorneys, consultants, experts, brokers, creditors, insurers, agents, representatives, and assigns, and any Person that any of them represents, of all of the Settled Claims and all claims arising out of, relating to, or in connection with the Settlement, the Litigation, and/or the resolution of the Litigation against each of the "Released Parties," as defined in the Notice and the Stipulation.
8. NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All Claimants MUST submit a manually signed paper Proof of Claim form listing all their transactions whether or not they also submit electronic copies. If you wish to file your claim electronically, you must contact the Claims Administrator at 1-866-274-4004 or visit their website at www.strategicclaims.net to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the Claimant a written acknowledgment of receipt and acceptance of electronically submitted data.

I. CLAIMANT INFORMATION

| | | |
|---|-----------------|--|
| Name: | | |
| | | |
| Address: | | |
| | | |
| City | State | ZIP |
| Foreign Provence | Foreign Country | |
| Day Phone | Evening Phone | |
| Email | | |
| Social Security Number (for individuals): | OR | Taxpayer Identification Number (for estates, trusts, corporations, etc.) |

Did you previously submit a claim in the first Keyuan Settlement? Yes [] No []

II. SCHEDULE OF TRANSACTIONS IN KEYUAN COMMON STOCK AND/OR SECURITIES

Purchases:

A. Separately list each and every open market purchase of Keyuan common stock during the period from August 16, 2010 through October 7, 2011, inclusive, and/or Keyuan securities purchased pursuant to the confidential private offering memorandum dated March 22, 2010 consisting of purchasers in the first tranche that closed on April 22, 2010 and the second tranche that closed on May 18, 2010, provide the following information (*must be documented*):

| Trade Date (List Chronologically) (Month/Day/Year) | Number of Shares Purchased | Price per Share | Total Cost (Excluding Commissions, Taxes, and Fees) |
|---|---------------------------------------|----------------------------|--|
| | | | |
| | | | |
| | | | |
| | | | |

Sales:

B. Separately list each and every sale of Keyuan common stock and/or securities during the period from August 16, 2010 through October 7, 2011, inclusive, and provide the following information (*must be documented*):

| Trade Date (List Chronologically) (Month/Day/Year) | Number of Shares Sold | Price per Share | Amount Received (Excluding Commissions, Taxes, and Fees) |
|--|-----------------------|-----------------|--|
| | | | |
| | | | |
| | | | |
| | | | |

Ending Holdings:

C. State the total number of shares of Keyuan common stock and/or securities owned at the close of trading on October 7, 2011, long or short (*must be documented*).

| |
|--|
| |
|--|

If additional space is needed, attach separate, numbered sheets, giving all required information, substantially in the same format, and print your name and Social Security or Taxpayer Identification number at the top of each sheet.

III. SUBSTITUTE FORM W-9

Request for Taxpayer Identification Number:

Enter taxpayer identification number below for the Beneficial Owner(s). For most individuals, this is your Social Security Number. The Internal Revenue Service (“I.R.S.”) requires such taxpayer identification number. If you fail to provide this information, your claim may be rejected.

| | | |
|--|-----------|--|
| Social Security Number (for individuals) | or | Taxpayer Identification Number (for estates, trusts, corporations, etc.) |
| | | |

IV. CERTIFICATION

I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406 (a)(1)(c) of the Internal Revenue Code because: (a) I am (We are) exempt from backup withholding, or (b) I (We) have not been notified by the I.R.S. that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the I.R.S. has notified me (us) that I am (we are) no longer subject to backup withholding.

NOTE: If you have been notified by the I.R.S. that you are subject to backup withholding, please strike out the language that you are not subject to backup withholding in the certification above.

UNDER THE PENALTIES OF PERJURY UNDER THE LAWS OF THE UNITED STATES, I (WE) CERTIFY THAT ALL OF THE INFORMATION I (WE) PROVIDED ON THIS PROOF OF CLAIM AND RELEASE FORM IS TRUE, CORRECT AND COMPLETE.

Signature of Claimant (If this claim is being made on behalf of Joint Claimants, then each must sign):

(Signature)

(Signature)

(Capacity of person(s) signing, e.g. beneficial purchaser(s), executor, administrator, trustee, etc.)

Check here if proof of authority to file is enclosed.
(See Item 2 under Claimant's Statement)

Date: _____

THIS PROOF OF CLAIM MUST BE POSTMARKED NO LATER THAN DECEMBER 21, 2015 AND MUST BE MAILED TO:

Patrizio & Zhao LLC Litigation
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson St., Ste. 3
Media, PA 19063
Tel.: 866-274-4004
Fax: 610-565-7985

A Proof of Claim received by the Claims Administrator shall be deemed to have been submitted when posted, if mailed by December 21, 2015 and if a postmark is indicated on the envelope and it is mailed first class and addressed in accordance with the above instructions. In all other cases, a Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator.

You should be aware that it will take a significant amount of time to process fully all of the Proofs of Claim and to administer the Settlement. This work will be completed as promptly as time permits, given the need to investigate and tabulate each Proof of Claim. Please notify the Claims Administrator of any change of address.

Patrizio & Zhao LLC Litigation
c/o Strategic Claims Services
600 N Jackson Street – Suite 3
Media, PA 19063

IMPORTANT LEGAL DOCUMENT – PLEASE FORWARD

REMINDER CHECKLIST

- Please be sure to sign this Proof of Claim on page 15. If this Proof of Claim is submitted on behalf of joint claimants, then both claimants must sign.
- Please remember to attach supporting documents. Do NOT send any stock certificates. Keep copies of everything you submit.
- Do NOT use highlighter on the Proof of Claim or any supporting documents.
- If you move after submitting this Proof of Claim, please notify the Claims Administrator of the change in your address.