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## **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)**

### **SUPPLEMENTAL INFORMATION RELATED TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2019**

The board (the “**Board**”) of directors (the “**Directors**”) of Hebei Yichen Industrial Group Corporation Limited (the “**Company**”; together with its subsidiaries, the “**Group**”) wishes to provide further information to the shareholders and potential investors of the Company in relation to the information disclosed in its annual report for the year ended 31 December 2018 (the “**2018 Annual Report**”) and the interim report for the six months ended 30 June 2019 (the “**2019 Interim Report**”). Terms defined in the 2018 Annual Report and 2019 Interim Report, shall, unless the context otherwise requires, have the same meaning when used herein.

As disclosed in the 2018 Annual Report, up to 31 December 2018, the Group had utilised approximately RMB482.7 million of the net proceeds from its initial public offering in December 2016. The remaining net proceeds from its initial public offering of RMB97.1 million had yet been utilised as at 31 December 2018. As at 31 December 2018, the Board expected that, except for the funds raised for domestic and foreign mergers and acquisitions that would be fully utilised in or before December 2020, other funds would be fully utilised by 30 June 2019.

\* For identification purpose only

As at 30 June 2019, the net proceeds had been utilised according to the designated uses set out in the prospectus of the Company dated 9 December 2016 as follows:

<b>Designated use of net proceeds</b>	<b>% of net proceeds allocated</b>	<b>Allocated amount RMB'000</b>	<b>Utilised as at 30 June 2019 RMB'000</b>	<b>Unutilised as at 30 June 2019 RMB'000</b>	<b>Expected to be utilised by</b>
Expansion of production capacity and fixed asset investments	31.00%	179,732	179,732	0	N/A
Domestic and overseas acquisitions	15.00%	86,967	10,849	76,118	December 2020
Purchase of raw materials	15.00%	86,967	86,967	0	N/A
R&D and testing of new products	15.00%	86,967	86,967	0	N/A
Deposits for project bids	10.00%	57,978	57,978	0	N/A
Working capital	10.00%	57,978	57,978	0	N/A
Upgrade of information systems and automated production facilities	4.00%	23,191	23,191	0	N/A
<b>Total</b>	<b>100.00%</b>	<b>579,780</b>	<b>503,662</b>	<b>76,118</b>	

The unutilised net proceeds as at 30 June 2019 had been deposited in banks in the People's Republic of China.

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

Shijiazhuang, The People's Republic of China, 17 October 2019

*As at the date of this announcement, the Board comprises Mr. Zhang Haijun, Mr. Zhang Ligang, Mr. Wu Jinyu, Mr. Zhang Lihuan, Mr. Zhang Chao and Ms. Fan Xiulan as the executive Directors; and Mr. Jip Ki Chi, Mr. Wang Qi and Mr. Zhang Liguang as the independent non-executive Directors.*

\* For identification purpose only