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Jiumaojiu International Holdings Limited

九毛九国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9922)

(1) TOP-UP PLACING OF EXISTING SHARES

(2) SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE AND

(3) SALE OF SALE SHARES BY SELLING SHAREHOLDERS

TOP-UP PLACING OF EXISTING SHARES, SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE AND SALE OF SALE SHARES BY SELLING SHAREHOLDERS

On July 16, 2020, the Company, the Vendor and the Selling Shareholders entered into the Agreement with the Placing Agents, pursuant to which, (i) the Vendor agreed to sell, and each Placing Agent severally (not jointly nor jointly and severally) agreed, as agent of the Vendor, to procure on a best effort basis purchasers to purchase, 70,000,000 Shares held by the Vendor at a price of HK\$11.99 per Share; (ii) the Vendor conditionally agreed to subscribe as principal for, and the Company conditionally agreed to issue, 70,000,000 new Shares, being equivalent to the number of the Subscription Shares, at the Subscription Price, which is equivalent to the Placing Price of HK\$11.99 per Share; and (iii) each Selling Shareholder severally agreed to sell, and each Placing Agent severally (not jointly nor jointly and severally) agreed, as agent of each Selling Shareholder, to procure on a best effort basis purchasers to purchase a total of 30,000,000 Sale Shares, representing approximately 2.17% of the issued share capital of the Company as at the date of this announcement at the price of HK\$11.99 per Sale Share.

The shareholding of the Vendor in the Company will decrease from approximately 44.42% to approximately 39.36% immediately after completion of the Placing, and will increase to approximately 42.28% immediately after completion of the Subscription, thereby triggering a general offer obligation under Rule 26 of the Takeovers Code (unless waived by the Executive in accordance with the Takeovers Code). The Vendor has applied to the Executive for the grant of a waiver to the Vendor from the obligation to make a general offer under Rule 26 of the Takeovers Code with respect to the Vendor's acquisition of the Subscription Shares.

The net proceeds from the Subscription are estimated to be approximately HK\$829.5 million, net of professional fees and out-of-pocket expenses. The Company intends to use the net proceeds from the Subscription for (i) investing in other companies in the catering industries, which adopt innovative business models and possess development and expansion potential, or the business models of which can create synergies with the Company's business and fit with the Company's multi-brand development strategy; (ii) investing in suppliers for key raw material to facilitate cooperation with them and secure stable supply of key ingredients; and (iii) general working capital of the Group.

The Placing and the Sale are concurrent and will close simultaneously, but not inter-conditional.

THE AGREEMENT

Date

July 16, 2020

Parties

- (1) the Company;
- (2) GYH J Limited as the Vendor;
- (3) MT J Limited and MX J Limited as the Selling Shareholders; and
- (4) Credit Suisse (Hong Kong) Limited, CMB International Capital Limited and China International Capital Corporation Hong Kong Securities Limited as the Placing Agents.

Pursuant to the Agreement and subject to its terms and conditions, (i) the Vendor agreed to sell, and each Placing Agent severally (not jointly nor jointly and severally) agreed, as agent of the Vendor, to procure on a best effort basis purchasers to purchase, 70,000,000 Shares held by the Vendor at a price of HK\$11.99 per Share; (ii) the Vendor conditionally agreed to subscribe as principal for, and the Company conditionally agreed to issue, 70,000,000 new Shares, being equivalent to the number of the Subscription Shares, at the Subscription Price, which is equivalent to the Placing Price of HK\$11.99 per Share; and (iii) each Selling Shareholder severally agreed to sell, and each Placing Agent severally (not jointly nor jointly and severally) agreed, as agent of each Selling Shareholder, to procure on a best effort basis purchasers to purchase a total of 30,000,000 Sale Shares, representing approximately 2.17% of the issued share capital of the Company as at the date of this announcement at the price of HK\$11.99 per Sale Share.

Details of the Placing, the Subscription and the Sale are set out below.

PLACING UNDER THE AGREEMENT

Vendor

The Vendor is an exempted company incorporated in the BVI with limited liability and is wholly-owned by Mr. Guan, the founder of the Group, chairman of the Board, an executive Director and a controlling shareholder of the Company. The Vendor is interested in 614,445,000 Shares, representing approximately 44.42% of the existing issued share capital of the Company as at the date of this announcement.

Placing Agents

Each of Credit Suisse (Hong Kong) Limited, CMB International Capital Limited and China International Capital Corporation Hong Kong Securities Limited has severally (not jointly nor jointly and severally) agreed to act as the agent of the Vendor, to procure on a best effort basis purchasers to purchase, 70,000,000 Shares held by the Vendor at a price of HK\$11.99 per Share.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each Placing Agent and its ultimate beneficial owners are independent of, and not connected with, the Vendor, the Company and their respective associates and connected persons.

Total Number of Placing Shares

The total number of Placing Shares is 70,000,000 Shares, representing approximately 5.06% of the issued share capital of the Company as at the date of this announcement and approximately 4.82% of the issued share capital of the Company as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Placing Price

The Placing Price of HK\$11.99 represents:

- (1) a discount of approximately 5.44% to the closing price of HK\$12.68 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 6.77% to the average closing price of approximately HK\$12.86 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Day; and
- (3) a discount of approximately 8.40% to the average closing price of approximately HK\$13.09 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Day.

The Placing Price of HK\$11.99 per Share was arrived at after arm's length negotiations between the Company, the Vendor and the Placing Agents by reference to the market condition and the recent closing prices per Share.

The Company and the Placing Agents shall each be responsible for its or their own expenses, including legal fees and fees of other advisers, in connection with the Placing. The net Placing Price after deduction of such expenses is estimated to be approximately HK\$11.85 per Placing Share.

Rights of the Placing Shares

The Placing Shares will be sold free and clear of all pledges, liens and encumbrances, equities, security interests or other claims binding upon the Vendor and have the same rights as, and rank pari passu with, all of the other Shares of the Company of the same class.

Independence of Placees

None of the Company or the Vendor has involved in screening or selecting any of the placees unless such involvement is strictly limited to due diligence enquiries by the Placing Agents regarding the independence of the placees. The choice of placees for the Placing Shares has been determined solely by the Placing Agents, subject to the requirements of the Listing Rules and the Takeovers Code.

It is expected that the Placing Shares will be placed by the Placing Agents to not less than six professional, institutional and/or individual investors who, together with their respective ultimate beneficial owners, are independent of and not acting in concert with the Vendor and are third parties independent of and not connected with the Company or its connected persons. It is not expected that any such investor will become a substantial shareholder of the Company as a result of the Placing.

Completion of the Placing

The closing of the Placing shall take place on the second business day after the date of the Agreement or at such other time and/or date as the Vendor and the Placing Agents may agree (the "**Placing Closing Date**").

Conditions of the Placing

The Placing is conditional upon (i) the customary termination events as set out in the Agreement not having occurred before the Placing Closing Date; (ii) the representations and warranties made by any of the Company and the Vendor pursuant to the Agreement being true and accurate and not misleading as of the date of the Agreement and the Placing Closing Date; (iii) each of the Company and the Vendor having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Agreement on or before the Placing Closing Date; and (iv) the Placing Agents having received the legal opinions as required by the Placing Agents.

Lock-up Arrangements

The Vendor undertakes to the Placing Agents that it shall not, and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf shall, without the prior written consent of the Placing Agents, (i) offer, sell, lend, contract to sell, pledge, grant any option over, make any short sale or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Vendor or any Affiliate of the Vendor or any person in privity with the Vendor or any Affiliate of the Vendor) directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Agreement and ending on the date which is 90 days after the Placing Closing Date. The foregoing shall not apply to the Placing under the Agreement.

SUBSCRIPTION UNDER THE AGREEMENT

Subscriber

The Vendor

Issuer

The Company

Number of Subscription Shares

The number of Subscription Shares is 70,000,000 Shares in aggregate, representing approximately 5.06% of the issued share capital of the Company as at the date of this announcement and approximately 4.82% of the issued share capital of the Company as enlarged by the Subscription (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares). The number of Subscription Shares is equivalent to the number of the Placing Shares. The aggregate nominal value of the Subscription Shares is US\$7.

Subscription Price

The Subscription Price is equivalent to the Placing Price. The Company shall bear all expenses incurred by the Vendor, including legal fees and fees of other advisers, in connection with the Subscription. The net share price for the Subscription after deduction of such expenses is estimated to be approximately HK\$11.85 per Subscription Share.

General Mandate

The issue of the Subscription Shares will not be subject to the Shareholders' approval and the Subscription Shares will be issued under the General Mandate granted by the Shareholders to the Directors pursuant to the ordinary resolution passed at the annual general meeting of the Company held on June 3, 2020. Pursuant to the General Mandate, the Directors were granted authority to allot, issue or deal with up to 276,682,000 Shares, representing 20% of the total number of Shares of the Company in issue as at June 3, 2020. The Company has not issued any Shares pursuant to the General Mandate as at the date of this announcement.

Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid on or after the date of allotment.

Conditions of the Subscription

Completion of the Subscription is conditional upon the fulfilment of the following conditions:

- (1) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares;
- (2) completion of the Placing and the Sale having occurred pursuant to the terms of the Agreement; and
- (3) the Vendor having obtained from the Executive a waiver from the obligation to make a general offer under Rule 26 of the Takeovers Code in connection with the Subscription and such waiver not having been subsequently revoked prior to the delivery of definitive share certificates representing the Subscription Shares.

None of the conditions of the Subscription set out above can be waived by the Vendor or the Company.

The shareholding of the Vendor in the Company will decrease from approximately 44.42% to approximately 39.36% immediately after completion of the Placing, and will increase to approximately 42.28% immediately after completion of the Subscription, thereby triggering a general offer obligation under Rule 26 of the Takeovers Code (unless waived by the Executive in accordance with the Takeovers Code). The Vendor has applied to the Executive for the grant of a waiver to the Vendor from the obligation to make a general offer under Rule 26 of the Takeovers Code with respect to the Vendor's acquisition of the Subscription Shares.

Completion of the Subscription

Completion of the Subscription shall take place on the second business day after the date upon which the last of the conditions to the completion of the Subscription to be satisfied shall have been so satisfied provided that it shall take place on a date no later than 14 days after the date of the Agreement, or at such other time and/or date as the Company, the Vendor and the Placing Agents may agree in writing and in compliance with the Listing Rules. In the event that the conditions are not fulfilled within 14 days following the date of the Agreement (or such later date as may be agreed between the Company, the Vendor and the Placing Agents), the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise. Notwithstanding any provisions contained in the Agreement, the Placing Agents shall not be liable whatsoever in connection with the Subscription.

REASON FOR THE PLACING AND THE SUBSCRIPTION

The Placing and the Subscription are being undertaken to supplement the Group's long-term funding of its expansion plan and growth strategies. The Directors consider that the Placing and the Subscription will also provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save as disclosed in this announcement and apart from the equity fund-raising activity mentioned below, the Company has not conducted any fund-raising activity involving issuing equity securities during the 12 months immediately before the date of this announcement.

Date of announcements	Event	Amount of net proceeds	Intended use of net proceeds	Actual use of net proceeds as of June 30, 2020	Timeframe for the unused balance
January 14, 2020 and February 7, 2020	The Shares were listed on the Stock Exchange and trading of the Shares on the Stock Exchange began on January 15, 2020. The Company offered 333,400,000 Shares at an offer price of HK\$6.60 per Share. The over-allotment option was exercised in full on February 7, 2020 and a total number of 50,010,000 Shares were issued at the issue price of HK\$6.60 per Share.	Approximately HK\$2,372.9 million	Approximately 77.4% or HK\$1,837.9 million, to expand the restaurant network	Approximately HK\$114.5 million has been utilized to expand the restaurant network, and approximately HK\$1,723.4 million has not been utilized	By the end of 2022
			Approximately 5.6% or HK\$133.7 million, to further strengthen the supply and support capabilities for the restaurants and enhance the centralized procurement system	Approximately HK\$5.2 million has been utilized to further strengthen the supply and support capabilities for the restaurants and enhance the centralized procurement system, and approximately HK\$128.5 million has not been utilized	By the end of 2023
			Approximately 8.9% or HK\$210.2 million, to repay part of the bank loans	All has been utilized to repay part of the bank loans	Not applicable
			Approximately 8.1% or HK\$191.1 million, for the working capital and general corporate purposes	All has been utilized for the working capital and general corporate purposes	Not applicable

The Directors confirm that, immediately after completion of the Placing and the Subscription, the public float of the Company will be no less than 25% of the Company's issued share capital as enlarged by the Subscription (assuming there is no change in the issued share capital of the Company from the date of this announcement to the date of the Subscription save for the issue of the Subscription Shares).

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable and believe that the Placing and the Subscription are in the best interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Subscription are estimated to be approximately HK\$829.5 million, net of professional fees and out-of-pocket expenses. The Company intends to use the net proceeds from the Subscription for (i) investing in other companies in the catering industries, which adopt innovative business models and possess development and expansion potential, or the business models of which can create synergies with the Company's business and fit with the Company's multi-brand development strategy; (ii) investing in suppliers for key raw material to facilitate cooperation with them and secure stable supply of key ingredients; and (iii) general working capital of the Group. To the extent that the net proceeds are not immediately required for the above purposes, we may hold such funds in short-term deposits or purchase short-term wealth management products so long as it is deemed to be in the best interests of the Company.

SALE UNDER THE AGREEMENT

Selling Shareholders

MT J Limited is an exempted company incorporated in the BVI with limited liability, which is wholly-owned by 27 individuals, who are the employees or former employees of the Company. MT J Limited is a shareholder of the Company with shareholding of approximately 6.59% equity interest in the Company as at the date of this announcement.

MX J Limited is an exempted company incorporated in the BVI with limited liability, which is wholly-owned by 33 individuals, who are the employees or former employees of the Company and one independent third party external investor. MX J Limited is a shareholder of the Company with shareholding of approximately 6.60% equity interest in the Company as at the date of this announcement.

Closing

The closing of the Sale of each Selling Shareholder's Sale Shares shall take place on the second business day after the date of the Agreement or at such other time and/or date as the Selling Shareholders and the Placing Agents may agree (the "**Sale Closing Date**").

Lock-up Undertakings

Each Selling Shareholder has undertaken to the Placing Agents that it shall not, and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf shall, without the prior written consent of the Placing Agents, (i) offer, sell, lend, contract to sell, pledge, grant any option over or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Selling Shareholder or any Affiliate of the Selling Shareholder or any person in privity with the Selling Shareholder or any Affiliate of the Selling Shareholder), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Agreement and ending on the date which is 90 days after the Sale Closing Date. The foregoing shall not apply to the Sale under the Agreement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and immediately after the Placing, the Subscription and the Sale will be as follows⁽¹⁾:

Shareholder	As at the date of this announcement		Immediately after completion of only the Placing (assuming the Subscription and the Sale are not completed)		Immediately after completion of the Placing and the Subscription (assuming the Sale is not completed)		Immediately after completion of only the Sale (assuming the Placing and the Subscription are not completed)		Immediately after completion of the Placing, the Subscription and the Sale	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Vendor ⁽²⁾	614,445,000	44.42	544,445,000	39.36	614,445,000	42.28	614,445,000	44.42	614,445,000	42.28
Selling Shareholders	182,555,000	13.20	182,555,000	13.20	182,555,000	12.56	152,555,000	11.03	152,555,000	10.50
Placees	-	-	70,000,000	5.06	70,000,000	4.82	30,000,000	2.17	100,000,000	6.88
Other Shareholders	586,410,000	42.38	586,410,000	42.38	586,410,000	40.34	586,410,000	42.38	586,410,000	40.34
Total	1,383,410,000	100.00%	1,383,410,000	100.00%	1,453,410,000	100.00%	1,383,410,000	100.00%	1,453,410,000	100.00%

Notes:

- (1) This table does not take into account any Shares that may be issued pursuant to the exercise of any options granted under any existing share option schemes of the Company, during the relevant period or time above-mentioned.
- (2) As at the date of this announcement, the Vendor is an exempted company incorporated in the BVI with limited liability and is wholly-owned by Mr. Guan, the founder of the Group, chairman of the Board, an executive Director and a controlling shareholder of the Company.

GENERAL

The Placing and the Sale are concurrent and will close simultaneously, but not inter-conditional.

Completion of the transactions contemplated under the Agreement is subject to the Agreement not being terminated in accordance with the terms thereof, and is subject to the satisfaction of conditions precedent under the Agreement. As the Placing and/or the Subscription and/or the Sale may or may not proceed to completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Affiliate”	has the meaning specified in Rule 501(b) of Regulation D under the U.S. Securities Act
“Agreement”	the placing and subscription agreement dated July 16, 2020 and entered into among the Company, the Vendor, the Selling Shareholders and the Placing Agents
“associates”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Jiumaojiu International Holdings Limited (九毛九国际控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“General Mandate”	the general mandate granted to the Directors by the Shareholders to issue a maximum of 276,682,000 Shares pursuant to an ordinary resolution passed at the annual general meeting of the Company held on June 3, 2020
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Last Trading Day”	July 15, 2020, being the last trading day prior to the signing of the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Mr. Guan”	Mr. Guan Yihong (管毅宏), the founder of the Group, chairman of the Board, an executive Director and a controlling shareholder of the Company
“Placing”	the placing of 70,000,000 existing Shares by the Vendor to independent professional, institutional and/or individual investors to be procured by the Placing Agents under the Agreement
“Placing Agent(s)”	Credit Suisse (Hong Kong) Limited, CMB International Capital Limited and China International Capital Corporation Hong Kong Securities Limited
“Placing Price”	HK\$11.99 per Share
“Placing Shares”	70,000,000 Shares currently owned by the Vendor and to be placed pursuant to the Agreement
“Sale”	the sale of 30,000,000 Shares in aggregate by the Selling Shareholders severally by way of a placement pursuant to the Agreement
“Sale Share(s)”	Share(s) to be sold by the Selling Shareholders by way of a placement pursuant to the Agreement
“Selling Shareholder(s)”	MT J Limited and MX J Limited, each being a shareholder of the Company with shareholding of approximately 6.59% and 6.60% equity interest in the Company as at the date of this announcement, respectively
“Share(s)”	shares in the capital of the Company with nominal value of US\$0.0000001 each

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Agreement
“Subscription Price”	HK\$11.99 per Share, which is equal to the Placing Price
“Subscription Shares”	an aggregate of 70,000,000 new Shares to be issued by the Company and subscribed by the Vendor under the Agreement
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	GYH J Limited, an exempted company incorporated in the BVI with limited liability, being a controlling shareholder of the Company interested in 614,445,000 Shares, representing approximately 44.42% of the existing issued share capital of the Company as at the date of this announcement, is wholly-owned by Mr. Guan
“%”	per cent

By order of the Board
Jiumaojiu International Holdings Limited
Guan Yihong
Chairman

Hong Kong, July 16, 2020

As at the date of this announcement, the Board comprises Mr. Guan Yihong as chairman and executive Director and Mr. Li Zhuoguang, Ms. Cui Longyu and Mr. He Chengxiao as executive Directors, and Mr. Deng Tao, Mr. Zhong Weibin and Mr. Ivan Xu as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, 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 this announcement misleading.