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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 year ended 31 December 2021 (the “**Year**”), the Group is expected to record a net loss attributable to owners ranging from approximately RMB175 million to 275 million comparing with the net profit attributable to owners of approximately RMB72.7 million recorded during the corresponding period last year.

The Group expects to record a net loss for the Year, instead of net profit, primarily due to (i) the resurgence of COVID-19 pandemic which adversely affected the number of projects of the Group’s renovation, maintenance, alteration and addition works business (“**RMAA Business**”) during the Year and in turn the performance of the RMAA Business did not match the management’s profit forecast, which resulted in impairment in the goodwill and long-lived assets of the RMAA Business ranging from approximately RMB103 million to 153 million; (ii) the decrease in the fair value of investment properties ranging from approximately RMB84 million to 134 million in relation to Yongsheng Plaza as a result of the decline in market demand and market rental in the gloomy macro-economic environment; and (iii) fair value loss of approximately RMB19 million on financial instruments at fair value through profit or loss.

The Group is still in the process of finalising the final results for the Year. 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 Year. The Group's final 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 Year 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 final results announcement of the Group for the Year, which is expected to be announced in late March 2022.

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, 14 March 2022

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.