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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)

**SUPPLEMENTAL AGREEMENTS
RELATING TO THE DISPOSALS**

Reference is made to the announcement of the Company dated 26 July 2019, in relation to, among other things, the Disposals (the “**Announcement**”). Terms used herein shall have the same meanings as those defined in the Announcement, unless the context requires otherwise.

SUPPLEMENTAL AGREEMENTS

The Board announces that on 16 August 2019, the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and Hangzhou Yongsheng Lituo E-commerce Company Limited* (杭州永盛力拓電子商務有限公司) (the “**New Purchaser**”) entered into (i) a supplemental agreement to the Hangzhou SPA (the “**Hangzhou Supplemental Agreement**”); (ii) a supplemental agreement to the Nantong SPA (the “**Nantong Supplemental Agreement**”); and (iii) a supplemental agreement to the Jiangsu SPA (the “**Jiangsu Supplemental Agreement**”, together with the Hangzhou Supplemental Agreement and the Nantong Supplemental Agreement, the “**Supplemental Agreements**”), pursuant to which the Vendor, the Purchaser and the New Purchaser have agreed to make certain amendments (the “**Amendments**”) to each of the Equity Transfer Agreements, among other matters, the change in purchaser and the payment terms of the considerations for each of the Disposals. Details of the Amendments are as follows:

1. The purchaser of the Equity Transfer Agreements, being the Purchaser (i.e. Mr. Li Cheng (“**Mr. Li**”)) will be replaced by the New Purchaser;

2. The amount of the considerations for each of the Equity Transfer Agreements will remain the same but the payment terms regarding the second deposit will be amended as follows:

The Hangzhou SPA (as supplemented by the Hangzhou Supplemental Agreement)	The Nantong SPA (as supplemented by the Nantong Supplemental Agreement)	The Jiangsu SPA (as supplemented by the Jiangsu Supplemental Agreement)
20% of the consideration (i.e. RMB15,498,000 and equivalent to approximately HK\$17,620,000) shall be settled by a cashier's order drawn from a bank from the New Purchaser to the Vendor on or before 16 September 2019 as the second deposit.	20% of the consideration, (i.e. RMB17,409,280 and equivalent to approximately HK\$19,793,000) shall be settled by a cashier's order drawn from a bank from the New Purchaser to the Vendor on or before 16 September 2019 as the second deposit.	20% of the consideration, (i.e. RMB1,876,000 and equivalent to approximately HK\$2,133,000) shall be settled by a cashier's order drawn from a bank from the New Purchaser to the Vendor on or before 16 September 2019 as the second deposit.

Save as the disclosed in the above, all other terms and conditions in each of the Equity Transfer Agreements shall remain unchanged in full force and effect. The proposed Amendments were made and the Supplemental Agreements were entered into by the Group after being notified by Mr. Li (being the original Purchaser) in response to the change in his internal resources arrangement that is believed to better facilitate the processes of the Disposals. Accordingly, the Directors considered that the terms for each of the Supplemental Agreements are fair and reasonable and the entering of each of the Supplemental Agreements are in the interests of the Company and the Shareholders as a whole.

INFORMATION REGARDING THE NEW PURCHASER

The New Purchaser is a company established in the PRC with limited liability and principally engaged in e-commerce business in the PRC. As at the date of this announcement, the New Purchaser is wholly owned by Hangzhou Yongsheng Holdings Limited* (杭州永盛控股有限公司), which is in turn owned (i) as to 90% by the Purchaser; (ii) as to 5% by a daughter of the Purchaser; and (iii) as to 5% by a niece of the Purchaser.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the New Purchaser is ultimately controlled by Mr. Li, (i.e. the original Purchaser) being a controlling Shareholder, an executive Director and the chairman of the Company. Mr. Li, together with his associates, are interested in 479,132,990 Shares in aggregate, representing approximately 63.96% of the issued share capital of the Company. Accordingly, the New Purchaser is a connected person of the Company and the Disposals remain to constitute major and connected transactions for the Company and are subject to announcement, reporting and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

Save for Mr. Li, none of the other Directors has any material interests in any of the Equity Transfer Agreements (as supplemented by the Supplemental Agreements) and their respective transactions contemplated thereunder. As Mr. Li is considered to have material interests in the Disposals by virtue of his directorship in the Company and that he is the ultimate controlling shareholder of the New Purchaser, (i) he has therefore abstained from voting on the Board resolutions approving each of the Supplemental Agreements and the respective transactions contemplated, thereunder; and (ii) he, together with his associates, will abstain from voting at the EGM to be convened to consider, and if thought fit, to approve the entering into of each of the Equity Transfer Agreements (as supplemented by the Supplemental Agreements) and their respective transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of any of the Equity Transfer Agreements (as supplemented by the Supplemental Agreements) and their respective transactions contemplated thereunder at the EGM.

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

Hong Kong, 16 August 2019

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 the purpose of this announcement, unless the context otherwise requires, conversion of RMB into HK\$ is based on the approximately exchange rate of RMB1.00 to HK\$1.1369.

* *For identification purpose only*