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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)

DISCLOSEABLE TRANSACTION ASSET MANAGEMENT AGREEMENT

THE SECOND ASSET MANAGEMENT AGREEMENT

Reference is made to the announcement of the Company dated 31 October 2017 regarding the First Asset Management Agreement entered into between Yongsheng Dyeing (as asset entrustor), SZ Sidaoke Investment (as asset manager) and Ping An Bank Shenzhen Branch (as asset custodian).

The Board is pleased to announce that on 9 January 2018 (after trading hours), Yongsheng Dyeing (as asset entrustor) entered into the Second Asset Management Agreement with SZ Sidaoke Investment (as asset manager) and Ping An Bank Shenzhen Branch (as asset custodian), pursuant to which Yongsheng Dyeing agreed to participate in the asset management plan operated by SZ Sidaoke Investment and to deposit an investment amount of RMB60,000,000, which will be funded by the internal resources of the Group, into the designated custodian account with Ping An Bank Shenzhen Branch.

Pursuant to Rule 14.22 of the Listing Rules, the relevant applicable percentage ratios of the investment amounts under the First Asset Management Agreement and the Second Asset Management Agreement are required to be aggregated.

As one or more of the applicable percentage ratios in respect of the First Asset Management Agreement and the Second Asset Management Agreement are, in aggregate, more than 5% but less than 25%, the transactions contemplated under the Second Asset Management Agreement constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE SECOND ASSET MANAGEMENT AGREEMENT

Reference is made to the announcement of the Company dated 31 October 2017 regarding the First Asset Management Agreement entered into between Yongsheng Dyeing (as asset entrustor), SZ Sidaoke Investment (as asset manager) and Ping An Bank Shenzhen Branch (as asset custodian).

The Board is pleased to announce that on 9 January 2018 (after trading hours), Yongsheng Dyeing (as asset entrustor) entered into the Second Asset Management Agreement with SZ Sidaoke Investment (as asset manager) and Ping An Bank Shenzhen Branch (as asset custodian), pursuant to which Yongsheng Dyeing agreed to participate in the asset management plan operated by SZ Sidaoke Investment and to deposit an investment amount of RMB60,000,000, which will be funded by the internal resources of the Group, into the designated custodian account with Ping An Bank Shenzhen Branch.

Principal terms of the Second Asset Management Agreement are summarised below:

Date: 9 January 2018

Effective Date: 9 January 2018

Parties:

- (1) Yongsheng Dyeing as the asset entrustor;
- (2) SZ Sidaoke Investment as the asset manager; and
- (3) Ping An Bank Shenzhen Branch as the asset custodian.

Investment amount/
Entrusted assets: RMB60,000,000

Investment scope:	Mainly invest in (i) monetary instruments; (ii) bonds; (iii) public equity funds; (iv) fixed income products; (v) fixed income-like products; and (vi) other low risk investment products including subscription of new shares. etc..
Expected annual rate of return:	6.3% per annum
Term:	Six (6) months from the date of depositing the investment amount into the designated custodian account with Ping An Bank Shenzhen Branch.
Designated account:	The investment amount under the Second Asset Management Agreement will be deposited into a designated custodian account maintained with Ping An Bank Shenzhen Branch for investing in the investment products under the Second Asset Management Agreement.
Governing law:	PRC law.
Withdrawal of entrusted assets:	Upon the maturity of the sixth (6th) month from the date of the deposit.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND ASSET MANAGEMENT AGREEMENT

By entering into the Second Asset Management Agreement and entrusting funds in accordance therewith, the Group intends to increase the rate of return of its cash and cash equivalents which can improve both the investment income and the profits of the Group. The Directors (including independent non-executive Directors) are therefore of the view that the terms of the Second Asset Management Agreement and entrusting funds in accordance therewith are fair and reasonable and are in the interests of the Group and its Shareholders as a whole.

INFORMATION OF SZ SIDAOKE INVESTMENT

SZ Sidaoke Investment is a company established in the PRC with limited liability and a private investment fund manager approved by the Assets Management Association of China* (中國證券投資基金業協會). To the best of the Directors's knowledge, information and belief and having made all reasonable enquiries, SZ Sidaoke Investment and its ultimate beneficial owners are Independent Third Parties. The principal business of SZ Sidaoke Investment includes, but not limited to, the establishment and issuance of asset management plans in relation to private equity and share investments for clients.

INFORMATION OF PING AN BANK SHENZHEN BRANCH

Ping An Bank Shenzhen Branch is one of the branches of Ping An Bank, which is a licensed bank established under the laws of the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Ping An Bank Shenzhen Branch and its ultimate beneficial owners are Independent Third Parties. The principal business of Ping An Bank Shenzhen Branch is the provision of corporate and personal, treasury operations, investment banking, asset management and other financial services.

INFORMATION OF YONGSHENG DYEING

Yongsheng Dyeing is a company established in the PRC with limited liability on 8 August 2003 and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in dyeing and processing of differentiated polyester filament fabrics and investment holdings.

INFORMATION OF THE GROUP

The Group is principally engaged in the developing and manufacturing of polyester filament yarns and three-dimensional printing filaments, the provisions of dyeing services of differentiated polyester filament fabric and trading of polyester filament yarn products in the PRC.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Yongsheng Advanced Materials Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“First Asset Management Agreement”	the asset management agreement dated 31 October 2017 entered into between Yongsheng Dyeing (as asset entrustor), SZ Sidaoke Investment (as asset manager) and Ping An Bank Shenzhen Branch (as asset custodian) in relation to an investment amounted of RMB45,000,000;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Independent Third Parties”	parties who are independent from the Company and the connected persons (as defined under the Listing Rules) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“percentage ratios”	has the meaning ascribed to it under the Listing Rules;
“Ping An Bank Shenzhen Branch”	Ping An Bank Co. Limited, Shenzhen Branch* (平安銀行股份有限公司深圳分行), as the asset custodian under the First Asset Management Agreement and the Second Asset Management Agreement, and is a joint stock limited company established in the PRC;
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and the Macao Special Administrative Region of the PRC for the purpose of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Asset Management Agreement”	the asset management agreement dated 9 January 2018 entered into between Yongsheng Dyeing (as asset entrustor), SZ Sidaoke Investment (as asset manager) and Ping An Bank Shenzhen Branch (as asset custodian);
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“SZ Sidaoke Investment”	Shenzhen Sidaoke Investment Limited* (深圳市思道科投資有限公司), as the asset manager under the First Asset Management Agreement and the Second Asset Management Agreement, and is a company established in the PRC with limited liability;

“Yongsheng Dyeing”

Hangzhou Huvis Yongsheng Dyeing and Finishing Company Limited* (杭州滙維仕永盛染整有限公司), a company established in the PRC with limited liability on 8 August 2003, an indirect wholly-owned subsidiary of the Company; and

“%”

per cent.

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

Hong Kong, 9 January 2018

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

* *For identification purposes only*