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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)**

### **ANNOUNCEMENT**

## **VOLUNTARY CONDITIONAL CASH OFFER BY UBS AG, HONG KONG BRANCH ON BEHALF OF PAGAC II-2 LIMITED**

### **Voluntary Conditional Cash Offer by UBS AG, Hong Kong Branch on behalf of PAGAC II-2 Limited**

The Company has on 3 March 2017 received an offer from PAGAC II-2 Limited to be made through UBS AG, Hong Kong Branch to acquire all the issued shares of the Company (other than those already owned or agreed to be acquired by PAG and parties acting in concert with it) at the PAG Offer Price of HK\$6 per Share in cash and to cancel all outstanding options under the share option scheme of the Company at a cancellation price of HK\$6 less the exercise price in respect of the relevant outstanding Option in cash.

**Before making any recommendation on the PAG Offers in the response document, the IBC will consider the independent financial adviser's advice and it may or may not recommend acceptance of the PAG Offers considering, among others, any competing offer that may exist then. The Company would urge Shareholders, Option holders and/or potential investors to read the response document thoroughly once it is available and exercise caution when dealing in the securities of the Company. If they are in any doubt as to the action they should take, they should consult their stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.**

Reference is made to (i) the announcement dated 1 March 2017 of Yingde Gases Group Company Limited (the “**Company**”); and (ii) the announcement (the “**PAG Offer Announcement**”) dated 7 March 2017 of PAGAC II-2 Limited (“**PAG**”), regarding (among others) the memorandum of understanding (“**MOU**”) entered into by Mr. Zhao Xiangti (“**Mr. Zhao**”), Rongton Investments Limited (“**Rongton**”) and PAG, and the MOU entered into by Mr. Zhongguo Sun (“**Mr. Sun**”), Mr. Trevor Raymond Strutt (“**Mr. Strutt**”), Baslow Technology Limited (“**Baslow**”), Bubbly Brooke Holdings Limited (“**Bubbly Brooke**”) and PAG respectively, under which Mr. Zhao, Rongton, Mr. Sun, Mr. Strutt, Baslow and Bubbly Brooke have undertaken (the “**Undertakings**”) to accept the PAG Offers (as defined below) at a price of HK\$6.00 per Share, subject to the conditions that (i) the Offer price for each Share being not less than HK\$6.00 (the “**PAG Offer Price**”); (ii) the PAG Offers being conditional only on PAG having received acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the PAG Share Offer, will result in PAG and any parties acting in concert with it holding more than 50% of the voting rights in the Company; and (iii) the announcement in relation to the PAG Offers under Rule 3.5 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) (i.e. the PAG Offer Announcement) would be published as soon as practicable and in any event not later than (a) 10 March 2017 or (b) such later date immediately after clearance by the Securities and Futures Commission (the “**SFC**”) of the draft PAG Offer Announcement provided that it is submitted by PAG to the SFC by 3 March 2017. If a competing general offer made by another offeror in cash for the Shares (as defined below) and Options (as defined below) (i) that is unconditional or has become unconditional other than the condition of minimum acceptance level resulting in holding of more than 50% of the voting rights in the Company at least one business day before the first closing date of the PAG Offers; and (ii) the offer price per Share under which at the time it is made exceed the PAG Offer Price by 5% or more (the “**Higher Competing Offer**”), is announced under Rule 3.5 of the Takeovers Code prior to 4:00p.m. (Hong Kong time) on the first closing date of the PAG Offers, the Undertakings will be suspended provided that each of Mr. Zhao, Rongton, Mr. Sun, Mr. Strutt, Baslow and Bubbly Brooke will not accept or tender into or (where it is by way of scheme of arrangement) vote in favour of the Higher Competing Offer until the lapse of the MOUs upon occurrence of certain events under the MOUs as disclosed in the PAG Offer Announcement.

The Company has on 3 March 2017 received an offer from PAG to be made through UBS AG, Hong Kong Branch to acquire all the issued shares of the Company (the “**Shares**”) (other than those already owned or agreed to be acquired by PAG and parties acting in concert with it) at the PAG Offer Price of HK\$6 per Share in cash (the “**PAG Share Offer**”) and to cancel all outstanding options (the “**Options**”) under the share option scheme of the Company at a cancellation price of HK\$6 less the exercise price in respect of the relevant outstanding Option in cash (the “**PAG Option Offer**”, together with the PAG Share Offer, the “**PAG Offers**”).

## **THE SALE PROCESS**

The Company is considering the PAG Offers, taking into account all relevant factors, including any potential competing offers.

The Company and its financial advisor, Morgan Stanley, continue to work on the strategic review including sale process as previously announced on 13 February and 1 March 2017.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

As announced on 8 February, 2017, the Independent Board Committee of the Company (“**IBC**”) has been formed in the light of the possible offers from Air Products and StellarS Capital (Hong Kong) Limited, and will consider the PAG Offers to make a recommendation (i) as to whether the PAG Offers is, or is not, fair and reasonable and (ii) as to acceptance or voting in respect of the PAG Offers.

The IBC will determine the appointment of an independent financial adviser (“**IFA**”) pursuant to Rule 2.1 of the Takeovers Code as soon as practicable to advise the IBC (i) as to whether the PAG Offer is, or is not, fair and reasonable and (ii) as to acceptance or voting in respect of the PAG Offers.

The advice of the IFA and the recommendation of the IBC will be included in the response document in relation to the PAG Offers to be dispatched by the Company in accordance with the Takeovers Code after the offer document has been posted by PAG in due course.

## **NUMBERS OF RELEVANT SECURITIES IN ISSUE**

As at the date of this announcement, based on the published information in respect of the Company, the Company has 1,890,573,500 ordinary shares of US\$0.000001 each in issue and 3,832,500 outstanding options granted by the Company under the share option scheme adopted by the Company on 12 September 2009.

## DEALINGS DISCLOSURE

Further, associates of the Company or PAG and parties acting in concert with it (including persons holding 5% or more of a class of relevant securities of the Company and parties acting in concert with it) are reminded to disclose their dealings in the securities of the Company pursuant to Rule 22 of the Takeovers Code.

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

### *“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.”*

## 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: 05926 and 05793) (the “**Debt Securities**”) were halted with effect from 9:00 a.m. on 6 March 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 9:00 a.m. on 8 March 2017.

**Before making any recommendation on the PAG Offers in the response document, the IBC will consider the IFA’s advice and it may or may not recommend acceptance of the PAG Offers considering, among others, any competing offer that may exist then.**

**The Company would urge Shareholders, Option holders, and/or potential investors to read the response document thoroughly once it is available and exercise caution when dealing in the securities of the Company. If they are in any doubt as to the action they should take, they should consult their stockbroker, licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.**

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, 7 March 2017

*As at the date of this announcement, the executive directors of the Company are Mr. Zhao Xiangti and Mr. Zhang Yunfeng; the non-executive directors of the Company are Mr. He Yuanping, 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.*