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**长安仁恒**

**Zhejiang Chang'an Renheng Technology Co., Ltd.\***

**浙江长安仁恒科技股份有限公司**

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

**(Stock Code: 8139)**

**(1) PROPOSED PLACING OF NEW H SHARES**

**UNDER GENERAL MANDATE**

**AND**

**(2) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**

**PROPOSED ISSUE OF NEW H SHARES**

The Board of the Company announces that in order to promote the rapid development of its business, the Company proposed to issue new H Shares. The New H Shares to be issued will allot and issue not more than 2,880,000 additional H Shares (representing not more than approximately 20.0% of the total number of H Shares of the Company as at the date of this announcement) to the places by way of placement.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, such New H Shares on the Stock Exchange. The Proposed Placing is subject to all necessary approvals and consents (including the CSRC Approval) having been obtained and not being subsequently cancelled or revoked prior to completion of the Proposed Placing.

As at the date of this announcement, save as disclosed in this announcement and the Placing Agreement, the Company has not entered into any placing or underwriting agreement or fixed any terms with any parties in connection with the Proposed Placing. As at the date of this announcement, no Domestic Shares or H Shares have been issued under the General Mandate and the Company may issue not more than 2,880,000 new H Shares under the General Mandate.

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION UPON COMPLETION OF THE PROPOSED NEW H SHARES ISSUE**

The Board intends to seek the grant of an authority by the Shareholders at the EGM, Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting to make necessary consequential amendments to the Articles of Association in respect of the registered capital and capital structure of the Company subsequent to completion of the proposed New H Share Issue and to apply for all necessary approvals and make all necessary registration and filing procedures with the relevant authorities in relation to such amendments and to deal with other matters in relation to the implementation of the Shareholders' and the Board's resolutions.

### **EGM, DOMESTIC SHAREHOLDERS' CLASS MEETING AND H SHAREHOLDERS' CLASS MEETING**

The Company will despatch to the Shareholders the circular, the notices and the respective form of proxy and reply slip for the EGM, Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, together with relevant information on the proposed amendments to the Articles of Association, and other relevant information as soon as possible.

**Shareholders and potential investors should be aware that the Proposed Placing may or may not proceed and the Proposed Amendment may or may not be approved by the Shareholders at the extraordinary general meeting and the Class Meetings. If the Company proceeds with the Proposed Placing, it may be subject to the satisfaction of a number of conditions. There is no assurance that any of the conditions to the Proposed Placing will be satisfied and therefore the Proposed Placing may or may not proceed at all. Shareholders and potential investors should therefore exercise caution when dealing in the H Shares of the Company.**

## **PROPOSED PLACING OF NEW H SHARES UNDER GENERAL MANDATE**

In order to promote the rapid development of its business, the Company proposes to issue New H Shares, the details of which are as follows.

### **Type of shares to be issued**

Shares to be issued are the H Shares of the Company with nominal value of RMB1.00 each. Except as otherwise required by the applicable laws and regulations of the PRC and the articles of association of the Company, the New H Shares to be issued shall rank *pari passu* with all the issued Domestic Shares and H Shares of the Company.

## **Size of issue**

The New H Shares to be issued shall not exceed 2,880,000 H Shares, representing not more than 20.0% of the total number of H Shares of the Company before the issue, and approximately 16.67% of the total number of H Shares of the Company after the issue. Before the New H Shares Issue, the total share capital of the Company is 38,400,000 Shares, of which, the number of H Shares is 14,400,000. After the issue of New H Shares, the total share capital of the Company shall not exceed 41,280,000 Shares, of which, the number of H Shares shall not exceed 17,280,000 Shares, and the number of Domestic Shares shall remain unchanged at 24,000,000 Shares.

## **Time of issue**

The Company shall implement the issue of New H Shares at an appropriate time within the Validity Period as approved at the AGM. The issue of New H Shares requires approval of the CSRC and the granting of the listing approval by the Stock Exchange. The specific time of issue shall be determined by the Board or persons delegated by the Board as authorized by the AGM, taking into account the overseas capital market conditions and the approval progress of both domestic and overseas authorities and regulatory departments.

## **Method of issue**

The New H Shares shall be issued by way of placement.

## **Placees**

The target subscribers of the New H Shares are professional, institutional or other investors, which are independent and are not connected persons (as defined under the GEM Listing Rules). It is expected that none of the placees will become a substantial shareholder of the Company (as defined in the GEM Listing Rules) immediately after the Proposed Placing.

## **Issue Price**

The issue price of the New H Shares shall be determined with reference to the capital market conditions at the time of issue and the valuation of comparable companies, taking into account the interest of shareholders, appetite of investors and risks of issue, and in accordance with international practices and regulatory requirements. The issue price shall not be lower than 80% of the average closing price of H Shares as quoted on the Stock Exchange over the five (5) consecutive trading days preceding the price determination date.

## **Validity Period of the Resolution**

In the event that the Board and/or persons authorized by the Board have decided to implement the issue of New H Shares during the Validity Period of the resolution, and that the Company has obtained the permission(s) and approval(s) for the issue and completed the filing or registration

procedures (if applicable) with the regulatory departments during the Validity Period of the resolution, the Company may complete the issue of New H Shares during the Validity Period as confirmed in such permission(s), approval(s), filing(s) or registration(s).

### **Conditions Precedent**

The issue of New H Shares is conditional upon the fulfillment of all of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the New H Shares (and such listing and permission not subsequently revoked);
- (ii) the entering into of a placing agreement by, among other parties, the Company and the proposed Placing Agent(s) and the placing agreement not being terminated in accordance with its terms;
- (iii) all necessary approvals and consents (including the CSRC approval) required to be obtained on the part of the Company and the Placing Agents in respect of the Proposed Placing having been obtained; and
- (iv) each of the Company and the Placing Agents having obtained all necessary consents and approvals in relation to the Proposed Placing.

### **Placing Agents and Arrangement for the Proposed Placing**

The Company has in principle agreed to appoint HGNH International Securities Co., Limited and Trinity Financial Group Limited as the Placing Agents in relation to the Proposed Placing. The Company and the Placing Agents will enter into a definitive placing agreement if the Proposed Placing or any other equity fund raising exercise is proceeded with.

### **GENERAL MANDATE TO ISSUE NEW H SHARES**

The New H Shares will be allotted and issued under the General Mandate. Pursuant to the General Mandate, the total number of new H Shares that the Directors are authorized to allot and issue is 2,880,000 new H Shares (up to 20% of the total issued H Shares of the Company as at the date of the AGM). The number of issued Shares as at the date of the AGM was 38,400,000 Shares, of which 14,400,000 Shares were H Shares.

### **USE OF PROCEEDS**

The proceeds raised from the issue of New H Shares, after deducting the issue expenses, shall be used to replenish the capital of the Company, among which:

- (a) approximately 60% shall be used for the construction of mining production safety facilities and keep track of customers' demand and enhancing product applications;

- (b) approximately 15% shall be used for the replenishing of the general working capital of the Group;
- (c) approximately 15% shall be used for the construction of sales team; and
- (d) approximately 10% shall be used for the storage of bentonite mining raw material.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has carried out the following equity fund-raising activities during the twelve (12) months immediately preceding the date of this announcement.

| <b>Date of initial announcement</b> | <b>Event</b>                               | <b>Net Proceeds (approximate)</b> | <b>Intended use of proceeds</b>   | <b>Actual use of proceeds</b>  |
|-------------------------------------|--|-----------------------------------|---|--|
| 29 October 2018                     | Placing of H Shares under specific mandate | HK\$22.15 million                 | <ul style="list-style-type: none"> <li>(i) HK\$5.54 million for the business development of the Group;</li> <li>(ii) HK\$4.43 million for the research and development of new bentonite products, including mainly bentonite fine chemicals for producing pharmaceutical products;</li> <li>(iii) HK\$4.43 million for the investment in environmental protection facilities for production;</li> <li>(iv) HK\$2.22 million for the construction of mining production safety facilities and keep track of customers' demand and enhancing product applications; and</li> <li>(v) HK\$5.54 million for replenishing the general working capital of the Group.</li> </ul> | <ul style="list-style-type: none"> <li>(i) RMB4.84 million for the business development of the Group;</li> <li>(ii) RMB3.87 million for the research and development of new bentonite products, including mainly bentonite fine chemicals for producing pharmaceutical products;</li> <li>(iii) RMB3.88 million for the investment in environmental protection facilities for production;</li> <li>(iv) RMB1.94 million for the construction of mining production safety facilities and keep track of customers' demand and enhancing product applications; and</li> <li>(v) RMB4.84 million for replenishing the general working capital of the Group.</li> </ul> |

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

In view of the Proposed Placing, the Board proposes to amend the articles of association of the Company to increase the registered capital of the Company (the “**Proposed Amendment**”).

The Proposed Amendment is subject to the formal implementation and consummation of the Proposed Placing and the approval of the Shareholders by way of special resolution at the forthcoming extraordinary general meeting and Class Meetings of the Company to be held on 19 October 2019.

A circular containing, among other things, further details of the Proposed Amendment will be dispatched to the Shareholders as soon as practicable and as applicable.

### **GENERAL**

The Company will issue a placing announcement, as and when appropriate. Such announcement will contain, among other things, further information on the proposed use of proceeds from the Proposed Placing for the purpose of disclosure requirements in accordance with the Listing Rules. The Company will despatch to the Shareholders the circular, together with notices and the respective forms of proxy and reply slips for the extraordinary general meeting and the Class Meetings, as soon as practicable. Such circular will contain, among other things, detailed information on the Proposed Amendment.

**Shareholders and potential investors should be aware that the Proposed Placing may or may not proceed and the Proposed Amendment may or may not be approved by the Shareholders at the extraordinary general meeting and the Class Meetings. If the Company proceeds with the Proposed Placing, it may be subject to the satisfaction of a number of conditions. There is no assurance that any of the conditions to the Proposed Placing will be satisfied and therefore the Proposed Placing may or may not proceed at all. Shareholders and potential investors should therefore exercise caution when dealing in the H Shares of the Company.**

### **DEFINITIONS**

The following words and phrases used in this announcement have the same meanings assigned:

|                       |  |
|-----------------------|--|
| “AGM”                 | the annual general meeting of the Company held on 11 May 2019 to approve, among other things, the General Mandate; |
| “Board”               | the board of Directors;  |
| “connected person(s)” | has the meaning ascribed to it under the GEM Listing Rules;  |

|                      |  |
|----------------------|--|
| “Class Meetings”     | the respective class meetings of the holders of H Shares and holders of Domestic Shares to be convened and held for the purpose of approving the amendments of articles of association of the Company;                       |
| “Company”            | Zhejiang Chang'an Renheng Technology Co., Ltd* (浙江長安仁恒科技股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the GEM of the Stock Exchange;            |
| “CSRC”               | China Securities Regulatory Commission (中國證券監督管理委員會);  |
| “Director(s)”        | the director(s) of the Company;  |
| “Domestic Share(s)”  | the domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each which are subscribed for or credited as fully paid in RMB;   |
| “GEM Listing Rules”  | the Rules Governing the Listing of Securities on the GEM of the Stock Exchange;  |
| “General Mandate”    | the general mandate approved by the Shareholders at the AGM to issue, allot and/or deal with additional Domestic Shares and/or H Shares, up to the limit of 20% of each of its existing issued Domestic Shares and H Shares; |
| “Group”              | the Company and its subsidiaries;  |
| “H Share(s)”         | the overseas-listed share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the GEM of the Stock Exchange (stock code: 8139);  |
| “Hong Kong”          | the Hong Kong Special Administrative Region of the PRC;  |
| “New H Shares”       | the maximum number of 2,880,000 H Shares proposed to be issued upon the exercise of the General Mandate;   |
| “New H Shares Issue” | subject to fulfillment of certain conditions stated in this announcement, the issue of the New H Shares by way of placing upon the exercise of the General Mandate;  |

|                            |   |
|----------------------------|---|
| “Placing Agents”           | (1) HGNH International Securities Co., Limited, a licensed corporation registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities; and (2) Trinity Financial Group Limited, a licensed corporation registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 (dealing in securities) regulated activities;  |
| “Proposed Placing”         | the proposed placing of New H Shares pursuant to the terms of the General Mandate;  |
| “PRC”                      | the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and the Taiwan region;   |
| “Shareholder(s)”           | holder(s) of the Shares;  |
| “Share(s)”                 | Domestic Shares and H Shares of the Company;  |
| “Stock Exchange”           | the Stock Exchange of Hong Kong Limited;  |
| “substantial shareholders” | has the meaning ascribed to it under the GEM Listing Rules;   |
| “Validity Period”          | the period from the date of the AGM until the earlier of: <ul style="list-style-type: none"> <li>(a) the conclusion of the next annual general meeting of the Company following the AGM, unless, by special resolution passed at that meeting, the General Mandate is renewed, either unconditionally or subject to conditions; or</li> <li>(b) the expiry of the period within which the next annual general meeting is required by the articles of association of the Company or any applicable law to be held; or</li> <li>(c) the passing of a special resolution of the Company in a general meeting revoking or varying the General Mandate;</li> </ul> |
| “HK\$”                     | Hong Kong dollars, the lawful currency of Hong Kong;  |



“RMB” Renminbi, the lawful currency of PRC; and

“%” per cent.

By order of the Board  
**Zhejiang Chang'an Renheng Technology Co., Ltd.\***  
**Zhang Youlian**  
Chairman

Zhejiang, PRC, 3 September 2019

*As at the date of this announcement, the executive Directors are Mr. Zhang Youlian, Mr. Sun Wensheng and Mr. Fan Fang; the non-executive Director is Ms. Zhang Jinhua and the independent non-executive Directors are Mr. Shao Chen, Dr. Huang Zemin and Mr. Zhang Lei.*

*This announcement, for which the Directors of Zhejiang Chang'an Renheng Technology Co., Ltd.\* collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its publication. This announcement will also be posted on the Company's website at [www.renheng.com](http://www.renheng.com).*