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)

PROFIT WARNING

This announcement is made by Hebei Yichen Industrial Group Corporation Limited (the "**Company**"; together with its subsidiaries, the "**Group**") pursuant to the provisions under Part XIVA of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The board of directors of the Company (the "**Board**") wishes to inform the shareholders and potential investors of the Company that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2017 and the information currently available, the Group is expected to record a decrease of about 40% in the consolidated net profit for the year ended 31 December 2017, as compared with the audited consolidated net profit of approximately RMB306 million for the year ended 31 December 2016.

The Board considers that the expected decrease in consolidated net profit was mainly attributable to the following factors:

(i) the decrease in gross profit of approximately RMB128 million, mainly due to (1) the decrease in revenue from sales of rail fastening system products as a result of the delay in railway construction project schedule of customers, with whom the Group had entered into sales contracts or engagements for provision of railway fastening system products as the successful tenderer; and (2) the general increase in the price level of steel material and iron, our major raw materials, in the People's Republic of China (the "**PRC**"); and

(ii) the increase in foreign exchange losses of approximately RMB19 million, which was mainly caused by the appreciation of Renminbi against Hong Kong dollars, incurred as the Group converted the proceeds from the global offering of shares in Hong Kong dollars into Renminbi.

The Board wishes to state that this announcement is made on the basis of a preliminary assessment on the unaudited management accounts of the Group for the year ended 31 December 2017 and the information currently available, which have not been audited or reviewed by the Company's auditor and may be subject to adjustments. Details of the financial information and performance of the Group for the year ended 31 December 2017 will be disclosed in the final results announcement of the Company which is expected to be published in March 2018.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.

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

Shijiazhuang, The PRC, 9 March 2018

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

* *For identification purpose only*