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YUNBAIYAO HONG KONG CO., LIMITED

雲白藥香港有限公司

(Incorporated in Hong Kong with limited liability)

萬隆控股集團有限公司

Ban Loong Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 30)

JOINT ANNOUNCEMENT

(1) MANDATORY CONDITIONAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED FOR AND ON BEHALF OF YUNBAIYAO HONG KONG CO., LIMITED FOR ALL THE SHARES IN BAN LOONG HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY YUNBAIYAO HONG KONG CO., LIMITED AND/OR PARTIES ACTING IN CONCERT WITH IT)

AND

(2) RESUMPTION OF TRADING IN THE SHARES

Financial Adviser to the Offeror in relation to the Offer



THE ACQUISITION

On 9 September 2021, New Huadu HK acquired 56,000,000 Shares (namely the Acquisition Shares, which comprise approximately 0.87% of the Shares in issue as at the date of this joint announcement) for a consideration of HK\$0.285 per Share on the secondary market.

New Huadu HK is wholly-owned by New Huadu Industrial, which is held as to approximately 93.69% by Mr. Chen Fashu, through his shareholding in Xiamen Huadu and through such shareholding held by him in his own capacity. Mr. Chen Fashu is a director of YNBY Group Co. and together with parties acting in concert with him, holds approximately 25.04% of YNBY Group Co.. The Offeror is an indirect wholly-owned subsidiary of YNBY Group Co.. Accordingly, the Offeror, Mr. Chen Fashu, New Huadu HK, Xiamen Huadu, New Huadu Industrial and YNBY Group Co. are presumed to be parties acting in concert under the Takeovers Code.

MANDATORY CONDITIONAL CASH OFFER

The Company and the Offeror jointly announce that on 27 October 2021 (after trading hours of the Stock Exchange), the Offeror formally informed the Company with respect to the making of the Offer.

As at the date of this joint announcement, there are 6,448,152,160 Shares in issue. Immediately prior to the Acquisition, the Offeror and parties acting in concert with it were interested in 1,908,025,360 Shares, representing approximately 29.59% of the entire issued share capital of the Company. As a result of the Acquisition, the Offeror and parties acting in concert with it, became collectively interested in 1,964,025,360 Shares, representing approximately 30.46% of the total issued Shares immediately after the Acquisition and as at the date of this joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, a mandatory conditional general offer in cash for all the issued Shares held by the Independent Shareholders is required to be made.

Pursuant to Rule 26.1 of the Takeovers Code, a mandatory conditional general offer in cash for all the issued Shares held by the Independent Shareholders was required to be made on or around the date of the Acquisition. The failure to announce the Acquisition and the Offer immediately after the Acquisition was due to the fact that New Huadu HK was not aware that New Huadu HK was deemed to be a party acting in concert with YNBY Group Co. for the purposes of the Takeovers Code at the relevant time. New Huadu HK sincerely apologises for not making the Offer as soon as it was triggered.

Following the Acquisition, New Huadu HK was advised that the Acquisition gave rise to the requirement for a mandatory conditional general offer to be made. As the Offeror required time to prepare, among others, the contents of this joint announcement relating to the Offeror, the parties acting in concert with it and the Offer, as well as entering into financing arrangements (as more particularly described in the section headed “3. Mandatory conditional cash offer — Financial resources”), the Offeror was not able to issue this joint announcement immediately following the Acquisition.

Principal terms of the Offer

CICC will make the Offer for and on behalf of the Offeror on the terms to be set out in the Composite Document in compliance with the Takeovers Code on the following basis:

For each Offer ShareHK\$0.285 in cash

The Offer Price of HK\$0.285 per Offer Share under the Offer is equivalent to the purchase price per Share paid by New Huadu HK under the Acquisition. The Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document. The Company confirms that as at the date of this joint announcement, (a) it has not declared any dividend which is outstanding and not yet paid and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to the close of the Offer.

The Offeror will not increase the Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

The Offer is conditional only upon the Offeror having received acceptances in respect of voting rights which, together with the Shares already owned by the Offeror and parties acting in concert with it, will result in the Offeror and parties acting in concert with it in aggregate holding more than 50% of the voting rights of the Company at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later time(s) and/or date(s) as the Offeror may, subject to the Takeovers Code, decide and the Executive may approve). The Offeror will issue a further announcement in relation to the fulfilment of such condition (at which time the Offeror can declare the Offer unconditional as to acceptances if such condition has been fulfilled) and any revision, extension or lapse of the Offer, as the case may be, in accordance with the Takeovers Code. Pursuant to Rule 15.5 of the Takeovers Code, unless otherwise agreed by the Executive, the latest time at which the Offeror may declare the Offer unconditional as to acceptances is 7:00 p.m. (Hong Kong time) on the Extended Closing Date (or such later date to which the Executive may consent).

As at the date of this joint announcement, the Company has not issued any share options under the Share Option Scheme. The Directors confirm that other than the Convertible Bonds held by YNBY Group Co., the Company does not have any outstanding options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. For the avoidance of doubt, as the Convertible Bonds are held by YNBY Group Co., a party acting in concert with the Offeror, no offer will be made in relation to the Convertible Bonds pursuant to Rule 13 of the Takeovers Code.

Value of the Offer

Based on the Offer Price of HK\$0.285 per Offer Share and 6,448,152,160 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at approximately HK\$1,837.72 million. As at the date of this joint announcement, the Offeror and parties acting in concert with it hold an aggregate of 1,964,025,360 Shares, representing approximately 30.46% of the total issued Shares.

On the basis that there is no change in the issued share capital of the Company from the date of this joint announcement up to the Closing Date and assuming that the Offer is accepted in full, the value of the Offer will be approximately HK\$1,277.98 million.

Financial Resources

The Offeror intends to finance the cash amounts required for the Offer through the Loan Facility made available by CMB Wing Lung Bank, which will be secured by, among others, the Share Charges. CICC, being the financial adviser to the Offeror in relation to the Offer, is satisfied that sufficient financial resources are available to the Offeror for discharging its payment obligations in respect of the full acceptance of the Offer.

Interests in the Company's Securities

As at the date of this joint announcement, save for the 1,908,025,360 Shares and the Convertible Bonds held by YNBY Group Co. and Acquisition Shares held by New Huadu HK, the Offeror and parties acting in concert with it do not hold, control or have direction over any Shares, convertible securities, warrants or options and do not have, control or have direction over any other interests in the issued Shares or voting rights of the Company.

OFFEROR'S INTENTIONS REGARDING THE COMPANY

It is the intention of the Offeror, together with parties acting in concert with it, that the Group will continue to operate its business in substantially its current state. The Offeror, together with parties acting in concert with it, has no intention to (i) discontinue the employment of the employees or (ii) dispose of or re-deploy the assets of the Group other than in its ordinary course of business. The Offeror considers that completion of the Offer would strengthen the strategic synergy between YNBY Group and the Group as well as strengthen the international profile of YNBY Group. Having regard to the Group's extensive experience in commodities trading and established sales channels, the Offeror believes that YNBY Group and the Group would be able to further pursue mutually beneficial business development opportunities through cooperation, while allowing YNBY Group to realise return from its investment in the Group.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising the sole non-executive Director and all the independent non-executive Directors, namely Mr. Fong For, Mr. Jiang Zhi, Mr. Leung Ka Kui, Johnny and Ms. Wong Chui San, Susan, to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable, and as to acceptance of the Offer.

Red Sun Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and, in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

DESPATCH OF THE COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the Composite Document to the Shareholders within 21 days after the date of this joint announcement, or such later date as the Executive may approve.

It is the intention of the Offeror and the Company that the Composite Document comprising the offer document from the Offeror and the response document from the Board be jointly despatched by the Offeror and the Company to the Shareholders in accordance with the requirements of the Takeovers Code. The Composite Document will contain, among other things, (i) details of the Offer (including the expected timetable and terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer; and (iv) the forms of acceptance.

Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 28 October 2021 (Hong Kong time), pending the issuance of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 5 November 2021 (Hong Kong time).

WARNING

This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing the Shareholders of the Offer to be made. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement. Shareholders and potential investors of the Company are reminded to read the Composite Document, especially the letter from the Independent Board Committee and the letter from the Independent Financial Adviser, and consider their recommendations and advice in connection with the Offer.

If the total number of the Offer Shares in respect of the valid acceptances which the Offeror has received at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide and the Executive may approve) under the Offer, together with the Shares acquired by the Offeror or parties acting in concert with it before or during the Offer, does not result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offer will not become unconditional and will lapse. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

1. INTRODUCTION

On 9 September 2021, New Huadu HK acquired 56,000,000 Shares (namely the Acquisition Shares, which comprise approximately 0.87% of the Shares in issue as at the date of this joint announcement) for a consideration of HK\$0.285 per Share on the secondary market.

New Huadu HK is wholly-owned by New Huadu Industrial, which is held as to approximately 93.69% by Mr. Chen Fashu, through his shareholding in Xiamen Huadu and through such shareholding held by him in his own capacity. Mr. Chen Fashu is a director of YNBY Group Co. and together with parties acting in concert with him, holds approximately 25.04% of YNBY Group Co.. The Offeror is an indirect wholly-owned subsidiary of YNBY Group Co.. Accordingly, the Offeror, Mr. Chen Fashu, New Huadu HK, Xiamen Huadu, New Huadu Industrial and YNBY Group Co. are presumed to be parties acting in concert under the Takeovers Code.

2. SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER THE ACQUISITION

The following table sets out the shareholding structure of the Company (i) immediately prior to the Acquisition; (ii) immediately after the Acquisition and as at the date of this joint announcement:

Shareholders	Immediately prior to the Acquisition		Immediately after the Acquisition and as at the date of this joint announcement	
	Number of Shares	%	Number of Shares	%
Offeror	0	—	0	—
YNBY Group Co.	1,908,025,360	29.59	1,908,025,360	29.59
New Huadu HK	0	—	56,000,000	0.87
Aggregate number of Shares held by the Offeror and parties acting in concert with it ^{Note 1}	1,908,025,360	29.59	1,964,025,360	30.46
Total number of Shares held by the Independent Shareholders	4,540,126,800	70.41	4,484,126,800	69.54
Total	<u>6,448,152,160</u>	<u>100</u>	<u>6,448,152,160</u>	<u>100</u>

Note:

- As at the date of this joint announcement, YNBY Group Co. is the holder of the Convertible Bonds with a principal amount of HK\$500,000,000, none of which have been exercised. Pursuant to the terms and conditions of the Convertible Bonds, among other things, YNBY Group Co. may not convert any of such Convertible Bonds to Shares if such conversion would trigger any mandatory offer obligation under Rule 26 of the Takeovers Code. The directors of the Offeror confirm that YNBY Group Co. will not exercise its conversion right in respect of the Convertible Bonds prior to the close of the Offer.
- All percentages in the above table are approximations.

3. MANDATORY CONDITIONAL CASH OFFER

On 27 October 2021 (after trading hours of the Stock Exchange), the Offeror formally informed the Company with respect to the making of the Offer.

As a result of the Acquisition, the Offeror, together with parties acting in concert with it, became collectively interested in 1,964,025,360 Shares, representing approximately 30.46% of the total issued Shares immediately after the Acquisition and as at the date of this joint announcement.

Pursuant to Rule 26.1 of the Takeovers Code, a mandatory conditional general offer in cash for all the issued Shares held by the Independent Shareholders was required to be made on or around the date of the Acquisition. The failure to announce the Acquisition and the Offer immediately after the Acquisition was due to the fact that New Huadu HK was not aware that New Huadu HK was deemed to be a party acting in concert with YNBY Group Co. for the purposes of the Takeovers Code at the relevant time. New Huadu HK sincerely apologises for not making the Offer as soon as it was triggered.

Following the Acquisition, New Huadu HK was advised that the Acquisition gave rise to the requirement for a mandatory conditional general offer to be made. As the Offeror required time to prepare, among others, the contents of this joint announcement relating to the Offeror, the parties acting in concert with it and the Offer, as well as entering into financing arrangements (as more particularly described in the section headed “3. Mandatory conditional cash offer — Financial resources”), the Offeror was not able to issue this joint announcement immediately following the Acquisition.

Principal terms of the Offer

CICC will make the Offer for and on behalf of the Offeror on the terms to be set out in the Composite Document in compliance with the Takeovers Code on the following basis:

For each Offer ShareHK\$0.285 in cash

The Offer Price of HK\$0.285 per Offer Share under the Offer is equivalent to the purchase price per Share paid by New Huadu HK under the Acquisition. The Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document. The Company confirms that as at the date of this joint announcement, (a) it has not declared any dividend which is outstanding and not yet paid and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to the close of the Offer.

The Offeror will not increase the Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

The Offer is conditional only upon the Offeror having received acceptances in respect of voting rights which, together with the Shares already owned by the Offeror and parties acting in concert with it, will result in the Offeror and parties acting in concert with it in aggregate holding more than 50% of the voting rights of the Company at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later time(s) and/or date(s) as the Offeror may, subject to the Takeovers Code, decide and the Executive may approve). The Offeror will issue a further announcement in relation to the fulfilment of such condition (at which time the Offeror can declare the Offer unconditional as to acceptances if such condition has been fulfilled) and any revision, extension or lapse of the Offer, as the case may be, in accordance with the Takeovers Code. Pursuant to Rule 15.5 of the Takeovers Code, unless otherwise agreed by the Executive, the latest time at which the Offeror may declare the Offer unconditional as to acceptances is 7:00 p.m. (Hong Kong time) on the Extended Closing Date (or such later date to which the Executive may consent).

As at the date of this joint announcement, the Company has not issued any share options under the Share Option Scheme. The Directors confirm that other than the Convertible Bonds held by YNBY Group Co., the Company does not have any outstanding options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. For the avoidance of doubt, as the Convertible Bonds are held by YNBY Group Co., no offer will be made in relation to the Convertible Bonds pursuant to Rule 13 of the Takeovers Code.

Offer Price and Comparisons of value

The Offer Price of HK\$0.285 per Offer Share represents:

- a discount of approximately 1.72% to the closing price of HK\$0.290 per Share as quoted on the Stock Exchange on 9 September 2021, being the date of the Acquisition;
- a premium of approximately 3.64% over the closing price of HK\$0.275 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 15.38% over the average closing price of approximately HK\$0.247 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 3.26% over the average closing price of approximately HK\$0.276 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 5.32% over the average closing price of approximately HK\$0.301 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 12.58% over the average closing price of approximately HK\$0.326 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 20.17% over the average closing price of approximately HK\$0.357 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 28.03% over the average closing price of approximately HK\$0.396 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Last Trading Day; and
- a premium of approximately 115.91% over the audited consolidated net asset value attributable to the Shareholders per Share of approximately HK\$0.132 as at 31 March 2021, based on a total of 6,448,152,160 Shares in issue as at the date of this joint announcement and the audited consolidated net asset value attributable to owners of the Company of approximately HK\$851,155,911 as at 31 March 2021.

Highest and lowest prices

During the six-month period immediately preceding and including the Last Trading Day:

- (a) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.475 per Share on 28 April 2021; and
- (b) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.238 per Share on 25 October 2021 and 26 October 2021.

Save for the Acquisition by New Huadu HK, none of the Offeror or parties acting in concert with it dealt in the Shares, options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) during the six-month period prior to the date of the Acquisition up to the Last Trading Day.

Value of the Offer

Based on the Offer Price of HK\$0.285 per Offer Share and 6,448,152,160 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at approximately HK\$1,837.72 million. As at the date of this joint announcement, the Offeror and parties acting in concert with it hold an aggregate of 1,964,025,360 Shares, representing approximately 30.46% of the total issued Shares.

On the basis that there is no change in the issued share capital of the Company from the date of this joint announcement up to the Closing Date and assuming that the Offer is accepted in full, the value of the Offer will be approximately HK\$1,277.98 million.

Financial Resources

The Offeror intends to finance the cash amounts required for the Offer through the Loan Facility made available by CMB Wing Lung Bank, which will be secured by, among others, the Share Charges.

CICC, being the financial adviser to the Offeror in relation to the Offer, is satisfied that sufficient financial resources are available to the Offeror for discharging its payment obligations in respect of the full acceptance of the Offer.

Interests in the Company's Securities

As at the date of this joint announcement, save for the 1,908,025,360 Shares and Convertible Bonds held by YNBY Group Co. and 56,000,000 Shares (namely the Acquisition Shares) held by New Huadu HK, the Offeror and parties acting in concert with it do not hold, control or have direction over any Shares, convertible securities, warrants or options and do not have, control or have direction over any other interests in the issued Shares or voting rights of the Company.

Other Arrangements

The Offeror confirms that, save as disclosed herein, as at the date of this joint announcement:

- (i) save for the Loan Facility and the security arrangements in connection thereto, including the Share Charges, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror and parties acting in concert with it or the Shares and which might be material to the Offer;
- (ii) there is no agreement or arrangement to which the Offeror or parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (iii) none of the Offeror and parties acting in concert with it has received any irrevocable commitment to accept the Offer nor any irrevocable undertaking not to accept the Offer;
- (iv) save for the 1,908,025,360 Shares and Convertible Bonds held by YNBY Group Co. and the Acquisition Shares held by New Huadu HK, none of the Offeror and the parties acting in concert with it owns or has control or direction over any voting rights of the Company or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (v) none of the Offeror and/or parties acting in concert with it has entered into any arrangement or contract in relation to any outstanding derivative in respect of securities in the Company nor has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vi) apart from the consideration paid by New Huadu HK for the Acquisition Shares acquired by it under the Acquisition, no other consideration, compensation or benefit in whatever form was paid by New Huadu HK or the Offeror or parties acting in concert with the Offeror to the vendor(s) of the Acquisition Shares in connection with the sale and purchase of such Acquisition Shares;
- (vii) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any party acting in concert with it on the one hand, and the Company and any party acting in concert with them on the other hand. The Acquisition Shares were acquired by New Huadu HK on the secondary market and the identity of the beneficial owner(s) of the vendor(s) of such Acquisition Shares are accordingly unknown to New Huadu HK and the Offeror;
- (viii) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder (other than the Offeror and parties acting in concert with it); and (2)(a) the Offeror and parties acting in concert with it, or (b) the Company, its subsidiaries or associated companies;

- (ix) save for the Loan Facility and the security arrangements in connection thereto, including the Share Charges, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons; and
- (x) there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any of the Directors, recent directors of the Company, the Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offer.

CICC is the financial adviser to the Offeror in relation to the Offer. Accordingly, CICC and relevant members of the CICC group which hold Shares on an own account or discretionary managed basis are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of Shares held by members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code).

Hong Kong Stamp Duty

Seller’s Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Shareholders at a rate of 0.13% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded-up to the nearest HK\$1.00). The Offeror will arrange for payment of the sellers’ Hong Kong ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer’s Hong Kong ad valorem stamp duty in connection with such Offer Shares and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation Advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, CICC and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Effect of accepting the Offer

Provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the branch share registrar of the Company in Hong Kong, the Independent Shareholders will sell their tendered Shares to the Offeror free from all encumbrances and together with all rights attaching to them, including, without limitation, the rights to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Offer is made, namely, the date of despatch of the Composite Document.

Acceptances of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Payment

Subject to the Offer having become, or having been declared, unconditional in all respects, payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days (as defined under the Takeovers Code) following the later of the date on which (i) the Offer becomes, or is declared unconditional; and (ii) the date on which the duly completed Forms of Acceptance and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror to render such acceptance complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code. No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

Overseas Shareholders

The Offer will be in respect of securities of a company incorporated in Bermuda and will be subject to the procedural and disclosure requirements of Hong Kong, which may be different from other jurisdictions. The Offeror intends to make the Offer available to all Independent Shareholders, including those with a registered address in a jurisdiction outside Hong Kong. The availability of the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to persons not resident in Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. The overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal or other professional advice. It is the responsibilities of the overseas Shareholders who are not resident in Hong Kong and wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such overseas Shareholders in respect of such jurisdictions).

Any acceptance by the Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror and its advisers (including CICC) that the local laws and requirements have been complied with. Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers. The Independent Shareholders should consult their professional advisers in case of any doubt.

In the event that the receipt of the Composite Document by overseas Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror), and subject to the Executive's consent, the Composite Document may not be despatched to such overseas Shareholders. For that purpose, the Offeror will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Composite Document to such overseas Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Composite Document is made available to such overseas Shareholders. If any such waiver is granted by the Executive, the Offeror reserves the right to make arrangements in respect of the Shareholders not resident in Hong Kong in relation to the terms of the Offer. Such arrangements may include notifying any matter in connection with the Offer to the Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such persons are resident. The notice will be deemed to have been sufficiently given despite any failure by such Shareholders to receive or see that notice.

4. INFORMATION REGARDING THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT

The Offeror

The Offeror is a company incorporated in Hong Kong with limited liability, and which is principally engaged in investment holding. It is an indirect wholly-owned subsidiary of YNBY Group Co.

YNBY Group Co. is the existing largest shareholder of the Company holding 29.59% of the issued Shares as at the date of this joint announcement. "Yunnan Baiyao" (雲南白藥) is a China Well-known Trademark. YNBY Group Co. is amongst the first batch of State Innovative Enterprises, with its A shares being listed on Shenzhen Stock Exchange with stock code: 000538. The principal businesses of the YNBY Group Co. include pharmaceutical products, health products, Chinese medicine resources and pharmaceutical logistics.

Mr. Chen Fashu is a director and the co-chairman of YNBY Group Co., and together with parties acting in concert with him, holds approximately 25.04% of YNBY Group Co.. Mr. Chen Fashu is currently the chairman and legal representative of New Huadu Industrial.

The principal parties acting in concert with the Offeror

New Huadu HK is a company incorporated in Hong Kong with limited liability, which is principally engaged in investment holding. New Huadu HK is wholly-owned by New Huadu Industrial, a company established in the PRC with limited liability, which has a diversified business portfolio across various industries including industrial investment, provision of investment management and advisory services, wholesale of pre-packaged foods and bulk-purchase foods, tourism, mining, and real estate. New Huadu Industrial is in turn held as to approximately (a) 16.82% by Xiamen Huadu, which is wholly-owned by Mr. Chen Fashu; (b) 76.87% by Mr. Chen Fashu; and (c) 6.31% by other shareholders, such other shareholders being independent third parties. Mr. Chen Fashu is the ultimate controlling shareholder of New Huadu HK.

Mr. Chen Fashu, New Huadu HK, Xiamen Huadu, New Huadu Industrial and YNBY Group Co. directly or indirectly hold Shares, and are presumed to be parties acting in concert under the Takeovers Code. As such, immediately following the Acquisition, the Offeror, together with parties acting in concert with it, is interested in 1,964,025,360 Shares, representing approximately 30.46% of the total issued Shares as at the date of this joint announcement.

The Offeror confirms that, as at the date of this joint announcement, save for the 1,908,025,360 Shares and Convertible Bonds held by YNBY Group Co. and the Acquisition Shares held by New Huadu HK, the Offeror and parties acting in concert with it do not hold, control or have direction over any Shares, convertible securities, warrants or options and do not have, control or have direction over any other interests in the issued Shares or voting rights of the Company.

5. INFORMATION REGARDING THE GROUP

The Company is an investment holding company incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in money lending business, trading of goods and commodities and Cannabidiol (CBD) isolate.

6. THE OFFEROR'S INTENTIONS REGARDING THE COMPANY

It is the intention of the Offeror, together with parties acting in concert with it, that the Group will continue to operate its business in substantially its current state. The Offeror, together with parties acting in concert with it, has no intention to (i) discontinue the employment of the employees or (ii) dispose of or re-deploy the assets of the Group other than in its ordinary course of business. The Offeror considers that completion of the Offer would strengthen the strategic synergy between YNBY Group and the Group as well as strengthen the international profile of YNBY Group. Having regard to the Group's extensive experience in commodities trading and established sales channels, the Offeror believes that YNBY Group and the Group would be able to further pursue mutually beneficial business development opportunities through cooperation, while allowing YNBY Group to realise return from its investment in the Group.

7. MAINTAINING THE LISTING STATUS OF THE COMPANY

Pursuant to the Listing Rules, if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained. In such circumstances, the Company will take appropriate steps, including but not limited to, the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons, to restore the required minimum public float as early as practicable.

8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising the sole non-executive Director and all the independent non-executive Directors, namely Mr. Fong For, Mr. Jiang Zhi, Mr. Leung Ka Kui, Johnny and Ms. Wong Chui San, Susan, to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable, and as to acceptance of the Offer.

Red Sun Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and, in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

9. DESPATCH OF THE COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the Composite Document to the Shareholders within 21 days after the date of this joint announcement, or such later date as the Executive may approve.

It is the intention of the Offeror and the Company that the Composite Document comprising the offer document from the Offeror and the response document from the Board be jointly despatched by the Offeror and the Company to the Shareholders in accordance with the requirements of the Takeovers Code. The Composite Document will contain, among other things, (i) details of the Offer (including the expected timetable and terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer; and (iv) the forms of acceptance.

Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer, before deciding whether or not to accept the Offer.

10. DISCLOSURE OF DEALINGS

Associates of the Offeror and the Company (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Offeror or the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code during the Offer Period.

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 of the Offeror or the Company 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 under the Takeovers Code. 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.”

11. RESIGNATION OF EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated 29 October 2021. As set out in the said announcement, on 30 September 2021, Mr. Chu Ka Wa tendered his resignation as an executive Director and the chief financial officer of the Company with effect from 1 November 2021. As a result of his resignation, Mr. Chu Ka Wa also ceased to be (i) the authorised representative of the Company under Rule 3.05 of the Listing Rules; (ii) the authorised representative of the Company for accepting service of process or notices on behalf of the Company in Hong Kong under Part 16 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong); and (iii) a member of the remuneration committee of the Company with effect from 1 November 2021.

Mr. Chu confirmed that he has no disagreement with the Board and there are no other matters in relation to his resignation that needs to be brought to the attention of the Shareholders and the Stock Exchange.

As mentioned above, the Board was formally informed by the Offeror in relation to the making of the Offer on 27 October 2021 (after trading hours of the Stock Exchange). Hence, a bona fide offer had not been communicated to the Board and the Board had no reason to believe that a bona fide offer was imminent at the material time when Mr. Chu Ka Wa tendered his resignation to the Board on 30 September 2021.

12. RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 28 October 2021 (Hong Kong time), pending the issuance of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 5 November 2021 (Hong Kong time).

WARNING

This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing the Shareholders of the Offer to be made. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement. Shareholders and potential investors of the Company are reminded to read the Composite Document, especially the letter from the Independent Board Committee and the letter from the Independent Financial Adviser, and consider their recommendations and advice in connection with the Offer.

If the total number of the Offer Shares in respect of the valid acceptances which the Offeror has received at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide and the Executive may approve) under the Offer, together with the Shares acquired by the Offeror or parties acting in concert with it before or during the Offer, does not result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offer will not become unconditional and will lapse. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

13. DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below, unless the context requires otherwise.

“Acquisition”	means the purchase of the Acquisition Shares by New Huadu HK on 9 September 2021
“Acquisition Shares”	means 56,000,000 Shares acquired by New Huadu HK under the Acquisition
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associates”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of directors of the Company
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror in relation to the Offer. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities

“Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror and in compliance with the Takeovers Code
“CMB Wing Lung Bank”	CMB Wing Lung Bank Limited, the lender to the Offeror under the Loan Facility
“Company”	Ban Loong Holdings Limited (萬隆控股集團有限公司), a company incorporated in Bermuda with limited liability, the ordinary shares of which are currently listed on the Main Board of the Stock Exchange
“Composite Document”	the composite offer and response document to be jointly despatched by the Offeror and the Company in accordance with the Takeovers Code, containing, among other things, details of the Offer, the Form of Acceptance, the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	the convertible bonds issued by the Company to YNBY Group Co. in the aggregate principal amount of HK\$500,000,000 on 30 October 2020 pursuant to a subscription agreement entered into on 14 October 2019 between the Company and YNBY Group Co.
“Director(s)”	director(s) of the Company from time to time
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Extended Closing Date”	the date which is 60 calendar days after the date of the despatch of the Composite Document, unless the date has been extended by the Offeror with the consent of the Board and the Executive pursuant to Rule 15.5 of the Takeovers Code
“Facility Agreement”	the facility agreement dated 4 November 2021 entered into by the Offeror as the borrower and CMB Wing Lung Bank as lender in respect of the Loan Facility

“First Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offer, which is 21 calendar days after the date of the despatch of the Composite Document, or any subsequent closing date of the Offer as may be extended in accordance with the Takeovers Code
“Form of Acceptance”	the form of acceptance and transfer of Shares in respect of the Offer
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, consisting of Mr. Fong For, Mr. Jiang Zhi, Mr. Leung Ka Kui, Johnny and Ms. Wong Chui San, Susan, established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable, and as to acceptance of the Offer
“Independent Financial Adviser” or “Red Sun Capital”	Red Sun Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Last Trading Day”	27 October 2021, being the last trading day prior to the date of halt in trading at 9:00 a.m. on 28 October 2021 in the Shares on the Stock Exchange before the issuance of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Loan Facility”	the loan facility of HK\$1,360,000,000 made available by CMB Wing Lung Bank to the Offeror under the Facility Agreement
“Mr. Chen Fashu”	Mr. Chen Fashu (陳發樹), a party acting in concert with the Offeror

“New Huadu HK”	New Huadu Group (HK) Investment Limited, a company incorporated in Hong Kong with limited liability
“New Huadu Industrial”	New Huadu Industrial Group Co., Ltd* (新華都實業集團股份有限公司), a company incorporated with limited liability in the PRC which is ultimately held as to approximately 93.69% by Mr. Chen Fashu, and a party deemed to be acting in concert with the Offeror
“Offer”	the mandatory conditional general offer in cash to be made by CICC for and on behalf of the Offeror for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code at the Offer Price
“Offer Period”	has the meaning ascribed to it under the Takeovers Code (i.e. commencing from 4 November 2021 and ending on the date on which the Offer closes or lapses)
“Offer Price”	the price per Offer Share at which the Offer will be made in cash, being HK\$0.285 per Offer Share
“Offer Share(s)”	issued Share(s) other than those already owned by the Offeror and parties acting in concert with it
“Offeror”	Yunbaiyao Hong Kong Co., Limited 雲白藥香港有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of YNBY Group Co.
“PRC”	the People’s Republic of China, but for the purpose of this joint announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Charges”	the share charges entered into by (a) the Offeror in relation to Shares to be acquired by it under the Offer; and (b) YNBY Group Co., in relation to Shares held by it, in favour of CMB Wing Lung Bank as security for the Loan Facility

“Share Option Scheme”	the share option scheme approved by Shareholders at the annual general meeting of the Company held on 30 September 2013, which is valid and effective from 30 September 2013 to 29 September 2023
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Xiamen Huadu”	Xiamen New Huadu Investment Management Consulting Co., Ltd* (廈門新華都投資管理諮詢有限公司), a company established in the PRC, which is wholly-owned by Mr. Chen Fashu and a party deemed to be acting in concert with the Offeror
“YNBY Group”	YNBY Group Co. and its subsidiaries
“YNBY Group Co.”	Yunnan Baiyao Group Co., Ltd*. (雲南白藥集團股份有限公司), a joint stock company established in the PRC with limited liability (shares of which are listed on the Shenzhen Stock Exchange with stock code 000538)
“%”	per cent.

By order of the board of directors of
Yunbaiyao Hong Kong Co., Limited
 雲白藥香港有限公司
Li Yi
Director

By order of the board of directors of
Ban Loong Holdings Limited
Chow Wang
Deputy Chairman and Chief Executive Officer

Hong Kong, 4 November 2021

As at the date of this joint announcement, the executive Directors are Mr. Wang Minghui, Mr. Chow Wang, Mr. Yin Pinyao and Mr. Wang Zhaoqing, the non-executive Director is Mr. Fong For, and the independent non-executive Directors are Mr. Jiang Zhi, Mr. Leung Ka Kui, Johnny and Ms. Wong Chui San, Susan.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any such statement contained in this joint announcement misleading

As at the date of this joint announcement, the sole director of the Offeror is Li Yi.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group) and confirms, having made all reasonable inquiries, that, to the best of his knowledge, opinions expressed in this joint announcement (other than the opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the directors of YNBY Group Co. are Wang Minghui (chairman of the board), Chen Fashu (co-chairman of the board), Yang Changhong, Chen Yanhui, Dai Yang, Zhang Yongliang, Yin Xiaobing, Li Shuangyou and Liu Guoen.

The directors of YNBY Group Co. jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group) and confirm, having made all reasonable inquiries, that, to the best of their knowledge, opinions expressed in this joint announcement (other than the opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

In the case of inconsistency, the English text of this joint announcement shall prevail over the Chinese text.

** For identification purpose only*