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Yingde Gases Group Company Limited
盈德氣體集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02168)

(1) MOUs SIGNED BY MR. ZHAO, MR. SUN AND MR. STRUTT
RULE 13.09 OF THE LISTING RULES
AND THE INSIDE INFORMATION PROVISIONS

(2) RESUMPTION OF TRADING

AND

(3) CHANGE OF BOOK CLOSURE DATES

This announcement is made by Yingde Gases Group Company Limited (the “**Company**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

On 28 February 2017, the Company was informed by each of Mr. Zhao Xiangti (“**Mr. Zhao**”), Mr. Zhongguo Sun (“**Mr. Sun**”) and Mr. Trevor Raymond Strutt (“**Mr. Strutt**”) (all being the directors of the Company) that, each of (i) Mr. Zhao and his associate holding shares in the Company (“**Shares**”); and (ii) Mr. Sun and Mr. Strutt and their respective associates holding Shares altogether, has entered into a legally binding memorandum of undertaking (“**MOU**”) with PAGAC II-2 Limited (in case for the MOU with Mr. Zhao) and PAG Asia Capital (in case for the MOU with Mr. Sun and Mr. Strutt) (each of PAGAC II-2 Limited and PAG Asia Capital is referred to as “**PAG**”). The Company is not aware of any pre-existing relationship between each of Mr. Zhao, Mr. Sun and Mr. Strutt on the one hand and PAG on the other prior to their signing of the MOUs. According to Mr. Zhao, Mr. Zhao is not, and is not presumed to be, a party acting in concert (as defined in the Takeovers Code) with PAG. As at the date of this announcement, (i) Mr. Zhao together with his associate holds 234,021,585 Shares and 547,500 share options issued by the Company

(representing approximately 12.41% of the issued share capital of the Company assuming all such share options are exercised); (ii) Mr. Sun, together with his associate, holds 373,000,000 Shares and 2,190,000 share options issued by the Company (representing approximately 19.85% of the issued share capital of the Company assuming all such share options are exercised); and (iii) Mr. Strutt, together with his associate, holds 184,352,961 Shares and 1,095,000 share options issued by the Company (representing approximately 9.81% of the issued share capital of the Company assuming all such share options are exercised).

According to Mr. Zhao, Mr. Sun and Mr. Strutt, pursuant to the MOUs, each of them (and their respective associates holding Shares) has undertaken to accept an offer to sell his/its Shares to PAG at a price of HK\$6.00 per Share (the “**Offer**”), subject to the conditions that (i) the Offer price for each Share being not less than HK\$6.00 (the “**PAG Offer Price**”); (ii) PAG having received acceptances of the Offer resulting in PAG holding more than 50% of the issued share capital in the Company; and (iii) the announcement in relation to the Offer under Rule 3.5 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) being issued by no later than 10 March 2017 or such later date immediately after clearance by the Securities and Futures Commission (the “**SFC**”) of the draft announcement provided that it is submitted by PAG to the SFC by 3 March 2017.

The Company understands that the obligations of each of Mr. Zhao, Mr. Sun and Mr. Strutt (and their respective associates) under each of the MOUs will be suspended if a firm competing offer is announced by another offeror at a price not less than a 5% premium to the PAG Offer Price (the “**Higher Competing Offer**”), which by at least one business day prior to the first closing of the Offer is or has become unconditional other than the condition as to sufficient acceptances of such competing offer being received by the competing offeror that would result in holding more than 50% of the issued share capital of the Company, where each of Mr. Zhao, Mr. Sun and Mr. Strutt (and their respective associates) shall not accept or tender into or vote in favour of the Higher Competing Offer until the lapse of the MOU following the occurrence of the events as described below in this paragraph. PAG will have a period of 14 days in which to amend its Offer to match or exceed such offer price, but if it does not the MOU will lapse. Furthermore, if the Offer does not become unconditional in all respects within 14 days of the first closing date of the Offer (as may be extended in accordance with the Takeovers Code), the MOU will lapse.

As at the date of this announcement, the board of directors of the Company has not been approached by PAG or any other party in relation to any offer to acquire any Shares (including but not limited to the Offer), and hence the Company does not have information as to the status of any draft firm intention offer announcement of PAG and also does not have knowledge as to how the outcome of the EGMs will influence PAG’s Offer. The Company will assess any such offer by PAG or any other party if

and when it is made, and will continue with its strategic review and sale process in a manner that is in the best interests of its shareholders. For the avoidance of doubt, and recognising the conditionality of the undertakings made by Mr. Zhao, Mr. Sun and Mr. Strutt to PAG in relation to an offer that has not yet been made to the Company, the Company, with the support of Mr. Zhao being the Chairman of the board of directors of the Company, wishes to remind shareholders that the strategic review including sale process being undertaken by Morgan Stanley remains ongoing. The Company and Mr. Zhao would welcome proposals which offer all shareholders an attractive price for their Shares.

The Company will make further announcement, as and when appropriate. As at the date of this announcement, the Company has a total issued share capital of 1,890,573,500 ordinary shares. Other than these ordinary shares and 3,832,500 share options granted by the Company, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement. Associates of the Company and PAG (having the meaning given to it under the Takeovers Code, including persons holding 5% or more of the relevant securities of the Company or PAG) are reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

CLARIFICATION

The Company notes that the voluntary announcement and trading halt announcement of the Company published at 6:12 a.m. and 11:05 a.m., respectively on 28 February 2017 contained a typographical error in that the names of two directors of the Company (namely Mr. Zhongguo Sun and Mr. Trevor Raymond Strutt) were inadvertently omitted from the list of directors at the bottom of the two announcements. Shareholders of the Company should refer to the correct list of directors of the Company as set out in the bottom of this announcement.

CHANGE OF BOOK CLOSURE DATES

As disclosed in the notices of the extraordinary general meetings of the Company dated 27 January 2017 and 9 February 2017 respectively, the register of members of the Company will be closed from 3 March 2017 to 8 March 2017 (both days inclusive), during which period no transfer of the Shares will be effected (the “**Book Closure Dates**”) and the latest time to lodge transfers of Shares is 4:30 p.m. on 2 March 2017.

In view of the trading halt of the Company on 28 February 2017, the original Book Closure Dates are changed to 6 March 2017 to 8 March 2017 (both days inclusive). In order to qualify for attending the extraordinary general meetings of the Company or any adjournment thereof, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 3 March 2017.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the debt securities issued by the Company’s wholly-owned subsidiary and guaranteed by the Company (stock codes: 5926 and 5793) (the “**Debt Securities**”) were halted with effect from 9:00 a.m. on 28 February 2017, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and the Debt Securities with effect from 1:00 p.m. on 1 March 2017.

By order of the Board
Yingde Gases Group Company Limited
盈德氣體集團有限公司
Zhao Xiangti
Chairman

Hong Kong, 1 March 2017

As at the date of this announcement, the executive directors of the Company are Mr. Zhao Xiangti, Mr. He Yuanping and Mr. Zhang Yunfeng; the non-executive directors of the Company are Mr. Zhongguo Sun, Mr. Trevor Raymond Strutt and Mr. Suo Yaotang; and the independent non-executive directors of the Company are Mr. Zheng Fuya, Dr. Wang Ching and Dr. Feng Ke.

All directors of the Company (excluding Mr. Zhongguo Sun and Mr. Trevor Raymond Strutt) jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.