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Yongsheng Advanced Materials Company Limited

永盛新材料有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3608)

CLARIFICATION ANNOUNCEMENT REGARDING 2019 ANNUAL RESULTS ANNOUNCEMENT

Reference is made to the 2019 annual results announcement dated 31 March 2020 (the “**Announcement**”) published by Yongsheng Advanced Materials Company Limited (the “**Company**”). Capitalised terms used herein shall have the same meanings as defined in the Announcement unless the context requires otherwise. The Company noted that there are typo errors and technical errors for failing to make subsequent adjustment to relevant revenue derived from discontinued operations of the Group as set out in the Announcement and would like to clarify as follows:

1. The second paragraph under the section headed “Continuing operations” as disclosed on page 31 of the Announcement should be read as follow:

During the Year under Review, the revenue derived from dyeing and processing of differentiated polyester filament fabric, provision of RMAA services and property investment respectively accounted for approximately 64.8%, 35.1% and 0.1% of the turnover from the Group’s continuing operations, respectively; while the operating profit of such three business segments accounted for approximately 70.6%, 29.0% and 0.4% of the operating profit from the Group’s continuing operations, respectively.

2. The second paragraph under the section headed “Discontinued operations” as disclosed on page 32 of the Announcement should read as follows:

During the Year under Review, the turnover from discontinued operations was approximately RMB675.6 million, representing approximately an increase of approximately 42.6% as compared to RMB473.76 million in 2018. The gross profit from discontinued operations was approximately RMB143.4 million, increased by approximately 114.8%, as compared to RMB66.8 million in 2018. The gross profit margin increased from 14.1% in 2018 to 21.1% of the Year under Review.

3. The paragraph under the section headed “Overall business review of the Group” as disclosed on page 32 of the Announcement should read as follows:

During the Year under Review, the Group recorded a revenue of approximately RMB982.2 million, representing an increase of approximately 44.4% from RMB680.2 million in 2018. The gross profit was approximately RMB245.9 million, increased by approximately 56.8% from RMB156.8 million in 2018. In all, profits attributable to shareholders reached approximately RMB113.9 million with an increase of approximately 41.0% from approximately RMB80.8 million for the corresponding period in 2018. The earning per share of the Company (“**Share**”) was approximately RMB0.164 (earning per Share in 2018: RMB0.204).

4. The table of revenue under the section headed “Revenue and gross profit” as disclosed on page 36 and 37 of the Announcement should read as follows:

Revenue	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	Revenue change between 2019 and 2018
1. Production and trading of PFY (discontinued operations)	<u>675,637</u>	473,760	<u>42.61%</u>
2. Dyeing and processing (continuing operations)	198,545	206,420	(3.82%)
3. RMAA services (2019 new businesses)	107,570	N/A	N/A
4. Property investment (2019 new businesses)	424	N/A	N/A
	<u><u>982,176</u></u>	<u>680,180</u>	<u>44.40%</u>

Revenue of the Group in 2019 was approximately RMB982.2 million, representing an increase of approximately 44.4% from approximately RMB680.2 million as compared with last year.

Gross profit	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	Gross profit change between 2019 and 2018
1. Production and trading of PFY (discontinued operations)	143,447	66,790	114.8%
2. Dyeing and processing (continuing operations)	72,359	89,987	(19.6%)
3. RMAA services (2019 new businesses)	<u>29,700</u>	N/A	N/A
4. Property investment (2019 new businesses)	394	N/A	N/A
	<u><u>245,900</u></u>	<u>156,777</u>	<u>56.8%</u>

Gross profit of the Group in 2019 was approximately RMB245.9 million, representing an increase of approximately 56.8% as compared with the same last year.

5. The paragraph under the section headed “Selling and and distribrition expenses” as disclosed on page 37 of the Announcement should read as follows:

The Group’s selling and distribution expenses increased by approximately RMB8.8 million, representing an increase of approximately 81.9% for the Year under Review. The increase was mainly attributable to the increase in revenue and cost of warehousing and transportation.

6. The second paragraph under the section headed “Cash flows” as disclosed on page 38 of the Announcement should read as follows:

Compared with 2018, the cash flow used in investing activities increased significantly to approximately RMB237.8 million for the year ended 31 December 2019, which was mainly attributable to the funding used in the construction of Yongsheng Plaza.

7. The third paragraph under the section headed “Liquidity and financial resources” as disclosed on page 39 of the Announcement, the current ratio of our Group as at 31 December 2019 should read 5.58.

The above amendments were made after taking into account a subsequent alteration to figures in relation to the revenue derived from production and trading of PFY (discontinued operations) of the Group for the year ended 31 December 2019 by netting off the commission received from a customer.

The clarifications contained in this announcement is only relevant to the discontinued operations of the Group and do not materially affect other information contained in the Announcement. Save as clarified above, all information set out in the Announcement (both English and Chinese versions) remain unchanged.

By Order of the Board
Yongsheng Advanced Materials Company Limited
Li Cheng
Chairman and Executive Director

Hong Kong, 20 April 2020

As at the date of this announcement, the executive Directors are Mr. Li Cheng, Mr. Li Conghua, Mr. Ma Qinghai and Mr. Xu Wensheng; and the independent non-executive Directors are Ms. Wong Wai Ling, Mr. Shiping James Wang and Dr. Wang Huaping.