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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)**

### **PROPOSED ADOPTION OF H SHARE AWARD SCHEME, PROPOSED AUTHORISATION TO THE BOARD TO HANDLE MATTERS IN RELATION TO THE H SHARE AWARD SCHEME, DATE OF EGM AND BOOK CLOSURE PERIOD**

#### **INTRODUCTION**

The Board has resolved at the meeting of the Board held on 27 July 2022 to propose the adoption of an H share award scheme. The Scheme is subject to the consideration and approval of the Shareholders at the EGM. The purpose of the Scheme is to recognise and acknowledge the contribution which the Eligible Participants have made or may make to the Group.

#### **IMPLICATIONS UNDER THE LISTING RULES**

The Scheme does not constitute a share option scheme or an arrangement involving the grant of options to participants over new H Shares or other new securities of the Company which is analogous to a share option scheme as defined and regulated under Chapter 17 of the Listing Rules.

#### **DATE OF EGM AND BOOK CLOSURE PERIOD**

The EGM will be convened and held on Tuesday, 13 September 2022 for the Shareholders to consider and, if thought fit, approve, among other things, the (i) proposed adoption of the Scheme and (ii) the proposed authorisation to the Board to handle matters in relation to the Scheme. A circular of the Company containing, among other things, further details of the Scheme and a notice convening the EGM will be despatched to the Shareholders in due course.

In order to determine the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Saturday, 13 August 2022 to Tuesday, 13 September 2022, both days inclusive, during which period no transfer of shares will be effected.

In order to be eligible to attend and vote at the EGM, holders of H Shares whose transfers have not been registered shall deposit all transfer documents accompanied by the relevant share certificates with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 12 August 2022 (Hong Kong time) for registration. Shareholders whose names appear on the Company's register of members on Tuesday, 13 September 2022 are entitled to attend and vote at the EGM.

## **PROPOSED ADOPTION OF THE SCHEME**

The Board has resolved at the meeting of the Board held on 27 July 2022 to propose the adoption of an H share award scheme. The Scheme is subject to the consideration and approval of the Shareholders at the EGM.

Set forth below are the principal terms of the Scheme:

### **Purpose and objectives of the Scheme**

The purpose of the Scheme is to recognise and acknowledge the contribution which the Eligible Participants have made or may make to the Group.

### **Administration**

The passing of resolutions in general meeting by the Shareholders, as the institution vested with the supreme authority of the Company, has the power to determine any matter in relation to the Scheme and may authorise the Board and/or the Committee to deal with all matters related to the Scheme to the extent of its authority. Subject to the aforementioned authorisation by passing of resolutions in the general meeting by the Shareholders, The Scheme shall be subject to the administration of the Board and/or the Committee, whose decisions (save as otherwise provided herein) shall be final and binding on all parties.

The Trustee shall hold the Trust Fund and administer the Scheme in accordance with the terms of the rules constituting the Scheme and the Trust Deed.

### **Eligibility**

Under the rules constituting the Scheme, any full time employee of (i) the Company, (ii) any direct or indirect holding company of the Company or (iii) any direct or indirect Subsidiary of any company included in (ii) above who is not a connected person of the Company (the "**Eligible Participants**") are eligible for participation in the Scheme.

## **Award of H Shares**

The Board shall, subject to and in accordance with the authorisation of the general meeting of the Shareholders and the rules of the Scheme, be entitled at any time during the continuation of the Scheme to grant Award to any of the Eligible Participants such number of H Shares as it shall determine pursuant to the Scheme.

A grant of an Award shall be made to an Eligible Participant by way of a Grant Letter to be issued by the Company in such written form as the Board may from time to time determine. Subject to and in accordance with the rules of the Scheme, the Board may impose any conditions, restrictions or limitations before the Award can vest as it sees fit by setting out the same in the Grant Letter.

The Board shall notify the Trustee in writing, providing substantially the same information as stated in the relevant Grant Letter upon the making of an Award under the Scheme.

No Award may be made by the Board during the periods as prescribed under the paragraph “Black-out Period” below.

## **Acquisition of H Shares by the Trustee**

The Board shall, after having regard to the requirements in relation to the grant of Awards as stated in the rules of the Scheme, the Listing Rules, the applicable laws and regulations and all relevant circumstances and affairs of the Group (including without limitation the Group’s business and operational conditions, its business plans and cashflow requirements currently and in the near future), cause to be paid to the Trustee (or its nominee) such amount as may be required for the purchase of existing H Shares from the market or for the subscription of the new H Shares by the Trustee (or its nominee) and the related purchase or subscription expenses (including all such necessary fees, stamp duty, levies and expenses required for the completion of the purchase or subscription of all the Awarded Shares, as applicable).

The Trustee may purchase the H Shares on the Stock Exchange at the prevailing market price (subject to such maximum price as may be from time to time prescribed by the Board).

The Trustee may also subscribe for new H Shares in such total number to be determined by the Board to be allotted and issued, provided that any such allotment and issue shall comply with the Listing Rules, all applicable laws and regulations and the Articles, and should only be made upon, among other things, (i) the Company having obtained Shareholders’ approval in general meeting under general mandate or specific mandate to authorise such allotment and issue; and (ii) the China Securities Regulatory Commission and the Listing Committee of the Stock Exchange approving such allotment, issue and listing of and permission to deal in such new H Shares.

No H Shares shall be purchased by the Trustee during the periods as prescribed under the paragraph “Black-out Period” below.

## **Voting rights of the Shares in the Trust Fund**

The Trustee (and its nominee) shall not exercise the voting rights in respect of the H Shares held by it as nominee or under the trust constituted by the Trust Deed (including but not limited to any Awarded Shares, the Returned Shares, any bonus H Shares and scrip H Shares). The Grantees shall not have any right to receive any Awarded Shares set aside for them unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Grantees.

## **Equity issue**

During the period after an Award has been made and before the Awarded Shares are vested in the Grantee, if the Company offers to Shareholders new H Shares or other securities for subscription by way of rights, options or warrants and no amount is required to be payable by the Shareholders, the Board shall instruct the Trustee whether to sell or take steps to exercise any such nil-paid rights, options or warrants allocated to it in respect of the Awarded Shares. The net proceeds of such sale (if so sold) shall be applied to defray the fees, costs and expenses of the trust constituted under the Trust Deed, and the remainder will be treated as Trust Fund. If the Company offers to the Shareholders new H Shares or other securities for subscription by way of rights, options, warrants or open or preferential offer and consideration is required to be paid, the Board shall instruct the Trustee whether to decline to or take steps to take up, purchase and/or subscribe for such rights, options, warrants or open or preferential offer.

## **Vesting of the Awarded Shares**

The Board may from time to time, at its discretion, determine the earliest Vesting Date and other subsequent date(s), if any, subject to and upon which the Awarded Shares held by the Trustee upon trust and which are referable to a Grantee shall vest in that Grantee.

At any time prior to a Vesting Date, in respect of a Grantee who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares of the relevant Grantee or rights thereto shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group.

## **Black-out Period**

For so long as the H Shares are listed on the Stock Exchange, the Board shall not grant any Award, make any payment to the Trustee or give instructions to the Trustee to purchase or subscribe for or sell or transfer H Shares, and the Trustee (and its nominee) shall not purchase or subscribe for or sell or transfer H Shares where dealings in H Shares by the Directors are prohibited under the Model Code for Securities Transactions by Directors of Listed Issuers or any code or requirement of the Listing Rules, any applicable laws or regulations or where any requisite approval from any governmental or regulatory authority has not been granted.

## **Lapse of Award**

Save as for the reason provided in the paragraph headed “Vesting of the Awarded Shares” above and unless otherwise as determined by the Board, an Award (or, as the case may be, the relevant part of an Award) shall automatically lapse forthwith and all the Awarded Shares (or, as the case may be, the relevant Awarded Shares) shall become Returned Shares in the event any of the following circumstances occurred prior to or on the Vesting Date:

- (a) the commencement of the winding-up of the Company;
- (b) the Grantee ceases to be an Eligible Participant by reason of the termination of his/her employment on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his/her debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily;
- (c) the Grantee had in any way sold, transferred, charged, mortgaged, encumbered or created any interest in favour of any other person over or in relation to the Awarded Shares referable to him/her pursuant to such Award or the related income or the Returned Shares under the Scheme prior to the Vesting Date in breach of the rules of the Scheme;
- (d) the Grantee ceases to be an Eligible Participant for any other reason save as provided in the paragraph headed “Vesting of the Awarded Shares” above;
- (e) a Grantee is found to be an Excluded Eligible Participant; or
- (f) subject to the terms of the Scheme, a Grantee fails to return the duly executed transfer documents prescribed by the Trustee for the relevant Shares awarded under the Scheme within the stipulated period.

## **Scheme limit**

The Board shall not make any further award of Awarded Shares which will result in the number of H Shares awarded by the Board under the Scheme exceeding 10% of the issued H Shares as at the Adoption Date.

## **Rights attaching to the Awards and the Awarded Shares**

Any Award shall be personal to the Grantee and shall not be transferable or assignable to any other person except for any company that is wholly owned by the Grantee or a trust which the settlor is the Grantee and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him/her pursuant to such Award or the related income or any of the Returned Shares under the Scheme prior to the Vesting Date.

The Grantees shall not have any right to receive any Awarded Shares set aside for them under any Award unless and until the Trustee has transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Grantees in accordance with the terms of the Scheme.

### **Alteration of the Scheme**

The Scheme may be altered by the prior sanction of a resolution passed by the general meeting of the Shareholders so authorising the Board together with the prior written consent of the Trustee, provided that no such alteration shall operate to affect adversely any rights of any Grantee in respect of his Awarded Shares which remain unvested except with the consent in writing of the majority of the Grantee whose Awarded Shares remained unvested on that date (but, for the avoidance of doubt, excluding for this purpose any such Awarded Shares in respect of which that date is a Vesting Date) as would be required of the holders of H Shares under the Articles for a variation of the rights attached to such H Shares.

### **Duration of the Scheme and termination of the Scheme**

The Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date but may be terminated earlier as determined by passing of resolutions in the general meeting by the Shareholders and/or if so authorised by the Shareholders, the Board.

If, at the date of the termination of the Scheme, the Trustee (or its nominee) holds any H Shares which have not been set aside in favour of any Grantee or retains any unutilised funds remaining as the Trust Fund then the Trustee shall, within 21 business days of receiving notice of such termination, sell such H Shares and remit the proceeds of sale (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company. Subject to the decision of the Board and subject to the terms of the Scheme, all the Awarded Shares shall become vested on the Grantee on such date of termination upon termination of the Scheme.

### **IMPLICATIONS UNDER THE LISTING RULES**

The Scheme does not constitute a share option scheme or an arrangement involving the grant of options to participants over new H Shares or other new securities of the Company which is analogous to a share option scheme as defined and regulated under Chapter 17 of the Listing Rules.

## **PROPOSED AUTHORISATION TO THE BOARD TO HANDLE MATTERS IN RELATION TO THE SCHEME**

In order to ensure the successful implementation of the Scheme, the Board has proposed that, subject to the approval of the Scheme by the Shareholders at the EGM, the Shareholders also grant an authorisation to the Board to deal with matters in relation to the Scheme with full authority, including but not limited to:

- (i) to consider, appoint and establish the Committee for the purpose of administering the Scheme;
- (ii) to authorise any member of the Committee to enter into the Trust Deed on behalf of the Company with the Trustee and to affix the Company seal onto such Trust Deed, pursuant to which the Trustee will provide trust services for the Scheme;
- (iii) to set up, operate or instruct the Trustee to operate such cash securities account(s) as may be deemed appropriate by the Committee so as to facilitate the provision of services for the Company and the Grantees by the Trustee under the Scheme;
- (iv) to consider and authorise the Committee to handle matters in relation to the Scheme with full authority during the validity period of the Scheme, including but not limited to:
  - (a) to determine the terms and conditions of the grant of Awards, approve the form and content of the Grant Letter, select Eligible Participants to become Grantees, and grant Awards to Grantees from time to time;
  - (b) to determine the date of grant of Awards and Vesting Date of Awarded Shares;
  - (c) to administer, amend and adjust the Scheme, including but not limited to adjusting the number of outstanding Awarded Shares or accelerate the Vesting Dates of any Awards, provided that the Scheme limit shall not be adjusted without further approval of the Shareholders in general meeting;
  - (d) to decide on the selection, engagement and change of trustee(s), consultant(s) and other professional parties for the purpose of the Scheme;
  - (e) to sign, execute or terminate all agreements and other relevant documents in connection with the Scheme, fulfil all relevant procedures in relation to the Scheme, and take any such action as the Board or the Committee considers appropriate to implement the terms of the Scheme;
  - (f) to determine and adjust the terms, conditions and restrictions on the vesting of the Awards, and to determine whether Awarded Shares granted to the Grantees can be vested;
  - (g) to determine the execution, amendment and termination of the Scheme, including the forfeiture of Awards and continued vesting of Awarded Shares upon changes in circumstances on the part of any Grantee;



- (h) to construe and interpret the rules of the Scheme and to resolve any issues and disputes arising from or in connection with the Scheme;
- (i) to exercise any other discretion in relation to matters necessary to the implementation of the Scheme pursuant to the authority granted by the general meeting of the Shareholders from time to time;
- (j) on behalf of the Company, to execute all documents in relation to the operations of and other matters of the Scheme, or providing any instructions to the Trustee in relation to the Scheme and approving all matters arising from or in relation to the Trust Deed; and
- (k) on behalf of the Company, negotiate, approve and execute or make any reasonable amendments or changes to all such agreements, contracts or documents as it considers necessary, appropriate or expedient in order to implement the Scheme, and affixed the company seal of the Company in accordance with the Articles where required.

The aforementioned authorisation to the Board shall be valid for so long as the Scheme remains in effect.

## **EGM**

The EGM will be convened and held on Tuesday, 13 September 2022 for the Shareholders to consider and, if thought fit, approve, among other things, the (i) proposed adoption of the Scheme and (ii) the proposed authorisation to the Board to handle matters in relation to the Scheme. A circular of the Company containing, among other things, further details of the Scheme and a notice convening the EGM will be despatched to the Shareholders in due course.

In order to determine the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Saturday, 13 August 2022 to Tuesday, 13 September 2022, both days inclusive, during which period no transfer of shares will be effected.

In order to be eligible to attend and vote at the EGM, holders of H Shares whose transfers have not been registered shall deposit all transfer documents accompanied by the relevant share certificates with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 12 August 2022 (Hong Kong time) for registration. Shareholders whose names appear on the Company's register of members on Tuesday, 13 September 2022 are entitled to attend and vote at the EGM.



## DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Adoption Date”	the date on which the Shareholders approve the Scheme
“Articles”	the articles of association of the Company currently in force (as amended from time to time)
“Award”	a provisional award of Awarded Shares made in accordance with the Scheme
“Awarded Shares”	the H Share(s) provisionally awarded to a Grantee pursuant to an Award
“Board”	the board of Directors
“Committee”	a duly authorised committee comprising such person(s) delegated with the power and authority by the Board to administer the Scheme
“Company”	河北翼辰實業集團股份有限公司 (Hebei Yichen Industrial Group Corporation Limited*), a joint stock limited liability company incorporated in the PRC, whose H Shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Participant(s)”	has the meaning ascribed to it under the paragraph headed “Proposed Adoption of the Scheme — Eligibility” in this announcement
“Excluded Eligible Participant(s)”	any Eligible Participant who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the rules of the Scheme is not permitted under the applicable laws and regulations or where in the view of the Board or the Trustee (as the case may be), compliance with the applicable laws and regulations makes it necessary or expedient to exclude such Eligible Participant

“Grant Letter”	letter issued by the Company to each Grantee in such form as the Board or the Committee may from time to time determine, specifying, among other things, the number of Awarded Shares, the Vesting Date and conditions for the vesting of the Awarded Shares, lock-up on the Awarded Shares (if applicable), the time and manner for acceptance of the grant of the Award and such other relevant terms and conditions of the Award
“Grantee(s)”	means an Eligible Participant selected by the Board pursuant to the rules of the Scheme for the grant of an Award
“Group”	the Company, any direct or indirect holding company of the Company, and any direct or indirect Subsidiary of such holding company
“H Shares”	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB0.50 each, which are listed on the Stock Exchange and traded in Hong Kong dollars
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Returned Shares”	such Awarded Shares which are not vested and/or forfeited in accordance with the rules of the Scheme, or such H Shares being deemed to be Returned Shares in accordance with the rules of the Scheme or the Trust Deed
“Scheme”	The H share award scheme proposed to be adopted by the Company
“Shares”	ordinary shares of RMB0.50 each in the capital of the Company comprising domestic shares and the H Shares
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere
“Trust Deed”	the trust deed to be entered into between the Company as settlor and the Trustee as trustee on in respect of H Shares and other trust fund (if any) held or to be held by the Trustee subject to the terms thereof, as amended from time to time

“Trust Fund”	the H Shares, funds and properties held under the Trust and managed by the Trustee for the benefit of the Eligible Participants in accordance with the terms of the Scheme and the Trust Deed
“Trustee”	Equiom Fiduciary Services (Hong Kong) Limited, a company incorporated in Hong Kong and having its administrative office at Room 2302, 23/F., Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong. To the best knowledge, information, and belief of the Directors after making all reasonable enquiries, as of the date of this announcement, the Trustee and its ultimate beneficial owners are not connected persons of the Company
“Vesting Date”	in relation to any Grantee, the date on which the legal and beneficial ownership of the Awarded Shares are vested in such Grantee pursuant to an Award

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

Shijiazhuang, The PRC, 27 July 2022

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

\* *For identification purpose only*