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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)

Statement from Mr. Sun and Mr. Strutt

Yingde Gases Group Company Limited received a statement from Mr. Zhongguo Sun and Mr. Trevor Raymond Strutt dated 1 March 2017 which is set out in full in the appendix to this announcement.

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.

YINGDE GASES GROUP COMPANY LIMITED
(THE “COMPANY”)

**Irrevocable Undertaking by Mr. Sun and Mr. Strutt to accept cash offer
by PAG at HK\$6.00 per share**

On 27th February 2017 Mr. Sun, Mr. Strutt, Bubbly Brooke Holdings Limited (“**BBH**”) and Baslow Technology Limited (“**BTL**”), together entered into a legally-binding irrevocable memorandum of undertaking (the “**MOU**”), to accept an offer (the “**Offer**”) that PAGACII-2 Limited (“**PAGAC**”), a subsidiary of the US\$3.6 billion buyout fund (“**PAG Asia Capital**”) under PAG, will make at a price not less than HK\$6.00 per share in the Company (“**Share**”). BTL and BTH are companies in which Mr. Sun and Mr. Strutt have interests and which together control 557,352,961 Shares in the Company, representing 29.48% of its issued share capital. The Offer will be conditional only upon PAGAC receiving acceptances of the Offer which together with Shares it has acquired or agreed to acquire will result in PAGAC holding more than 50% of the issued share capital of the Company. The Shares which are subject to the MOU will count towards meeting the condition as to the level of acceptances. The 1,095,000 share options and 2,190,000 share options held by Mr. Strutt and Mr. Sun, respectively, are also subject to the MOU.

Under the terms of the MOU, Mr. Sun, Mr. Strutt, BBH and BTL are required to accept the Offer by 4:00 p.m. on the first closing date of the Offer, which under the Hong Kong Code on Takeovers and Mergers (the “**Code**”) must be at least 21 days after the despatch of the offer document setting out the Offer. The undertaking under the MOU will be suspended in the event that a firm competing offer is announced by another offeror at a price not less than a 5% premium to the PAGAC offer price, 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 (a “**Higher Competing Offer**”). PAGAC 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 and Mr. Sun, Mr. Strutt, BBH and BTL will be able to accept the competing offer. During the period of up to 14 days when PAGAC may amend its Offer to match or exceed the competing offer, Mr. Sun, Mr. Strutt, BBH and BTL will not be able to accept the competing offer.

Such right of PAGAC to amend its Offer terms will be subject to Rule 16 of the Code and such revised Offer will be open for acceptance by all shareholders for a period of 14 days after such revised Offer is despatched. Rule 16 of the Code also provides for timetables in the event of a continuing competitive situation arising in respect of an offeree company. If the Offer does not become unconditional in all respects within 14 days after the first closing date of the Offer (as may be extended in accordance with the Code), the MOU will lapse.

The undertaking is conditional upon (i) the Offer price for each share being not less than HK\$6.00; (ii) the Offer being conditional only on PAGAC having received acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the general offer, will result in PAGAC and any person acting in concert with it holding more than 50% of the voting rights in the Company; and (iii) an announcement in relation to the Offers under Rule 3.5 of the Code (the “**Announcement**”) would be published as soon as practicable and in any event not later than (a) 10th March 2017 or (b) such later date immediately after clearance by the SFC of the draft Announcement provided that it is submitted by PAGAC to the SFC by 3rd March 2017. As at the date of this announcement the draft Announcement has not been submitted to the SFC.

PAGAC and PAG Asia Capital are in the process of making arrangements to enable their financial advisor to provide the confirmation required by the Code that resources are available and sufficient for the Offer.

There is no provision in the MOU to the effect that the proposed Offer by PAGAC would be affected by the outcome of the resolutions to change the board of directors of the Company to be considered at the Extraordinary General Meeting of the Company to be held on 8th March 2017.

Neither Mr. Sun nor Mr. Strutt are acting in concert with PAGAC or PAG Asia Capital. PAG Asia Capital was introduced to Mr. Sun and Mr. Strutt by Anglo Chinese Corporate Finance, Limited.

Reasons for the MOU

Since 12th December 2016, Mr. Sun and Mr. Strutt have been consistently stating that they consider the best outcome for shareholders is for the Company to be acquired by a suitable offeror and with this in mind they would solicit offers and would commit the Shares they controlled to an appropriate offer. They believe the Offer has material attractions:

- It is conditional only on acceptances being received that enable PAGAC to control over 50% of the share capital of the Company. This is a minimum requirement of the Code.
- It is a cash offer at a premium of 87.5% over the placing price announced by the “Majority Board” on 5th November 2016. The proposed placing as amended was terminated on 10th January 2017.
- The Offer price is at the top end of the range that Air Products and Chemicals, Inc. expressed in its letter set out in announcement of 20th January 2017.
- Offers for the Company may still be forthcoming.
- BBL, BTL and all other Shareholders will still be able to accept another offer at a higher price provided it is 5% or more than the offer price (which PAGAC may match if it wishes).
- If the Offer fails to become unconditional within 14 days after the first closing date the MOU will lapse.
- PAGAC is a suitable offeror, further details of which are set out below.

About PAG

PAG is one of the largest Asia-based private equity firms with about US\$16 billion in capital under management and with over 380 staff including over 150 investment professionals based in major financial centers in Asia. PAG Asia Capital is the buyout arm of PAG with US\$3.6 billion of committed capital. The limited partners of PAG and PAG Asia Capital include some of the world's leading sovereign wealth funds, public pension systems, corporate pension funds, financial institutions and endowments from Asia, North America, Europe, Middle East and Australia. Notable recent transactions completed by PAG Asia Capital include the approximately US\$3.8 billion acquisition of Lexmark International in 2016 in partnership with a strategic investor and the approximately US\$4 billion acquisitions of DTZ, Cassidy Turley and Cushman & Wakefield in 2014 and 2015 together with another private equity firm and some of its limited partners.

Zhongguo Sun

Trevor Strutt

Hong Kong, 1st March 2017

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

(a) Mr. David Jaemin Kim, Mr. Anthony Miller, Mr. Peter Rioda and Ms. Tamara Williams, being the directors of PAGACII-2 Limited and (b) Mr. Jon Robert Lewis, Mr. Derek Roy Crane, Mr. Peter Rioda and Ms. Tamara Williams being the directors of PAG Asia Capital GP II Ltd (the general partner of the limited partnership which wholly-owns PAGACII-2 Limited) jointly and severally accept full responsibility for the accuracy of the information contained in this announcement in respect of PAGACII-2 Limited, PAG Asia Capital and PAG and confirm, having made all reasonable inquiries, 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 in respect of PAGACII-2 Limited, PAG Asia Capital and PAG contained in this announcement misleading.