

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Hebei Yichen Industrial Group Corporation Limited\***

**河北翼辰實業集團股份有限公司**

*(A joint stock limited liability company incorporated in the People's Republic of China)*

**(Stock Code: 1596)**

### **ADJUSTMENTS TO PROPOSED A SHARE OFFERING AND LISTING PLAN AND RELATED MATTERS**

Reference is made to the announcement of the Company dated 23 September 2020 in relation to, among to others, the proposed A Share Offering and Listing plan and the related matters (the “**Announcement**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

On 30 September 2020, the Board of Directors considered and approved the resolutions regarding certain adjustments to the proposed A Share Offering and Listing plan and the proposals in respect of the related matters as approved by the Board of Directors on 23 September 2020. Details of the adjustments are set forth below.

#### **PROPOSED A SHARE OFFERING AND LISTING PLAN**

##### **Offering Size**

As stated in the section headed “I. Proposed A Share Offering and Listing and Related Matters – Proposed A Share Offering and Listing Plan – 1. Offering Size” in the Announcement, the Company proposes to issue not more than 299,280,000 A Shares (before exercise of the over-allotment option), which shall represent not more than 25% of the total enlarged share capital of the Company after completion of the A Share Offering.

The Board of Directors has resolved to adjust the proposed offering size of the A Share Offering, such that Company will issue not more than 158,442,000 A Shares (before exercise of the over-allotment option), which shall represent not more than 15% of the total enlarged share capital of the Company after completion of the A Share Offering. The actual number of Shares to be issued in the proposed A Share Offering shall be determined by the Board of Directors and its authorised person(s) with the authorisation of the Shareholders at a general meeting and class meetings of the H shareholders and the domestic shareholders of the Company based on the capital needs of the Company and actual situation of the securities market at the time of issue after consultation with the sponsor and/or lead underwriters,

according to the requirements of relevant laws and regulations and shall be subject to approval of the securities regulatory authorities and the market conditions. The proposed A Share Offering shall involve issue of new Shares only, with no public sale of Shares held by any existing Shareholder.

### **Pricing Methodology**

As stated in the section headed “I. Proposed A Share Offering and Listing and Related Matters – Proposed A Share Offering and Listing Plan – 1. Offering Size” in the Announcement, the offer price of the proposed A Share Offering will be determined by the Company and the lead underwriters through initial price consultation based on the consultation results, or through other methods as may be approved by the CSRC and the Shenzhen Stock Exchange, after the Company has obtained the approval registration documents.

The Board of Directors has resolved to further supplement the pricing methodology as follows:

*“Based on the results of the initial consultation, the Board will fully consider, among other things, the following factors when determining the offer price: (i) the then operational and financial conditions of the Company; (ii) the valuation of comparable companies; (iii) the then general situation in the A share market; and (iv) the applicable laws and regulations, currently mainly including the Opinions on Further Promoting the Reform of the System for Initial Public Offering of Shares (《關於進一步推進新股發行體制改革的意見》), the Measures for the Administration of Securities Issuance and Underwriting (《證券發行與承銷管理辦法》), the Notice on Issues Concerning Pricing in Initial Public Offerings (《關於新股發行定價相關問題的通知》), the Measures for the Administration of Registration of Initial Public Offering of Shares on the ChiNext (Trial) (《創業板首次公開發行股票註冊管理辦法(試行)》), and the Rules for Implementation of Initial Public Offering of Securities and Underwriting on the ChiNext of the Shenzhen Stock Exchange (《深圳證券交易所創業板首次公開發行證券發行與承銷業務實施細則》).*

*Pursuant to the Company Law of the PRC (中華人民共和國公司法), the offer price of the A Shares shall not be lower than the par value of the Shares of the Company, i.e. RMB0.5 per Share. There is no other legal or regulatory requirement stipulating the floor price in the proposed A Share Offering.”*

### **Validity Period of the Resolution**

As stated in the section headed “I. Proposed A Share Offering and Listing and Related Matters – Proposed A Share Offering and Listing Plan – 10. Validity period of the resolution” in the Announcement, the resolution on the proposed A Share and Listing shall be valid for 24 months from the date on which it is considered and approved at a general meeting and class meetings of the H shareholders and the domestic shareholders of the Company.

The Board of Directors has resolved to adjust the validity period of the resolution on the proposed A Share Offering and Listing intended to be proposed at the postponed EGM and the Class Meetings, such that the resolution shall be valid for 12 months from the date on which it is considered and approved at a general meeting and class meetings of the H shareholders and the domestic shareholders of the Company. If the proposed A Share Offering and Listing could not be completed within such a period of time and the Company intends to proceed with the proposed A Share Offering and Listing, the Company shall seek further approval from the Shareholders at a general meeting, a H Shareholders class meeting and a Domestic Shareholders class meeting, respectively, for an extension of the validity period of the resolution.

## **OTHER RESOLUTIONS RELATED TO THE PROPOSED A SHARE OFFERING AND LISTING**

### **Resolution on the Grant of Authorisation to the Board of Directors and Its Authorised Person(s) to Deal with Specific Matters Related to the Proposed A Share Offering and Listing at Their Full Discretion**

As stated in the section headed “I. Proposed A Share Offering and Listing and Related Matters – Other Resolutions Related to the Proposed A Share Offering and Listing – 1. Resolution on the Grant of Authorisation to the Board of Directors and Its Authorised Person(s) to Deal with Specific Matters Related to the Proposed A Share Offering and Listing at Their Full Discretion” in the Announcement, such authorisation shall be valid for 24 months from the date on which it is considered and approved at a general meeting and class meetings of the H shareholders and the domestic shareholders of the Company.

The Board of Directors has resolved to adjust the validity period of the above authorisation, such that such authorisation shall be valid for 12 months from the date on which it is considered and approved at a general meeting and class meetings of the H shareholders and the domestic shareholders of the Company. If the proposed A Share Offering and Listing could not be completed within such a period of time and the Company intends to proceed with the proposed A Share Offering and Listing, the Company shall seek further approval from the Shareholders at a general meeting and class meetings of the H shareholders and the domestic shareholders of the Company, respectively, for an extension of the validity period of such authorisation.

### **Resolution on the Engagement of Intermediaries in Connection with the Proposed A Share Offering and Listing**

The Board of Directors has resolved to further seek authorisation from the Shareholders for the chairman of the Board of Directors to engage intermediaries and to terminate the engagement of the relevant intermediaries pursuant to the corresponding agreements according to the progress of the proposed A Share Offering and Listing and the requirements under the relevant laws, regulations and regulatory documents.

Pursuant to the relevant laws and regulations and the Articles of Association, the proposal in relation to the engagement of intermediaries in connection with the proposed A Share Offering and Listing as a whole will be subject to the approval of the Shareholders by way of an ordinary resolution at a general meeting of the Company.

Save as stated above, all other parts of the proposed A Share Offering and Listing plan and the proposals in respect of the related matters as approved by the Board of Directors on 23 September 2020 shall remain unchanged.

Please refer to the Supplemental Circular for full details regarding the resolutions intended to be proposed at the postponed EGM (in addition to those set forth in the Original Notice of EGM) and the Class Meetings in connection with the proposed A Share Offering and Listing and the related matters, which will be despatched to the Shareholders as and when appropriate.

## **REASONS FOR THE ADJUSTMENTS TO PROPOSED A SHARE OFFERING AND LISTING PLAN AND RELATED MATTERS**

The adjustment to the proposed offering size of the A Share Offering is made taking into account the current operational and financial conditions of the Company and the general situation and sentiments in the A share market.

Further details have been added to the pricing methodology in respect of the A Shares to be offered in the proposed A Share Offering such that the Shareholders could gain more clarity about how the offer price of the A Shares will be determined. The validity period of the resolution on the proposed A Share Offering and Listing and the authorisation for the Board of Directors and its authorised person(s) to deal with specific related matters have been shortened to allow the Shareholders the opportunity to re-consider the proposed A Share Offering and Listing plan within a shorter time frame amid possible fluctuations in the market price of the Shares. All of these adjustments are made with a view to providing fuller safeguards to the Shareholders.

In order to facilitate the implementation of the proposed A Share Offering and Listing plan, further authorisation is proposed to be sought from the Shareholders for the chairman of the Board of Directors to attend to matters relating to the engagement of the intermediaries according to the prevailing circumstances.

Accordingly, the Directors are of the view that the adjustments to the proposed A Share Offering and Listing plan and the proposals in respect of the related matters set forth above are in the interests of the Company and the Shareholders as a whole.

## **EFFECTS OF THE PROPOSED A SHARE OFFERING ON THE SHAREHOLDING STRUCTURE OF THE COMPANY**

In connection with the change in the proposed offering size of the A Share Offering, assuming that all 158,442,000 A Shares under the proposed A Share Offering are approved and issued, and none of the subscribers is a connected person of the Company, and there are no changes in the share capital of the Company prior to completion of the proposed A Share Offering, the

shareholding structure of the Company as at the date of this announcement and immediately after completion of the proposed A Share Offering shall be as follows:

	As at the date of this announcement		Immediately after the completion of the proposed A Share Offering (assuming the over-allotment option is not exercised at all)		Immediately after the completion of the proposed A Share Offering (assuming the over-allotment is exercised in full) (Note 3)	
	Number of Shares	Approximate percentage of the Company's issued share capital	Number of Shares	Approximate percentage of the Company's issued share capital	Number of Shares	Approximate percentage of the Company's issued share capital
<b>Domestic Shares (Note 1)</b>						
• Domestic Shares held by the non-public Shareholders, i.e. core connected persons of the Company (Note 2)	588,475,906	65.54%	–	–	–	–
• Domestic Shares held by the public	84,904,094	9.46%	–	–	–	–
	<u>673,380,000</u>	<u>75.00%</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>A Shares (Note 1)</b>						
• A Shares to be converted from Domestic Shares in issue held by the non-public Shareholders, i.e. core connected persons (Note 2)	–	–	588,475,906	55.71%	588,475,906	54.49%
• A Shares to be converted from the Domestic Shares in issue held by the public	–	–	84,904,094	8.04%	84,904,094	7.86%
• A Shares to be issued under the proposed A Share Offering, which will be held by the public	–	–	158,442,000	15.00%	182,208,300	16.87%
			<u>831,822,000</u>	<u>78.75%</u>	<u>855,588,300</u>	<u>79.22%</u>
<b>H Shares</b>						
• H Shares held by the public	224,460,000	25.00%	224,460,000	21.25%	224,460,000	20.78%
<b>Total</b>	<u>897,840,000</u>	<u>100.00%</u>	<u>1,056,282,000</u>	<u>100.00%</u>	<u>1,080,048,300</u>	<u>100.00%</u>

*Notes:*

- (1) All of the issued Domestic Shares will be converted into A Shares upon completion of the proposed A Share Offering.
- (2) The core connected persons of the Company include (i) the Controlling Shareholders, i.e. Mr. Zhang Haijun (張海軍), Ms. Zhang Junxia (張軍霞), Mr. Zhang Xiaogeng (張小更), Mr. Zhang Xiaosuo (張小鎖), Mr. Zhang Ligang (張立剛), Mr. Wu Jinyu (吳金玉), Mr. Zhang Chao (張超), Mr. Zhang Lijie (張力杰), Mr. Zhang Lifeng (張力峰), Ms. Zhang Yanfeng (張艷峰), Mr. Zhang Libin (張力斌), Mr. Zhang Lihuan (張力歡), Mr. Zhang Ning (張寧), Ms. Zhang Hong (張宏) and Mr. Zhang Ruiqiu (張瑞秋), who, as Domestic Shareholders, have been acting in concert in terms of their exercise of voting rights at general meetings of the Company and entered into a concert party agreement to confirm their acting-in-concert agreement on 12 January 2018, and in aggregate controlled 587,552,774 Domestic Shares, representing approximately 65.44% of the total issued share capital of the Company as at the date of this announcement; Mr. Zhang Haijun (張海軍), Mr. Wu Jinyu (吳金玉), Mr. Zhang Chao (張超) and Mr. Zhang Lihuan (張力歡) are also executive Directors, and Mr. Zhang Lifeng (張力峰) is also the general manager of the Company; and (ii) Ms. Fan Xiulan (樊秀蘭), an executive Director who held 923,132 Domestic Shares, representing approximately 0.10% of the total issued share capital of the Company as at the date of this announcement.
- (3) Under the relevant laws and regulations and pursuant to the permission of the regulatory authorities, the Company and the lead underwriters can adopt the over-allotment option. The number of A Shares to be issued by exercising the over-allotment option shall not exceed 15% of the total number of A Shares under the proposed A Share Offering.

As at the date of this announcement, based on the publicly available information and to the best of the knowledge of the Directors, approximately 34.46% of the total issued Shares (including H Shares representing 25.00% of the issued Shares) were held by the public, which satisfies the requirements under rules 8.08(1) and 13.32(1) of the Listing Rules.

Assuming that all 158,442,000 A Shares under the proposed A Share Offering are approved and issued, and none of the subscribers is a connected person of the Company, and there are no changes in the share capital of the Company prior to completion of the proposed A Share Offering, the public float percentage of the Company (comprising both A Shares and H Shares) immediately after completion of the proposed A Share Offering will be approximately 44.29% (assuming the over-allotment option is not exercised at all, and including H Shares representing 21.25% of the issued Shares) and 45.51% (assuming the over-allotment option is exercised in full, and including H Shares representing 20.78% of the issued Shares), which will continue to satisfy the requirements under rules 8.08(1) and 13.32(1) of the Listing Rules. The Company undertakes that it will continue to comply with the public float requirements under the Listing Rules throughout the application process and after completion of the proposed A Share Offering.

**Shareholders and potential investors of the Company should note that the proposed A Share Offering and Listing will be subject to, among others, the final decisions of the Shareholders and the approval of CSRC and other relevant regulatory authorities. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance as to when the proposed A Share Offering and Listing may take place or whether it will take place at all. Shareholders and potential investors of the Company should therefore exercise caution, and only place reliance on the information published by the Company, when they deal or contemplate dealing in any securities of the Company. If in doubt as to their positions or the actions to be taken, Shareholders and potential investors of the Company are strongly recommended to consult their professional advisers.**

By order of the Board  
**Hebei Yichen Industrial Group Corporation Limited\***  
**ZHANG Haijun**  
*Chairman*

Shijiazhuang, The PRC, 30 September 2020

*As at the date of this announcement, the executive Directors are Mr. Zhang Haijun, Mr. Wu Jinyu, Mr. Zhang Chao, Mr. Zhang Lihuan and Ms. Fan Xiulan; the non-executive Director is Ms. Gu Xiaohui; and the independent non-executive Directors are Mr. Jip Ki Chi, Mr. Wang Qi and Mr. Zhang Ligu.*

*\* For identification purpose only*