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**YSB Inc.**

**藥師幫股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9885)**

**SUPPLEMENTAL ANNOUNCEMENT  
DISCLOSEABLE TRANSACTION IN RELATION TO THE  
ACQUISITION OF THE TARGET COMPANY INVOLVING ISSUE OF  
CONSIDERATION SHARES UNDER GENERAL MANDATE**

Reference is made to the announcement of YSB Inc. (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) dated 15 October 2024 (the “**Announcement**”) in relation to, among others, the acquisition of the target company involving issue of consideration shares under general mandate. Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated.

The Company would like to supplement the following information regarding the Announcement:

**(I) The formula for determining the Core Business Operating Revenue**

As disclosed in the Announcement, the Core Business Operating Revenue is the operating revenue generated from the Core Business (excluding value added tax and surcharges) under the Accounting Standards. For further illustration purpose, the formula for determining the Core Business Operating Revenue is:

$$\text{Core Business Operating Revenue (A)} = \text{(B)} - \text{(C)}$$

where:

(B) means the audited operating revenue generated from business of the Target Group per annum; and

(C) means the audited operating revenue generated from the business of (i) sale and distribution of active pharmaceutical ingredients such as panax notoginseng (三七), 6-amino-penicillanic acid (6-氨基青黴烷酸), pharmaceutical intermediate penicillin potassium (藥用中間體青黴素鉀), potassium benzylpenicillin (青黴素鉀工業鹽), amoxicillin ingredients (阿莫西林原料), and tert-butylamine clavulanate (克拉維酸叔丁胺鹽), and (ii) any other present or future business that may have the same type of products or trading purposes.

**(II) The basis for determining the Key Employees under the Performance Targets**

With respect to the Key Employee Turnover Rate, the scope of the Key Employees is jointly determined by the Company and the Founder Sellers with reference to (i) the role and responsibility of such employee in the Target Group; (ii) the employment status and term with the Target Group of such employee; (iii) the managerial or key positions held and the corresponding functions assumed by such employee; (iv) the individual expertise, skills or experience of such employee; and (v) the contribution to the operation and management of the Target Group made by such employee. Based on the above-mentioned rationale, the Key Employees include (a) core members: the Founders, the supervisors, head of the Core Business, head of the financial department, (b) business backbone (業務骨幹): director of department, regional head of the sales and customer service, and (c) veteran employees with more than 5 years of service in the Target Group.

**(III) The business of the Target Group is not subject to foreign ownership restriction**

As at the date of the Announcement, the Domestic Company was controlled by the WFOE through a series of contractual arrangements. For the avoidance of doubt, the business of the Target Group will not be subject to foreign ownership restrictions under the PRC laws for the reasons as set out below:

- a) currently, the Target Group holds (i) a value-added telecommunication business licence, and (ii) a radio and television program production and business operation license (廣播電視節目製作經營許可證). Details are set out as below:

<b>Licence</b>	<b>Business scope</b>	<b>Validity period</b>
Value-added telecommunication business licence	Online data processing and transaction processing business (only business-type e-commerce); information service business (only internet information services (互聯網信息服務), excluding information search and query services, instantaneous interactive information services)	6 April 2022 to 6 April 2027

<b>Licence</b>	<b>Business scope</b>	<b>Validity period</b>
Radio and television program production and business operation license	Producing and distributing radio and television programs (excluding current affairs, news and similar features and columns)	12 January 2024 to 11 January 2026

Although the Target Group holds the above-mentioned two licences, the two licences are not required for the Target Group to carry out its current business, considering (i) the Target Group only focuses on sales of private label and self-operated pharmaceutical products business and does not involve in any online marketplace for third-party registered pharmaceutical sellers and buyers to transact with each other online, any online payment function nor internet information service (互聯網信息服務). Similar to the self-operated business of the Group, which is not subject to foreign ownership restriction, the self-operated business of the Target Group is not subject to foreign ownership restriction; and (ii) the Target Group does not engage in any business of production or operation of radio and television programs. Therefore, based on the actual business operation of the Target Group, which does not involve in internet information service (互聯網信息服務) and radio and television program production business, the two licences are not required for the Target Group to carry out its current business.

- b) to verify the actual business of the Target Group and the current status of the two licences, the Company has (i) conducted interview with the management of the Target Group to understand the business model, pricing policies and development plan of the Target Group; (ii) obtained and reviewed material documents and contracts having significance on the Target Group's business and sample walk-through documents; (iii) engaged a PRC legal advisor to perform legal due diligence on the Target Group covering (among other things) its corporate information, assets, qualifications. As confirmed by the PRC legal advisor, the two licences are not required for the Target Group to carry out its current business.
- c) all parties to the Agreement have mutually agreed to cancel registration of the two licences.

Given that the Target Group will not be subject to foreign ownership restrictions under the PRC laws, as part of the Conditions Precedent, the existing contractual arrangements relating to the Domestic Company will be duly terminated and the Domestic Transaction will be completed by transferring the equity interests of the Domestic Company to the Company's affiliate(s) as designated by the Company.

**(IV) The ultimate beneficial owner(s) of Changsha Space Tianqing Internet Partnership (Limited Partnership)**

As at the date of the Announcement, Changsha Space Tianqing Internet Partnership (Limited Partnership)\* (長沙空間天慶互聯網合夥企業(有限合夥)), as the registered shareholder of the Domestic Company holding 8.81% of the issued shares of the Domestic Company, was an employee shareholding platform, the partners of which were Ouyang Peng (歐陽鵬) (general partner) and He Yu (何雨), each being a Founder, holding 99% and 1% of the partnership interests respectively.

The above information does not affect other information contained in the Announcement and save as disclosed above, all other information therein remains unchanged.

By order of the Board  
**YSB Inc.**  
**Mr. Buzhen Zhang**  
*Chairman and Executive Director*

Hong Kong, 28 October 2024

*As at the date of this announcement, the Board comprises Mr. Buzhen Zhang and Mr. Fei Chen as executive Directors, Mr. Ziyang Zhu as non-executive Director, and Ms. Rong Shao, Mr. Sam Hanhui Sun and Mr. Hongqiang Zhao as independent non-executive Directors.*

\* *for identification purpose only*