

The Depository Trust Company

IMPORTANT

B#: 1977

DATE: May 14, 2001

TO: All Participants
Managing Partner/Officer; Cashier and Operations

CATEGORY: Settlement/Underwriting

FROM: Denise Russo, Director, Underwriting Dept.

ATTENTION: Data Processing and Underwriting Managers

SUBJECT: Section 3(c)(7) Restrictions for LG Chem Investment, Ltd., Global Depository Receipts

(A) CUSIP Number: 501953103

(B) Security Description: LG Chem Investment Ltd.

(C) Offer Amount: N/A

(D) Managing Underwriter: N/A

(E) Paying Agent: Citibank, N.A.

(F) Closing Date: May 10, 2001

Special Instructions:

Refer to the attachments for important instructions from the issuer.

[LG CHEM INVESTMENT, LTD. LETTERHEAD]

LG Chem Investment, Ltd.

CUSIP No. 501953103

The Issuer puts Participants on notice that they are required to follow these purchase and transfer restrictions with regard to the above-referenced security.

In order to qualify for the exemption provided by Section 3(c)(7) under the Investment Company Act of 1940, as amended (Investment Company Act), offers, sales and resales of the LG Chem Investment, Ltd. Rule 144A GDSs (Securities) within the United States or to U.S. Persons, may only be made to qualified institutional buyers (QIBs) within the meaning of Rule 144A that are also qualified purchasers (QPs) within the meaning of Section 2(a)(51)(A) of the Investment Company Act. Each purchaser of Securities (1) represents to the Issuer that (A) (i) the purchaser is a QIB who is a QP (a QIB/QP); (ii) the purchaser is not a broker-dealer that owns and invests on a discretionary basis less than \$25 million in securities of unaffiliated issuers; (iii) the purchaser is not a participant-directed employee plan, such as a 401(k) plan; (iv) the QIB/QP is acting for its own account, or the account of another QIB/QP; (v) the purchaser is not formed for the purpose of investing in the issuer; and (vi) the purchaser will provide notice of the transfer restrictions to any subsequent transfers; or (B) it is not a U.S. Person and is purchasing the Securities outside the United States and (2) acknowledges that the Issuer has not been registered under the Investment Company Act and the Securities have not been registered under the Securities Act and represents to and agrees with the Issuer that for so long as the Securities are outstanding, it will not offer, resell, pledge or otherwise transfer the Securities in the United States or to a U.S. Person except to a QIB that is also a QP in a transaction meeting the requirements of Rule 144A. Each purchaser further understands that the Securities will bear a legend with respect to such transfer restrictions substantially in the following form:

NEITHER THE SECURITIES NOR THE SHARES REPRESENTED THEREBY HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE COMPANY HAS NOT REGISTERED, AND DOES NOT INTEND TO REGISTER, AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE SECURITIES WERE ISSUED IN RELIANCE ON THE EXEMPTION PROVIDED IN SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT. THE SALE, PLEDGE OR OTHER TRANSFER OF THE SECURITIES AND THE SHARES REPRESENTED THEREBY IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS.

THE HOLDERS AND THE BENEFICIAL OWNERS OF SECURITIES, BY PURCHASING OR OTHERWISE ACQUIRING SECURITIES, ACKNOWLEDGE THAT (i) THE COMPANY HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT AND (ii) SUCH SECURITIES AND THE SHARES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE

SECURITIES ACT AND AGREE FOR THE BENEFIT OF THE COMPANY AND THE GDR DEPOSITARY THAT THE SECURITIES MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT, THE INVESTMENT COMPANY ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES AND ONLY (1) OUTSIDE THE UNITED STATES TO A PERSON OTHER THAN A U.S. PERSON (AS SUCH TERMS ARE DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATIONS UNDER THE SECURITIES ACT, OR (2) TO A PERSON WHOM THE HOLDER AND THE BENEFICIAL OWNER REASONABLY BELIEVE IS A QUALIFYING OWNER (AS DEFINED BELOW) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A. EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF A BENEFICIAL INTEREST IN A SECURITY, REPRESENTS THAT IT (X) UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS AND (Y) WILL PROVIDE NOTICE OF SUCH RESTRICTIONS TO ANY PERSON TO WHOM IT TRANSFERS THE SECURITY REPRESENTED HEREBY.

"QUALIFYING OWNER" SHALL MEAN ANY PERSON THAT IS (1) BOTH A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND A "QUALIFIED PURCHASER" (WITHIN THE MEANING OF SECTION 2(51) OF THE INVESTMENT COMPANY ACT), (2) NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN US\$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS, (3) NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN (SUCH AS A 401(k) PLAN), (4) ACTING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER PERSON THAT IS A "QUALIFYING OWNER", (5) NOT FORMED FOR THE PURPOSE OF INVESTING IN THE COMPANY, AND (6) NOT A U.S. COMPANY RELYING ON EXEMPTIONS FROM REGISTRATION AFFORDED BY SECTIONS 3(c)(1) OR 3(c)(7) OF THE INVESTMENT COMPANY ACT OR A NON-U.S. COMPANY RELYING ON SECTION 7(D) OF THE INVESTMENT COMPANY ACT, THAT WAS IN ANY SUCH CASE FORMED ON OR BEFORE APRIL 30, 1996 (UNLESS IT HAS OBTAINED ALL NECESSARY CONSENTS OF ITS BENEFICIAL OWNERS TO BEING TREATED AS A "QUALIFIED PURCHASER").

IF AT ANY TIME THE COMPANY DETERMINES THAT ANY U.S. PERSON WHO IS A HOLDER OR BENEFICIAL OWNER OF THE SECURITIES IS NOT A QUALIFYING OWNER, THE COMPANY MAY AT ITS SOLE DISCRETION (1) REFUSE TO HONOR THE TRANSFER TO SUCH PERSON, (2) FORCE SUCH PERSON TO SELL THE SECURITIES TO A PERSON OTHER THAN A U.S. PERSON OR TO A U.S. PERSON THAT IS A QUALIFYING OWNER, (3) FORCE SUCH PERSON TO SELL THE SHARES REPRESENTED BY SUCH SECURITIES TO A PERSON OTHER THAN A U.S. PERSON, OR (4) SUBJECT TO APPLICABLE LAWS AND REGULATIONS, REDEEM THE SHARES UNDERLYING THE SECURITIES AND CAUSE THE DEPOSITARY TO CANCEL SUCH SECURITIES

AND DELIVER THE NET REDEMPTION PRICE TO THE PERSON ENTITLED THERETO.

THE DEPOSITED SECURITIES REPRESENTED BY THE SECURITIES MAY NOT BE WITHDRAWN UPON CANCELLATION OF SECURITIES BY U.S. PERSONS (AS DEFINED IN REGULATION S) EXCEPT AS SPECIFIED BELOW. THE DEPOSITED SECURITIES MAY BE WITHDRAWN ONLY BY (A) PERSONS WHO ARE PERSONS OTHER THAN "U.S. PERSONS" (AS DEFINED IN REGULATION S) AND, IF THE WITHDRAWAL IS REQUESTED AT ANY TIME BEFORE THE FORTIETH (40th) DAY AFTER ISSUANCE OF THE RELEVANT SECURITIES UPON DEPOSIT OF NEWLY-ISSUED SHARES, SUCH PERSON AGREES NOT TO TRANSFER THE SHARES TO A U.S. PERSON (AS DEFINED IN REGULATION S) BEFORE SUCH FORTIETH (40th) DAY OR (B) QUALIFYING OWNERS WHO PRIOR TO THE TIME OF WITHDRAWAL HAVE SOLD THE SECURITIES OR THE DEPOSITED SECURITIES TO A NON-US. PERSON (AS DEFINED IN REGULATION S) IN A TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S, AND IN EITHER CASE ONLY UPON PRESENTATION TO THE GDR DEPOSITARY OF THE DOCUMENTATION CONTEMPLATED IN THE DEPOSIT AGREEMENT.

THE BENEFICIAL OWNER OF SHARES RECEIVED UPON CANCELLATION OF ANY SECURITY MAY NOT DEPOSIT OR CAUSE TO BE DEPOSITED SUCH SHARES INTO ANY DEPOSITARY RECEIPT FACILITY ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK, OTHER THAN A RESTRICTED DEPOSITARY RECEIPT FACILITY. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THE SHARES OR THE SECURITIES.

THESE RESTRICTIONS WILL NOT BE REMOVED UNTIL SUCH TIME AS (i) THE COMPANY CEASES TO RELY ON THE EXEMPTION PROVIDED BY SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, AND (ii) THE LGCI GDSs AND THE SHARES REPRESENTED HEREBY CEASE TO BE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144(a)(3) UNDER THE SECURITIES ACT.

The Deposit Agreement for the Securities of the Issuer provides that the Issuer will have the right to (1) require any holder of Securities that is a U.S. Person who is determined not to be both a QIB and a QP to sell the Securities to a QIB that is also a QP or a non-U.S. Person or (2) redeem any Securities held by such a holder on specified terms. In addition, the Issuer has the right to refuse to register or otherwise honor a transfer of Securities to a proposed transferee that is a U.S. Person who is not both a QIB and a QP. As used herein, the terms United States and U.S. Person have the meanings given such terms in Regulation S under the 1933 Act.

The restrictions on transfer required by the issuer (outlined above) will be reflected under the notation 3(c)(7) in DTC's User Manuals and in upcoming editions of DTC's Reference Directory.

Any questions or comments regarding this subject may be directed to Issuer contact person/Finance Team at facsimile number (011)(822) 3773 - 7012.