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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 ALERT – REDUCTION IN LOSS**

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 2022 (the “**Year**”), the Group is expected to record a net loss ranging from approximately RMB47.5 million to RMB72.5 million, comparing with the net loss of approximately RMB246.3 million recorded during the corresponding period last year, representing a reduction of net loss of approximately 71% to 81%.

Reference is made to the announcement of the Company dated 21 June 2022 (the “**Announcement**”). As disclosed in the Announcement, the business operation and financial performance of Summer Power International Inc. (together with its subsidiary, namely Widely Construction & Engineering Limited, the “**Target Group**”) had been adversely affected by the resurgence of the COVID-19 pandemic in Hong Kong in 2021. The Target Group operated at a loss during the year ended 31 December 2021 and the first quarter of 2022. Thus, the Target Group was disposed of by the Group (the “**Disposal**”) during the Year.

To the best knowledge of the Directors, the decrease in the net loss for the Year was mainly attributable to (i) nearly no fair value loss on financial instrument was recognised during the Year, as compared to fair value loss of approximately RMB19 million on financial instruments at fair value through profit or loss recognised during the corresponding period last year; (ii) no impairment losses on goodwill and other intangible assets would be required to be recorded during the Year; (iii) decrease in the fair value loss on investment properties (other than those with change in usage as discussed below) ranging from approximately RMB79.7 million to 87.2 million during the Year; (iv) the improvement in the Group's overall gross profit margin as properties investment segment of the Group, which generally has higher gross profit margin, contributed more to the Group's overall revenue during the Year; and (v) gain on disposal of subsidiaries recognised by the Group upon completion of the Disposal.

During the Year, the Group noticed the property market in the PRC remained sluggish. However, there was an increase in demand in retail and office rentals in the PRC. Thus, the Group leased out certain portion of Yongsheng Plaza which was originally designated for sale which constituted a change in the usage of certain portion of Yongsheng Plaza, resulting a transformation loss ranging from RMB67.5 million to 75.0 million being recorded.

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 2023.

**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, 27 February 2023

*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.*