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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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**FINANCIAL HIGHLIGHTS**

	Six months ended 30 June		Change
	2021	2020	
	<i>RMB million</i>	<i>RMB million</i>	
Revenue	<b>129.6</b>	152.1	(14.79%)
Gross profit	<b>31.4</b>	43.6	(27.98%)
Profit for the period	<b>11.5</b>	30.4	(62.17%)
Profit for the period attributable to shareholders of the Company	<b>12.3</b>	30.4	(59.54%)
Basic earnings per share for the period	<b>RMB1.7 cents</b>	RMB4.1 cents	(58.54%)
Proposed interim dividend of HK\$0.01 per share.			

The board (the “**Board**”) of directors (the “**Director(s)**”) of Yongsheng Advanced Materials Company Limited (the “**Company**”) is pleased to present the unaudited consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (collectively known as the “**Group**”) for the six months ended 30 June 2021 (the “**Review Period**”), together with the unaudited comparative figures for the corresponding period in 2020 and the unaudited consolidated statement of financial position of the Group as at 30 June 2021 together with audited comparative figures as at 31 December 2020.

## **INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2021*

	<i>Notes</i>	<b>2021</b> <b>(Unaudited)</b> <b>RMB'000</b>	2020 <b>(Unaudited)</b> <b>RMB'000</b>
<b>REVENUE</b>	<i>3,4</i>	<b>129,598</b>	152,101
Cost of sales		<u><b>(98,170)</b></u>	<u>(108,526)</u>
<b>Gross profit</b>		<b>31,428</b>	43,575
Other income and gains, net	<i>5</i>	<b>10,028</b>	11,942
Selling and distribution expenses		<b>(1,349)</b>	(1,024)
Administrative expenses		<b>(20,873)</b>	(15,477)
Impairment losses on financial and contract assets, net		<b>(2,521)</b>	(1,241)
Finance costs		<u><b>(1,057)</b></u>	<u>(620)</u>
<b>PROFIT BEFORE TAX</b>	<i>6</i>	<b>15,656</b>	37,155
Income tax expense	<i>7</i>	<u><b>(4,176)</b></u>	<u>(6,720)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>11,480</b></u>	<u>30,435</u>

	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(3,158)</u>	<u>4,756</u>
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	<u><b>(3,158)</b></u>	<u>4,756</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(132)</u>	<u>–</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u><b>(132)</b></u>	<u>–</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX</b>	<u><b>(3,290)</b></u>	<u>4,756</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><b>8,190</b></u>	<u>35,191</u>

	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Profit attributable to:		
Shareholders of the Company	<b>12,337</b>	30,435
Non-controlling interests	<b>(857)</b>	–
	<b><u>11,480</u></b>	<b><u>30,435</u></b>
Total comprehensive income attributable to:		
Shareholders of the Company	<b>9,183</b>	35,191
Non-controlling interests	<b>(993)</b>	–
	<b><u>8,190</u></b>	<b><u>35,191</u></b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO</b>		
<b>THE SHAREHOLDERS OF THE COMPANY</b>		
	<i>9</i>	
Basic	<b><u>RMB1.7 cents</u></b>	<b><u>RMB4.1 cents</u></b>
Diluted	<b><u>RMB1.7 cents</u></b>	<b><u>RMB4.1 cents</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		<b>30 June 2021 (Unaudited) RMB'000</b>	31 December 2020 (Audited) RMB'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>10</i>	<b>84,376</b>	82,526
Prepayments for property, plant and equipment		<b>130</b>	330
Investment properties	<i>11</i>	<b>785,589</b>	755,323
Right-of-use assets		<b>11,256</b>	11,518
Goodwill		<b>98,388</b>	99,514
Other intangible assets		<b>56,241</b>	57,061
Loan receivables		–	9,501
Other non-current assets		<b>1,936</b>	–
Deferred tax assets		<b>2,555</b>	1,597
		<hr/>	<hr/>
Total non-current assets		<b>1,040,471</b>	1,017,370
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Inventories		<b>8,169</b>	4,793
Properties under development		–	223,025
Completed properties held for sale		<b>226,717</b>	–
Trade and bills receivables	<i>12</i>	<b>52,808</b>	74,819
Contract assets		<b>16,133</b>	30,274
Prepayments, deposits and other receivables	<i>13</i>	<b>20,149</b>	18,781
Loan receivables		<b>225,634</b>	107,040
Bills receivable at fair value through other comprehensive income		<b>1,713</b>	16,363
Amount due from related parties		<b>1,797</b>	759
Financial assets at fair value through profit or loss		<b>128,444</b>	199,056
Tax recoverable		<b>3,124</b>	–
Cash and cash equivalents		<b>46,383</b>	89,718
		<hr/>	<hr/>
Total current assets		<b>731,071</b>	764,628
		<hr/>	<hr/>

		<b>30 June</b>	31 December
		<b>2021</b>	2020
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>14</i>	<b>99,586</b>	123,913
Other payables and accruals	<i>15</i>	<b>14,423</b>	21,682
Derivative financial instruments		–	1,981
Interest-bearing bank and other borrowings	<i>16</i>	<b>41,122</b>	41,062
Income tax payable		<b>4,189</b>	15,972
Government grants		<b>387</b>	387
		<hr/>	<hr/>
Total current liabilities		<b>159,707</b>	204,997
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>571,364</b>	559,631
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS</b>			
<b>CURRENT LIABILITIES</b>		<b>1,611,835</b>	1,577,001
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	<i>16</i>	<b>164,204</b>	128,311
Deferred tax liabilities		<b>13,732</b>	11,556
Government grants		<b>6,708</b>	6,902
		<hr/>	<hr/>
Total non-current liabilities		<b>184,644</b>	146,769
		<hr/>	<hr/>
Net assets		<b>1,427,191</b>	1,430,232
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Equity attributable to shareholders of the Company			
Share capital	<i>17</i>	<b>6,062</b>	6,054
Share premium	<i>17</i>	<b>816,032</b>	826,670
Other reserves		<b>604,142</b>	595,560
		<hr/>	<hr/>
		<b>1,426,236</b>	1,428,284
		<hr/>	<hr/>
Non-controlling interests		<b>955</b>	1,948
		<hr/>	<hr/>
Total equity		<b>1,427,191</b>	1,430,232
		<hr/> <hr/>	<hr/> <hr/>

## **1. BASIS OF PREPARATION**

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

## **2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39 and  
IFRS 7, IFRS4 and IFRS 16

Interest Rate Benchmark Reform – Phase 2

The nature and impact of the revised IFRSs are described below:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the interim condensed financial position of the Group as the Group does not have any interest rate hedging relationships and any interest-bearing bank borrowings based on the Hong Kong Interbank Offered Rate or the London Interbank Offered Rate ("LIBOR") as at 30 June 2021.

### 3. OPERATING SEGMENT INFORMATION

Six months ended		RMAA	Properties	Environmental	
30 June 2021	Processing	service*	investment	water project	Total
	RMB'000	RMB'000	RMB'000	operation	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment revenue (note 4)</b>					
Sales to external customers	83,900	44,923	775	–	<u>129,598</u>
Revenue					129,598
<b>Segment results</b>	<b>18,399</b>	<b>(5,578)</b>	<b>(488)</b>	<b>(1,709)</b>	<b>10,624</b>
<i>Reconciliations:</i>					
Corporate and other unallocated expenses					(457)
Interest income					5,591
Investment income					955
Finance costs					<u>(1,057)</u>
Profit before tax					<u>15,656</u>

\* RMAA service stands for renovation, maintenance, alteration and addition service.

Six months ended 30 June 2020	Processing	RMAA	Properties	Total
	RMB'000	service*	investment	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment revenue (note 4)</b>				
Sales to external customers	60,988	90,807	306	<u>152,101</u>
Revenue				152,101
<b>Segment results</b>	<b>12,805</b>	<b>21,575</b>	<b>81</b>	<b>34,461</b>
<i>Reconciliations:</i>				
Corporate and other unallocated expenses				(3,116)
Interest income				6,430
Finance costs				<u>(620)</u>
Profit before tax				<u>37,155</u>



	<b>Processing</b>	<b>RMAA</b>	<b>Properties</b>	<b>Environmental</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<b>service</b>	<b>investment</b>	<b>water project</b>	
				<b>operation</b>	
				<i>RMB'000</i>	<i>RMB'000</i>
<b>Segment assets</b>					
30 June 2021	447,201	192,570	1,058,682	50,398	1,748,851
<i>Reconciliations:</i>					
Elimination of intersegment receivables					(54,829)
Corporate and other unallocated assets					<u>77,520</u>
Total assets					<u><u>1,771,542</u></u>
31 December 2020	434,348	215,476	1,018,803	63,126	1,731,753
<i>Reconciliations:</i>					
Elimination of intersegment receivables					(25,250)
Corporate and other unallocated assets					<u>75,495</u>
Total assets					<u><u>1,781,998</u></u>
<b>Segment liabilities</b>					
30 June 2021	84,208	16,879	244,311	30,761	376,159
<i>Reconciliations:</i>					
Elimination of intersegment payables					(54,829)
Corporate and other unallocated liabilities					<u>23,021</u>
Total liabilities					<u><u>344,351</u></u>
31 December 2020	88,308	33,043	202,881	24,278	348,510
<i>Reconciliations:</i>					
Elimination of intersegment payables					(25,250)
Corporate and other unallocated liabilities					<u>28,506</u>
Total liabilities					<u><u>351,766</u></u>

#### 4. REVENUE

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers	<b>128,823</b>	151,795
Revenue from other sources		
Gross rental income from investment properties under operating leases	<u>775</u>	<u>306</u>
	<b><u>129,598</u></b>	<b><u>152,101</u></b>

#### **Disaggregated revenue information for revenue from contracts with customers**

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Type of goods or services</b>		
Processing	<b>83,900</b>	60,988
RMAA service	<u>44,923</u>	<u>90,807</u>
Total revenue from contracts with customers	<b><u>128,823</u></b>	<b><u>151,795</u></b>
<b>Geographical markets</b>		
Hong Kong	<b>44,923</b>	90,807
Mainland China	<b>72,810</b>	52,962
Other	<u>11,090</u>	<u>8,026</u>
Total revenue from contracts with customers	<b><u>128,823</u></b>	<b><u>151,795</u></b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<b>83,900</b>	60,988
Services transferred over time	<u>44,923</u>	<u>90,807</u>
Total revenue from contracts with customers	<b><u>128,823</u></b>	<b><u>151,795</u></b>

## 5. OTHER INCOME AND GAINS, NET

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income and gains, net		
Bank and other interest income	5,591	6,430
Investment income	955	–
Fair value gains on financial assets at fair value through profit or loss	2,522	4,868
Government grants	251	394
Foreign exchange differences, net	(155)	–
Others	864	250
	<u>10,028</u>	<u>11,942</u>

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of services provided	98,170	108,526
Depreciation and amortisation	3,365	6,015
Impairment of trade receivables	2,714	451
Impairment of contract assets	(769)	790
Impairment of loan receivables	576	–
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	16,745	14,990
Pension scheme contributions (defined contribution schemes)	1,863	1,124
Research and development costs	2,405	1,782
Foreign exchange differences, net	155	–
Financial assets at fair value through profit or loss	(2,522)	(4,868)
Bank and other interest income	(5,591)	(6,430)
Investment income	(955)	–
	<u>–</u>	<u>–</u>

## 7. INCOME TAX EXPENSE

### (a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for subsidiaries of the Company which are qualifying entities under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of these subsidiaries are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%).

### (b) PRC corporate income tax

Enterprises incorporated in the People's Republic of China (the "PRC") are generally subject to income tax rates of 25% (2020: 25%), except for enterprises with approval for preferential rate (Note (d) below).

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits based on existing legislations, interpretations and practices.

Since the deferred income tax assets and liabilities shall be measured at the tax rates that are expected to apply to the year when the assets are realised or the liability is settled, the change in the applicable tax rate will affect the determination of the carrying values of deferred tax assets and liabilities of the Company's subsidiaries located in the PRC.

### (c) Other income tax

Pursuant to the applicable rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

A subsidiary of the Group incorporated in Malaysia is subject to profits tax at a rate of 24%. No provision for taxation in Malaysia has been made, as the subsidiary did not generate any assessable profits arising in Malaysia for the six months ended 30 June 2021.

A subsidiary of the Group incorporated in Cambodia is subject to profits tax at a rate of 20%. No provision for taxation in Cambodia has been made, as the subsidiary did not generate any assessable profits arising in Cambodia for the six months ended 30 June 2021.

A subsidiary of the Group incorporated in Myanmar is subject to profits tax at a rate of 25%. No provision for taxation in Myanmar has been made, as the subsidiary did not generate any assessable profits arising in Myanmar for the six months ended 30 June 2021.

(d) **Tax effect of reduced tax rate**

One subsidiary of the Company enjoyed preferential income tax rates and have obtained approvals from the relevant tax authorities in the PRC:

- Hangzhou Huvis Yongsheng Dyeing and Finishing Co. Limited (“Yongsheng Dyeing”) obtained the certificate of qualifying as new and high technology company (“NHTC”) in November 2018 and the preferential corporate income tax rate of 15% became effective for three years from 2018 to 2020. Yongsheng Dyeing is preparing for the re-examination of NHTC as of 30 June 2021 and applied the rate of 15% for the calculation of corporate income tax for the six months ended 30 June 2021.

The amounts of income tax in the interim condensed consolidated statement of profit or loss and other comprehensive income represent:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Charge for the period		
Current – Hong Kong	–	4,050
Current – PRC	<b>2,977</b>	1,256
Deferred tax	<b>1,199</b>	1,414
	<hr/>	<hr/>
Total tax charge for the period	<b>4,176</b>	<b>6,720</b>
	<hr/> <hr/>	<hr/> <hr/>

## 8. DIVIDENDS

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Final declared and paid – HK\$0.02 (equivalent to RMB0.0168) (2020: HK\$0.03 (equivalent to RMB0.0274)) per ordinary share	12,330	20,235
Interim – HK\$0.01(equivalent to RMB0.0083) (2020: HK\$0.015 (equivalent to RMB0.0134)) per ordinary share	6,083	9,797
	<u>18,413</u>	<u>30,032</u>

On 30 August 2021, the Board declared an interim dividend of HK\$0.01 (equivalent to RMB0.0083) (six months ended 30 June 2020: HK\$0.015 (equivalent to RMB0.0134)) per ordinary share, amounting to a total of approximately RMB6,083,000 (six months ended 30 June 2020: RMB9,797,000).

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 732,310,773 (30 June 2020: 739,774,365) shares in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings:</b>		
Profit attributable to shareholders of the Company		
– basic and diluted	<u>12,337</u>	<u>30,435</u>
	<b><u>12,337</u></b>	<b><u>30,435</u></b>
	<b>Number of shares</b>	
	<b>For the six months ended 30 June</b>	
	<b>2021</b>	2020
<b>Shares:</b>		
Weighted average number of ordinary shares		
for basic earnings per share calculation	<b>732,310,773</b>	739,774,365
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>4,856,772</u>	<u>6,082,634</u>
Weighted average number of ordinary shares adjusted for the effect of dilution	<b><u>737,167,545</u></b>	<b><u>745,856,999</u></b>

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with a cost of RMB4,342,000 (30 June 2020: RMB1,875,000).

No asset was disposed of in respect of property, plant and equipment for both periods.

No impairment losses were recognised in respect of property, plant and equipment for both periods.

## 11. INVESTMENT PROPERTIES

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Carrying amount at beginning of the period/year	<u>755,323</u>	<u>654,698</u>
Additions	<b>30,266</b>	100,256
Increase in fair value recognised in profit or loss	<u>–</u>	<u>369</u>
Carrying amount at end of the period/year	<b><u><u>785,589</u></u></b>	<b><u><u>755,323</u></u></b>



## 12. TRADE AND BILLS RECEIVABLES

	<b>30 June 2021 <i>RMB'000</i> (Unaudited)</b>	31 December 2020 <i>RMB'000</i> (Audited)
Trade receivables	<b>30,868</b>	42,425
Bills receivables	<b>30,309</b>	38,116
	<b>61,177</b>	80,541
Impairment	<b>(8,369)</b>	(5,722)
Net trade and bills receivables	<b><u>52,808</u></b>	<b><u>74,819</u></b>

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2021 <i>RMB'000</i> (Unaudited)</b>	31 December 2020 <i>RMB'000</i> (Audited)
Within 3 months	<b>18,592</b>	28,115
3 to 6 months	<b>1,632</b>	1,117
6 months to 1 year	<b>135</b>	6,949
1 to 2 years	<b>2,140</b>	522
	<b><u>22,499</u></b>	<b><u>36,703</u></b>

### 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Prepayment to suppliers	720	1,515
Deposits and other receivables	2,107	1,942
Prepaid expenses	72	169
Interest receivables	4,166	2,298
Value-added tax recoverable	13,084	12,857
	<u>20,149</u>	<u>18,781</u>

### 14. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Within 6 months	94,983	117,388
6 months to 1 year	3,596	5,804
1 to 2 years	503	212
More than 2 years	504	509
	<u>99,586</u>	<u>123,913</u>

## 15. OTHER PAYABLES AND ACCRUALS

	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Contract liabilities	<b>1,641</b>	549
Accrued payroll	<b>5,390</b>	7,643
Accruals	<b>1,288</b>	2,575
Interest payable	<b>1,003</b>	409
Value-added and other taxes payable	<b>1,006</b>	7,186
Payables for purchase of property, plant and equipment	<b>292</b>	323
Others	<b>3,803</b>	2,997
	<b>14,423</b>	21,682

All the amounts of interest payable, value-added and other taxes payable, payables for purchase of property, plant and equipment and other payables are non-interest-bearing and have an average term of three months.

## 16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2021			31 December 2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities	4.75%	30-Jun-22	860	4.75%	31-Dec-21	803
Bank loans –secured	4.79%	03-Dec-21	15,000	4.57%	13-May-21	15,000
Bank loans –secured	4.79%	12-May-22	15,000	4.57%	28-Jun-21	10,000
Bank loans –secured	4.79%	22-Jun-22	10,000	4.79%	03-Dec-21	15,000
Current portion of long term bank loans-secured	4.25%	30-Jun-22	262	4.25%	31-Dec-21	259
			<b>41,122</b>			<b>41,062</b>
Non-current						
Lease liabilities	4.75%	2023	133	4.75%	2022	303
Bank loans – secured	4.25%	09-May-23	249	4.25%	09-May-23	386
Bank loans – secured	6.60%	31-Jul-25	39,600	6.60%	31-Jul-25	39,600
Bank loans – secured	6.60%	31-Jul-25	30,000	6.60%	31-Jul-25	30,000
Bank loans – secured	6.60%	2024-2025	58,022	6.60%	2024-2025	58,022
Bank loans – secured	6.60%	2023-2024	36,200			
			<b>164,204</b>			<b>128,311</b>

### Notes:

(a) The Group's bank loans are secured by:

- (i) mortgages over the Group's buildings, which had an aggregate carrying value at the end of the reporting period of approximately RMB20,943,000 (as at 31 December 2020: RMB21,646,000);
- (ii) mortgages over the Group's land use right, which had an aggregate carrying value at the end of the reporting period of approximately RMB3,956,000 (as at 31 December 2020: RMB4,017,000);

- (iii) mortgages over the Group's properties under development with a carrying amount of nil (as at 31 December 2020: RMB223,025,000) which were pledged to secure long-term loan facilities granted to the Group by a bank;
- (iv) mortgages over the Group's completed properties held for sale with a carrying amount of approximately RMB226,717,000 (as at 31 December 2020: nil) which were pledged to secure long-term loan facilities granted to the Group by a bank;
- (v) mortgages over the Group's investment properties with a carrying value of RMB749,589,000 (as at 31 December 2020: RMB719,323,000) which were pledged to secure long-term loan facilities granted to the Group by a bank; and
- (vi) mortgages over the Group's construction in progress with a net carrying amount of approximately RMB28,784,000 (as at 31 December 2020: RMB26,055,000) which were pledged to secure long-term loan facilities granted to the Group by a bank.

## 17. SHARE CAPITAL AND SHARE PREMIUM

### Shares

	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Issued and fully paid 732,543,090 (2020: 731,557,090) ordinary shares	<b><u>6,062</u></b>	<u>6,054</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital <i>RMB'000</i>	Share premium account <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2020 (Audited)	749,655,890	6,217	886,872	893,089
Share repurchased and cancelled	(19,800,000)	(178)	(34,791)	(34,969)
Dividends paid to shareholders of the Company	–	–	(29,609)	(29,609)
Share options exercised*	1,701,200	15	2,910	2,925
Transfer of share option reserve upon the forfeiture of share options	–	–	1,288	1,288
At 31 December 2020 and 1 January 2021(Audited)	<u>731,557,090</u>	<u>6,054</u>	<u>826,670</u>	<u>832,724</u>
Dividends paid to shareholders of the Company	–	–	(12,187)	(12,187)
Share options exercised*	<u>986,000</u>	<u>8</u>	<u>1,549</u>	<u>1,557</u>
At 30 June 2021 (Unaudited)	<u>732,543,090</u>	<u>6,062</u>	<u>816,032</u>	<u>822,094</u>

\* The subscription rights attaching to 986,000 (2020: 1,701,200) share options were exercised at the subscription price of HK\$1.159 (2020: HK\$1.213) per share resulting in the issue of 986,000 (2020: 1,701,200) ordinary shares for a total cash consideration, before expenses, of approximately RMB956,000 (2020: RMB1,845,000). An amount of approximately RMB601,000 (2020: RMB1,080,000) was transferred from the share option reserve to share premium account upon the exercise of the share options.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Market review

In the first half of 2021, as COVID-19 was brought under control with accelerating vaccination in major countries, people's lives gradually returned to normal and the global economy recovered with strong momentum. Driven by the rebounding demand in the international market and the continuous improvement in the domestic market, China's textile and apparel industry continued its stable recovery, showing steady growth in exports and domestic sales. Textile and apparel exports recorded a robust performance in the first half of 2021, with cumulative exports of approximately US\$140.1 billion, representing an increase of approximately 11.9% year on year. According to a survey conducted by China National Textile and Apparel Council, the climate index of China's textile industry was 65.4 in the second quarter of 2021, representing an increase of approximately 8.3 percentage points from the first quarter of 2021 and the highest level since 2012, reflecting a significant improvement in the outlook for the textile industry in China. As a result of COVID-19 resurgence in Southeast Asia, textile and apparel orders continued to flow back to China. Benefiting from the increasing overseas orders, the textile industry saw a high climate index as a whole. In terms of textile manufacturing, with resumption of domestic production and operations and rebounded capacity utilisation. Production capacity of the Group's dyeing and finishing business has recovered to the level similar to the same in 2019. In the second half of 2021, Yongsheng Plaza, which is located at Xiaoshan Economic and Technological Development Zone, Hangzhou City, Zhejiang Province, will be officially completed and opened to the public in late September. With the upcoming 19th Asian Games in mid-2022, it is expected that Yongsheng Plaza will become a new landmark in Hangzhou, with great potential for appreciation in value. The diversified product portfolio and business segments, coupled with excellent technology and craftsmanship, are conducive to the Group's stable operation and growth amid fluctuating economic conditions.

## **Business performance**

The Group is principally engaged in: (1) dyeing and processing of differentiated polyester filament fabric; (2) provision of renovation, maintenance, alteration and addition services (“**RMAA services**”); (3) properties investment; and (4) environmental water project operation. The Group fully enhanced technical capacities in dyeing and processing of differentiated polyester filament fabric to satisfy customers’ demand, while moved towards the high-added value market, with an aim to create continuous returns for the shareholders of the Company (the “**Shareholder(s)**”).

During the Review Period, the Group recorded a turnover of approximately RMB129.6 million, representing a decrease of approximately 14.8%, as compared to approximately RMB152.1 million for the corresponding period in 2020. The gross profit was approximately RMB31.4 million, representing a decrease of approximately 28.0% from approximately RMB43.6 million for the corresponding period in 2020. The gross profit margin slightly decreased to approximately 24.3% from approximately 28.7%, which was mainly due to the increase in the price of raw materials and the fact that such costs have not yet fully transferred to the customers. The profit attributable to Shareholders was approximately RMB12.3 million, representing a decrease of approximately 59.5% from approximately RMB30.4 million for the corresponding period of 2020, and the relevant basic earnings per share was RMB1.7 cents (the corresponding period of 2020: RMB4.1 cents).

During the Review Period, the revenue derived from dyeing and processing of differentiated polyester filament fabric, provision of RMAA services, property investment and environmental water project operation accounted for approximately 64.7%, 34.7%, 0.6% and 0% of the turnover of the Group, respectively; while the operating profit of such four business segments amounted to approximately RMB18.4 million, -RMB5.6 million, -RMB0.5 million and -RMB1.7 million, respectively.

### **Dyeing and processing of differentiated polyester filament fabric**

Hangzhou Huvis Yongsheng Dyeing and Finishing Co. Limited (“**Yongsheng Dyeing**”), a subsidiary of the Company, located in Hangzhou, is principally engaged in polyester filament fabric dyeing and processing and has been certified as a High and New Technology Enterprise by the PRC government and is further recognised as a Provincial Level Research and Development Center.



In the first half of 2021, the gradual recovery in global economy and consumption, coupled with supportive government policies that promote consumption and development of the domestic economy cycle, have led to continuous improvement in domestic sales of textiles. This segment of the Group has largely recovered to pre-epidemic level and processed orders for dyeing processing at full capacity during the Review Period. During the period, the segment revenue was approximately RMB83.9 million, representing an increase of approximately 37.6% as compared to approximately RMB61.0 million for the corresponding period in 2020. The gross profit margin from dyeing and processing segment also returned to pre-epidemic level, rising to 37.4% from 30.6% for the corresponding period in 2020. Nevertheless, the overall gross profit margin remained at a relatively high level. During the Review Period, the Group acquired four new patents, two of which are utility model patents, marking the continuous innovation for products and manufacturing process. The Group continues to develop new products and new series for suede fabric. During the Review Period, the Group increased investments in the research and development of elastic warp suede, TR air layer suede and functional suede products.

### **Provision of RMAA services**

The Group is principally engaged in the provision of two categories of RMAA Service in Hong Kong, namely (1) renovation and maintenance works; and (2) alteration and additional works and fitting-out works. The Group has obtained ISO 9001 and ISO 14001 certifications in quality and environment management and has extensive experience in building maintenance, renovation, waterproofing, additions, alterations and building improvement in the sector of RMAA and fitting-out works in Hong Kong. Although the Hong Kong Urban Renewal Authority actively promoted the rehabilitation of buildings, COVID-19 epidemic and relevant extended economic impacts have led to the cancellation or postponement of some RMAA projects, together with the increase in project costs during the Review Period, the segment revenue has therefore been adversely affected. During the Review Period, the Group recorded the segment revenue of approximately RMB44.9 million, declined by approximately 50.5% as compared to approximately RMB90.8 million for the corresponding period of 2020. The Group had approximately 43 projects on hand with a total contract sum of over HK\$245.1 million.

## Properties investment

The property assets held by the Group include:

- (1) Yongsheng Plaza located at Xiaoshan Economic and Technological Development Zone, Hangzhou City, Zhejiang Province, the PRC. Located in the new urban construction center of Hangzhou, Yongsheng Plaza has a superior location with an aggregate gross floor area of approximately 64,547.20 square meters with 24 storeys above the ground and 3 storeys under the ground. The opening of Yongsheng Plaza is scheduled in late September and the investment promotion is undergoing. Lease agreements had been signed for most of the gross floor area designated for retail shops with a lease occupancy rate close to 100%. Therefore, revenue is expected to be generated from it during the second half of this year. Positioned as a high-end commercial office building and apartment, Yongsheng Plaza is expected to attract long term tenancies. With the improvement of surrounding transportation system and advent of the 2022 Asian Games, Yongsheng Plaza is expected to become one of the symbolic buildings in Xiaoshan District or even Hangzhou; and
- (2) eight office units for commercial uses in a building located in Xiaoshan Economic and Technological Development Zone, Hangzhou City, Zhejiang Province, the PRC, with an aggregate gross floor area of approximately 2,648.78 square meters. All the office units have been leased out and has brought a stable and sustainable income for the Group, generating a rental income of approximately RMB0.8 million during the Review Period. The Group believes that properties investment is a stable and stress-resistant business that is relatively less affected by fluctuations in the macro-economy. Xiaoshan District is a key development area in Zhejiang Province and the Group is optimistic about its long-term development in the future, which is conducive to the Group's asset structure and sustainable development.

## **Environmental water project operation**

In recent years, China has emphasised greater importance to environmental protection, and has formulated and revised a series of environmental protection laws and regulations. Market demand for China's environmental protection industry has been further released, and the scale of the environmental protection industry has continued to maintain high growth. According to market reports, from 2004 to 2019, the total operating income of China's environmental protection industry increased from approximately RMB60.6 billion to approximately RMB1.78 trillion, an increase of approximately 29 times, with an average annual growth rate of approximately 25.5%. The scale in terms of total operating income of China's environmental protection industry is expected to exceed RMB2 trillion in 2021, and the contribution of the environmental protection industry to China's economy is gradually increasing. During the Review Period, in addition to the domestic water works industry, the Group also explored and participated in a number of resources recycling and environmental protection projects, including the use of biogas fermentation for power generation, solid waste treatment, chemical-related environmental protection technology, and launched a comprehensive industrial layout. The overseas water projects that the Group and Bagan Investment Limited ("**Bagan**") originally planned to participate in were temporarily suspended due to the impact of the COVID-19 epidemic.

## **PROSPECTS**

In the second half of 2021, as one of the pillar industries for national economic and social development, the textile industry requires adaptation to the significant changes unseen in a century and building new development patterns for dual circulation. The economic situation is getting increasingly complicated. Notwithstanding the increasing instabilities and uncertainties, there are market development opportunities. As the global vaccination campaign begins, the overseas economy is recovering gradually. The dyeing and processing of differentiated polyester fabrics remains to be the development priority of the Group. The Group plans to expand its dyeing production capacity and increase business volume by acquisition and merger, and strengthening its own brand building by intensifying technology research and development, while focusing on developing high value orders to increase overall gross margin.

Affected by the recurring COVID-19 epidemic and rising raw materials cost, overall market demand for RMAA business has slowed down, the Group has adopted a more prudent approach participating in tender for works contracts. In terms of the properties investment segment, the opening of Yongsheng Plaza, a building located at the new city centre of Hangzhou City, is scheduled in late September this year, the value of the property is expected to increase in the long run. We believe that the properties investment segment will generate incremental income from non-principal activities for the Company.

The urgency of the global climate governance is highlighted, which has an important impact on the international economy and industrial system. China has set the goal of achieving the peak of carbon emissions by 2030 and achieving carbon neutrality by 2060, proposing rigid requirements for economic green development. Focusing on the dyeing industry, the Group recognizes the necessity of environmental protection. In order to diversify business risks, the Group actively expands its business portfolio in environmental protection-related industries, realizing diversified income sources. The Group also endeavors to stabilize operations and create generous returns for shareholders. China's economy has shifted from high-speed growth to high-quality development, putting forward higher requirements for environmental protection. The 14th Five-Year Plan period is a critical period for China to further promote the construction of ecological civilization. It is also a critical period for promoting high-quality economic development with high-level protection of the ecological environment, and a window period for continuing to implement pollution prevention and control. The Group actively responds to the policy direction and vigorously develops the direction of environmental-friendly treatment of heavily polluted products. In addition, the replacement of fossil energy by new energy has played a major role in achieving the goal of carbon neutrality. Among them, biogas, as a clean dyestuff with high fuel value, has good economic benefits and is supported by the national government. The biogas industry has broad prospects. With such opportunity, the Group is exploring cooperation with large-scale farms to actively invest in biogas fermentation power generation projects to realize the transformation of waste into treasure and the recycling of resources. Furthermore, the Group is also aware of the development prospects of the solid waste treatment industry. On 1 September 2020, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste came into effect, which imposes stricter requirements on household garbage, medical waste, and construction waste that are of general concern to the society. The Group complies with policy requirements and actively seeks new development opportunities in the solid waste industry.

The Group will continue to expand various business segments, diversify product operations and implement customer management to expand its market share. The Group will also develop new products and refine related technologies based on customer needs, strive to meet customer needs and grasp market trends. In the overall environment full of uncertainties, the Group is believed to seize development opportunities with the diversified business and rich experience, ensure sustainable development and capital appreciation, and strive for the best interests of the Shareholders.

## **FINANCIAL REVIEW**

### **Revenue, gross profit and profit attributable to Shareholders**

During the Review Period, the Group recorded revenue of approximately RMB129.6 million, representing a decrease of approximately 14.8% from approximately RMB152.1 million for the corresponding period in 2020, mainly due to the decrease in the revenue generated from the Group's RMAA services.

For the Review Period, the Group recorded gross profit of approximately RMB31.4 million, representing a decrease of approximately 28.0% from approximately RMB43.6 million for the corresponding period in 2020. The gross profit margin decreased from approximately 28.7% for the six months ended 30 June 2020 to 24.3% during the Review Period. The decrease in gross profit margin was mainly due to net effects of the followings: (i) the significant decrease in revenue from RMAA segment; (ii) the increase in costs of the raw material for the RMAA segment; and (iii) the delay and cancellation of certain projects of the RMAA segment caused by the outbreak of COVID-19 and the delayed economic impact caused by COVID-19.

The profit attributable to Shareholders for the Review Period amounted to approximately RMB12.3 million, representing a decrease of approximately 59.5% as compared with approximately RMB30.4 million in the corresponding period of 2020. Basic earnings per share were RMB1.7 cents (the first half of 2020: RMB4.1 cents). The decrease in basic earnings per Share was mainly due to the decrease of the profit attributable to Shareholders due to (i) the decrease of the profits of RMAA segment; and (ii) the increase in administrative fee.

### ***Selling and distribution expenses***

Selling and distribution expenses increased by approximately RMB0.33 million from approximately RMB1.02 million for the six months ended 30 June 2020 to approximately RMB1.35 million for the six months ended 30 June 2021. Such increase was mainly due to the resumption of market activities back to pre-epidemic levels and the increase in marketing activities compared to the same period last year.

### ***Administrative expenses***

Administrative expenses increased by RMB5.39 million from approximately RMB15.48 million for the six months ended 30 June 2020 to approximately RMB20.87 million for the six months ended 30 June 2021 mainly due to the increase in professional fee for RMAA segment and staff cost for environmental water project operation segment.

### ***Liquidity and financial resources***

As at 30 June 2021, the Group's cash and bank balance amounted to approximately RMB46.38 million (31 December 2020: approximately RMB89.72 million).

As at 30 June 2021, the total bank borrowings of the Group was approximately RMB204.33 million (31 December 2020: approximately RMB168.27 million).

As at 30 June 2021 and 31 December 2020, the Group's key financial ratio reflecting its liquidity and gearing level, were as follows:

	<b>30 June 2021</b>	31 December 2020
Current ratio	<b>4.58</b>	3.73
Debt to equity ratio	<b>0.14</b>	0.12

1 Based on total current assets over total current liabilities.

2 Based on total borrowings over equity attributable to the Shareholders.

## **Exposure to fluctuations in exchange rates and related hedge**

The Group mainly operates in the Mainland China with most of the transactions settled in Renminbi (“**RMB**”), except for the business of provision of RMAA services as it is conducted in Hong Kong with the transaction settled in Hong Kong Dollars (“**HKD**”). The reporting currency of the Group is RMB.

The Group is exposed to minimal foreign currency exchange risk.

The Group’s cash and bank deposits are predominantly in RMB and HKD. The Company will pay dividends in HKD if any dividends are declared.

The Group currently does not hedge against its foreign exchange risk and will closely monitor the fluctuations in exchange rates.

## **Employee benefits and remuneration policies**

As at 30 June 2021, the Group had a total of 319 employees (as at 30 June 2020: 320). The employees of the Group were remunerated based on their experience, qualifications, the Group’s performance and the prevailing market conditions. During the Review Period, staff costs (including Directors’ remunerations) amounted to approximately RMB18.6 million (the first half of 2020: approximately RMB16.1 million).

The Group will continuously optimise the workforce structure and offer its staff with competitive remuneration. In addition, discretionary bonuses and share options may be granted to eligible staff based on individual’s and the Group’s performance.

The Group participated in the social insurance schemes operated by the relevant local government authorities which include retirement pension, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance.

The Group emphasises on team building and the Group’s success is dependent on the contribution of all employees.

## Significant investments held as at 30 June 2021

Assets Manager	Custodian	Investment amount RMB'000	Agreement date	Fair value at 30 June 2021 RMB'000
1 Minsheng Wealth Management Co., Ltd.	China Merchants Securities Co., Ltd.	27,000	24 June 2020	29,090
2 Zhongrong International Securities Company Limited	China Minsheng Bank	10,000	12 January 2021	10,327
3 Shanghai Tiange Investment Management Co., Ltd.	CITIC Securities Co. Ltd.	27,000	2 March 2021	27,494
4 Shanghai Tiange Investment Management Co., Ltd.	HengTai Securities Co., Ltd.	20,000	1 February 2021	20,493
5 Hangzhou Liangying Investment Management Co. Ltd	China Merchants Securities Co., Ltd.	20,000	24 May 2021	20,103
6 Hong Kong Jinghe Securities Co. Ltd	Bank of Communications Trustee Limited	<u>20,802</u>	12 April 2021	<u>20,937</u>
		<u>124,802</u>		<u>128,444</u>

### Note:

The above investments refer to (i) money market trusts; (ii) private investment funds; (iii) money market asset management products; (iv) bond repurchase; (v) money market funds; and (vi) bank deposits, etc..

Save as disclosed above, there were no significant investments held by the Company as at 30 June 2021.

## INTERIM DIVIDEND

The Board resolved to declare an interim dividend of HK\$0.01 per share (30 June 2020: HK\$0.015 per share) for the six months ended 30 June 2021 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 28 September 2021 (the “**Interim Dividend**”).



## **CLOSURE OF REGISTER OF MEMBERS**

The register of members will be closed from 24 September 2021 to 28 September 2021, both days inclusive, and the Interim Dividend is expected to be paid on 29 October 2021. In order to qualify for the Interim Dividend, Shareholders should ensure that all transfers accompanied by the relevant share certificates and transfer forms are lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 23 September 2021.

## **PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

During the Review Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

## **CORPORATE GOVERNANCE CODE**

The Company was committed to achieving and maintaining high standards of corporate governance, the principles of which serve to uphold transparency, accountability and independence in all aspects of business and endeavours to ensure that affairs are conducted in accordance with applicable laws and regulations. The Board comprises four executive Directors and three independent non-executive Directors. The Group's corporate governance practices are based on the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange. During the Review Period, the Board considered that the Company had complied with the Code.

## **CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Specific enquiry has been made to all Directors and the Directors have confirmed that they had complied with the Model Code during the Review Period.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) currently comprises three independent non-executive Directors, namely Ms. Wong Wai Ling (Chairlady), Mr. He Chengying and Dr. Wang Huaping. The Audit Committee has reviewed the unaudited interim results for the Review Period and this announcement, and discussed internal controls and financial reporting matters with the management of the Company. The Audit Committee was of the opinion that the preparation of the unaudited interim results complied with the applicable accounting standard and requirements and that adequate disclosures have been made.

## **PUBLICATION OF RESULTS ANNOUNCEMENT**

This results announcement is published on the websites of the Company ([www.chinaysgroup.com](http://www.chinaysgroup.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). An interim report for the Review Period containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the websites of the Company and the Stock Exchange in due course.

By order of the Board

**Yongsheng Advanced Materials Company Limited**

**Li Cheng**

*Chairman and Executive Director*

Hong Kong, 30 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 Chengying and Dr. Wang Huaping.*

\* *For identification purpose only*