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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)

INSIDE INFORMATION

**UPDATE OF APPLICATION DOCUMENTS AND
FINANCIAL INFORMATION
IN CONNECTION WITH THE PROPOSED A SHARE OFFERING**

This announcement is made by Hebei Yichen Industrial Group Corporation Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 30 August 2020, 9 September 2020, 24 September 2020, 30 September 2020, 30 October 2020 and 30 December 2020 and the supplemental circular of the Company dated 15 October 2020 (the “**Supplemental Circular**”) in relation to the proposed A Share Offering and Listing and the related matters. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Supplemental Circular.

In connection with its application for the proposed A Share Offering and Listing, the Company has submitted an updated A Share prospectus (application proof) (the “**Updated A Share Application Proof**”) to the Shenzhen Stock Exchange (“**SZSE**”). The full text of the Updated A Share Application Proof and related materials have been published on the website of the Information Disclosure of the Review and Approval of Offerings and Listings of Securities on the ChiNext of the Shenzhen Stock Exchange (深交所創業板發行上市審核信息公開網站) (<http://listing.szse.cn/disclosure/ipo/index.html>) on 2 March 2022, and will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.hbyc.com.cn) on the same date pursuant to Rule 13.10B of the Listing Rules.

The Updated A Share Application Proof contains, among others, the key financial data in the consolidated financial statements of the Group (the “**9M2021 Consolidated Financial Statements**”) for the nine months ended 30 September 2021 (“**9M2021**”), its comparative figures for the corresponding period in the prior financial year, and the annual results estimate for the year ending 31 December 2021 (“**FY2021**”). Such financial information is set forth in “4. Major Financial Data and Operating Conditions after the Ending Date of the Audited Financial Report” under “Important Notice” and in “15. Major Financial Data and Operating Conditions after the Ending Date of the Audited Financial Report” under “Section VIII Financial Information and Management Analysis” in the Updated A Share Application Proof.

The audit base date of the most recent financial report of the Company is 30 June 2021. Pan-China Certified Public Accountants LLP has reviewed the financial information of the Company as at 30 September 2021 and for 9M2021, and has issued a review report numbered “Tian Jian Shen [2021] No. 3-579”. Based on their review, Pan-China Certified Public Accountants LLP considers that nothing has come to their attention that causes them to believe that the 9M2021 Consolidated Financial Statements are not prepared in accordance with requirements under the applicable accounting standards, or do not in all material aspects give a true and fair view of the financial position, results of operations and cash flows of the Group and the Company.

KEY FINANCIAL INFORMATION AND OPERATING RESULTS IN THE 9M2021 CONSOLIDATED FINANCIAL STATEMENTS

The reviewed key financial information of the Company as at 30 September 2021 and for 9M2021 is as follows:

1. Key figures of the consolidated balance sheet

Unit: RMB'000

Items	30 September 2021	31 December 2020	Change (%)
Total assets	3,066,677.10	2,898,028.00	5.82%
Total liabilities	817,698.10	785,621.90	4.08%
Owner's equity	2,248,979.00	2,112,406.00	6.47%
Equity attributable to owners of the parent	2,238,751.30	2,103,635.40	6.42%

As of 30 September 2021, the Company's assets, liabilities and owner's equity have all increased compared with 2020.

2. Key figures of the consolidated income statement

Unit: RMB'000

Items	January to September 2021	January to September 2020	Change (%)
Operating income	875,070.80	817,780.00	7.01%
Operating profits	155,302.60	203,448.40	-23.66%
Total profit	154,614.90	200,770.60	-22.99%
Net profit	136,572.90	173,159.40	-21.13%
Net profit attributable to shareholders of the parent	135,115.90	170,341.00	-20.68%
Net profit after deducting non- recurring profit or loss attributable to the shareholders of the parent	144,577.60	171,417.70	-15.66%

The Company's operating income increased year-on-year from January to September 2021, mainly due to the increase in orders. The Company's operating profits, total profit, net profit, net profit attributable to shareholders of the parent and net profit after deducting non-recurring profit or loss attributable to the shareholders of the parent all decreased year-on-year, mainly due to the decrease in gross profit margin as a result of the impact of the increase in raw material prices and the change in revenue structure. The Company's overall gross profit margin will not only be affected by the fluctuation of steel market prices, but also by the product structure and order fulfillment in different periods, and the bidding and winning price of the projects the Company subsequently participated will increase based on the impact of rising steel market prices, thus offsetting the future pressure of upstream raw material cost. The Company has implemented corresponding countermeasures in this regard. For further details of the analysis of the gross profit margin of the Group, please see "(3) The Analysis of Principal Business Gross Profit and Gross Profit Margin" in "8. The Reasons for Issuer's Operating Result Achievement During the Reporting Period" under "Section VIII Financial Information and Management Analysis".

3. Key figures of the consolidated statement of cash flows

Unit: RMB'000

Items	January to September 2021	January to September 2020	Change (%)
Net cash flows from operating activities	186,261.70	131,187.20	41.98%
Net cash flows from investing activities	-106,845.20	-153,775.30	-30.52%
Cash flows from financing activities	-101,547.70	-10,308.70	885.07%
Effect of changes in foreign exchange rates on cash and cash equivalents	-107.70	-609.40	-82.33%
Net increase in cash and cash equivalents	-22,238.90	-33,506.10	-33.63%

The Company's net cash flow from operating activities increased from January to September 2021 as compared with the same period of the previous year, mainly due to the year-on-year decrease in cash paid by the Company for purchasing goods and receiving labor services during the current period. The year-over-year increase in net cash flows from investing activities was mainly due to the decrease in cash paid by the Company for investment during the period. In addition, the cash paid by the Company to repay debt during the period increased significantly, resulting in a decrease in net cash flows from financing activities.

4. Key figures of the non-recurring gain or loss

Unit: RMB'000

Items	January to September 2021	January to September 2020	Change (%)
Gain or loss on disposal of non-current assets	14.40	97.10	-85.17%
Government grants (except for the rationed or quantified government grants which are closely related to the Company's business and are entitled to according to the national uniform standard) recognized in profit or loss of the current period	289.60	603.70	-52.03%
Gains or losses from entrusted investment or assets management	5.50	0.00	-
Gains or losses from contingency items unrelated to the normal business operations of the Company	-2,312.00	0.00	-
Profit or loss on change in fair value from holding financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investments income from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, other than effective hedging activities associated with normal business operations of the Company	-8,474.80	0.00	-

Items	January to September 2021	January to September 2020	Change (%)
Other net non-operating income and expenses apart from those stated above	-680.10	-2,725.30	-75.04%
Other gains and losses items conforming with the definition of non-recurring gains or losses	0.00	796.10	-100.00%
Effect on income tax	-1,698.00	-120.20	1312.65%
Effect on interest of minority shareholders	2.50	-31.70	-107.89%
Net non-recurring gains or losses attributable to owners of the parent	-9,461.70	-1,076.70	778.77%

ANNUAL RESULTS ESTIMATE FOR FY2021

According to the preliminary estimation of the Company based on contracts and orders on hand and the financial status during 9M2021, the Company is expected to achieve an operating income ranging from approximately RMB1,265 million to RMB1,416 million for FY2021, representing a year-on-year increase of approximately 10.77% to 23.96%; the net profit attributable to the shareholders of the parent company is expected to range from approximately RMB230 million to RMB260 million, with a year-on-year fluctuation range of -8.81% to 3.08%; the net profit attributable to the shareholders of the parent company after deducting non-recurring gains and losses is expected to range from approximately RMB220 million to RMB240 million, representing a year-on-year fluctuation range of -3.72% to 5.03%.

The above estimated results for FY2021 are only the preliminary estimates of the Company, which have not been audited or reviewed by the auditors, and do not represent the final operating income and net profit to be realised by the Company, nor do they constitute any guarantee or performance commitment of the Company.

The above English version of the key financial figures and analysis of change is an unofficial translation of its Chinese version set forth in the Updated A Share Application Proof (the “**Chinese Version**”). In case of any discrepancies, the Chinese Version shall prevail.

Shareholders and potential investors of the Company should note that the proposed A Share Offering and Listing will be subject to, among others, 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, 2 March 2022

As at the date of this announcement, the Board comprises Mr. Zhang Haijun, Mr. Wu Jinyu, Mr. Zhang Chao, Mr. Zhang Lihuan and Ms. Ma Xuehui as executive Directors; Ms. Gu Xiaohui as a non-executive Director; and Mr. Jip Ki Chi, Mr. Wang Qi and Mr. Zhang Liguó as independent non-executive Directors.

** For identification purpose only*