

Clarification Announcement

References are made to the recent news (the “News”) about Shandong Ruyi Technology Group Co., Ltd. (the “Company”) and its certain subsidiaries as to whether Yinchuan Tonglian Capital Investment Operation Co., Ltd. (“Yinchuan Tonglian”) remains a holder of 26% equity interest in the Company. The Company would like to clarify as follows:

I. Accurate Disclosure in the Company’s Offering Memoranda with respect to its Senior Notes

As of the date of this announcement, Yinchuan Tonglian, a state-owned enterprise in Yinchuan City, remains the legal owner of 26% equity interest in the Company, according to the most recent filings and registrations with Jining Municipal Administration for Industry and Commerce, which are shown on the website of the National Enterprise Credit Information Publicity System as of the date of this announcement. The statement regarding Yinchuan Tonglian’s holding of 26% equity interest in the Company, as disclosed in the Company’s offering memoranda with respect to the senior notes issued by Prime Bloom Holdings Limited and guaranteed by the Company, remains accurate as of the date of this announcement.

II. Certain Agreement with Yinchuan Tonglian and Letter from the State-Owned Assets Supervision and Administration Commission of the Yinchuan City (“Yinchuan SASAC”)

Yinchuan Tonglian and Ningxia Ruyi Ecological Textile Co., Ltd. (“Ningxia Ruyi”), a subsidiary of the Company, signed a share swap agreement (the “Share Swap Agreement”) in 2016, which contemplates a proposed exchange of the 26% equity interest in the Company (the “Company Shares”) held by Yinchuan Tonglian for certain equity interest held by Ningxia Ruyi (the “Yinchuan Shares”) in Western (Yinchuan) Guarantee Co., Ltd. and Yinchuan Finance Holding Co., Ltd. The Share Swap Agreement was left undated.

After seeing the News, the Company made an inquiry to Yinchuan SASAC, and Yinchuan SASAC sent the Company a letter that it issued internally on December 27, 2016 (the “SASAC Letter”). In the SASAC Letter, Yinchuan SASAC designated Yinchuan Yinxin Assets Management Co., Ltd. (“Yinchuan Yinxin”), another state-owned enterprise in Yinchuan City, as the successor of Yinchuan Tonglian to hold the Company Shares on its behalf. The SASAC Letter requires that Yinchuan Yinxin be registered as holder of the Company Shares by September 30, 2017. In light of the SASAC Letter, the Company is currently in discussion with Yinchuan SASAC and Yinchuan Tonglian to make further arrangements so as to (i) transfer the Company Shares to Yinchuan Yinxin; and (ii) agree on an alternative consideration for the Yinchuan Shares that have already been transferred to Yinchuan Tonglian.