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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)

PROFIT WARNING

This announcement is made by Yongsheng Advanced Materials Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2021 (the “**Period**”), the Group is expected to record a decrease in the net profit of more than 50% comparing with the corresponding period last year whereas the unaudited consolidated net profit recorded in the corresponding period last year was approximately RMB30.4 million.

In the opinion of the Board, the decrease in the net profit was primarily attributable to (i) the increase in impairment losses to be made on the contract assets of the Group’s renovation, maintenance, alteration and addition works business (“**RMAA Business**”) of the Group; (ii) the increase in professional fees; (iii) the increase in cost of the raw material of the RMAA Business due to the outbreak of COVID-19; and (iv) the decrease in the number of new contracts of the RMAA Business by approximately 50% during the Period.

The Group is still in the process of finalising the interim results for the Period. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the Period. The Group's interim results are subject to review by the Board, the audit committee of the Board and the Company's independent auditor. Therefore, the actual financial results for the Period may be different from what is disclosed in this announcement. Shareholders of the Company and potential investors are advised to refer to the details in the interim results announcement of the Group for the Period, which is expected to be announced in late August 2021.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 13 August 2021

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. He Chenying and Dr. Wang Huaping.