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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- In early July, the Company disposed of its subsidiaries principally engaged in the provision of RMAA Service. Such business has been discontinued since July 2022.
- Revenue derived from continuing operations increased by approximately 4.8% to approximately RMB216.0 million.
- Gross profit margin derived from continuing operations decreased by 3.9 percentage point to approximately 31.7%.
- Loss derived from continuing businesses attributable to shareholders of the Company decreased by approximately 15.0% to approximately RMB69.3 million.
- Basic loss per share for the year decreased by 77.0% to approximately RMB7.7 cents.
- The Board does not recommend the payment of any final dividend (2021: Nil) for the Year.
- Profit attributable to owners of the Company for 2022 was approximately RMB35.5 million excluding the remeasurement loss upon transfer of certain properties held for sale to investment properties of approximately RMB70.4 million and the fair value loss on investment properties of approximately RMB20.3 million. However, when the remeasurement loss upon transfer of certain properties held for sale to investment properties and the fair value loss on investment properties are taken into account, the Group recorded a loss attributable to owners of the Company of RMB55.2 million in 2022.

The board (the "**Board**") of directors (the "**Directors**") of Yongsheng Advanced Materials Company Limited (the "**Company**") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2022 (the "**Year**" or "**Year under Review**"), together with the comparative figures in 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	Notes	2022 *RMB'000*	2021 *RMB'000* (Re-presented)
CONTINUING OPERATIONS			
Revenue	*4*	**216,014**	206,182
Cost of sales		**(147,603)**	(132,936)
Gross profit		**68,411**	73,246
Other income and gains, net	*4*	**18,250**	1,557
Selling and distribution expenses		**(1,415)**	(2,493)
Administrative expenses		**(39,784)**	(39,827)
Remeasurement loss upon transfer of certain properties held for sale to investment properties	*14*	**(70,359)**	–
Fair value loss on investment properties	*10*	**(20,331)**	(104,651)
Impairment losses on financial and contract assets, net		**(2,024)**	(46)
Finance costs	*5*	**(14,990)**	(7,212)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**(62,242)**	(79,426)
Income tax expense	*7*	**(9,884)**	(3,153)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(72,126)**	(82,579)
DISCONTINUED OPERATION			
Profit/(loss) for the year from a discontinued operation		**14,164**	(163,744)
LOSS FOR THE YEAR		**(57,962)**	(246,323)

	2022	2021
	RMB'000	*RMB'000*
		(Re-presented)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**8,264**	(5,461)
Reclassification adjustments for a foreign operation disposed of during the year	**1,081**	–
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**9,345**	(5,461)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**668**	(216)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**668**	(216)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**10,013**	(5,677)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(47,949)**	(252,000)
Loss attributable to:		
Shareholders of the Company	**(55,178)**	(245,307)
Non-controlling interests	**(2,784)**	(1,016)
	(57,962)	(246,323)
Total comprehensive loss attributable to:		
Shareholders of the Company	**(45,832)**	(250,724)
Non-controlling interests	**(2,117)**	(1,276)
	(47,949)	(252,000)

	Notes	**2022** *RMB'000*	2021 *RMB'000* (Re-presented)
LOSS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY	*8*		
Basic			
– For loss for the year		**RMB(7.7) cents**	RMB(33.5) cents
– For loss from continuing operations		**RMB(9.6) cents**	RMB(11.1) cents
Diluted			
– For loss for the year		**RMB(7.7) cents**	RMB(33.5) cents
– For loss from continuing operations		**RMB(9.6) cents**	RMB(11.1) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**184,258**	116,815
Investment properties	*10*	**809,600**	674,660
Right-of-use assets	*11*	**33,337**	10,624
Goodwill	*12*	**–**	–
Other intangible assets		**1,693**	2,169
Investments in a joint venture		**2,337**	3,478
Other non-current assets		**2,920**	81,217
Amounts due from related parties		**6,447**	5,583
Deferred tax assets		**921**	6,179
Pledged deposits		**3,109**	–
Total non-current assets		**1,044,622**	900,725
CURRENT ASSETS			
Inventories	*13*	**5,993**	6,547
Completed properties held for sale	*14*	**–**	225,630
Trade, bills and lease receivables	*15*	**61,738**	62,578
Contract assets		**–**	18,656
Prepayments, other receivables and other assets	*16*	**20,627**	35,555
Loan receivables	*17*	**139,494**	158,409
Bills receivable at fair value through other comprehensive income		**1,889**	3,773
Financial assets at fair value through profit or loss		**25,545**	48,641
Derivative financial instruments		**607**	–
Amounts due from related parties		**6,111**	4,451
Tax recoverable		**–**	3,070
Cash and cash equivalents		**143,834**	86,551
Total current assets		**405,838**	653,861
CURRENT LIABILITIES			
Trade payables	*18*	**79,811**	99,954
Other payables and accruals	*19*	**17,537**	24,567
Derivative financial instruments		**–**	654
Interest-bearing bank and other borrowings	*20*	**76,132**	69,995
Government grants		**387**	387
Amount due to related parties		**1,302**	673
Income tax payable		**4,887**	7,451
Total current liabilities		**180,056**	203,681

	Notes	2022 RMB'000	2021 RMB'000
NET CURRENT ASSETS		**225,782**	450,180
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,270,404**	1,350,905
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*20*	**140,528**	167,191
Government grants		**6,128**	6,515
Deferred tax liabilities		**13,697**	9,396
Amount due to related parties		**683**	428
Deposits payable		**4,826**	2,292
Total non-current liabilities		**165,862**	185,822
Net assets		**1,104,542**	1,165,083
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		**5,854**	6,063
Share premium		**797,630**	810,013
Other reserves		**298,403**	344,235
		1,101,887	1,160,311
Non-controlling interests		**2,655**	4,772
Total equity		**1,104,542**	1,165,083

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

1. CORPORATE AND GROUP INFORMATION

Yongsheng Advanced Materials Company Limited (the "**Company**") was incorporated in the Cayman Islands on 19 April 2012 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is 2/F, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.

During the year, the Group was involved in the following principal activities:

- Provision of dyeing services of differentiated polyester filament fabric
- Properties investment
- Renovation, maintenance, alteration and additional services ("**RMAA Service**"); and
- Investment, development, construction, operation and management of renewable energy businesses, water treatment businesses and environmental protection businesses

In the opinion of directors, the holding company and the ultimate holding company of the Company is Ever Thrive Global Limited ("**Ever Thrive**"), a company incorporated in the British Virgin Islands (the "**BVI**") and controlled by Mr. Li Cheng (the "**Controlling Shareholder**").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, bills receivable at fair value through other comprehensive income, derivative financial instruments and investment properties which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to Group are described below:

(a) Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting (the "**Conceptual Framework**") issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1, 5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2,4]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 *Effective for annual periods beginning on or after 1 January 2023*

2 *Effective for annual periods beginning on or after 1 January 2024*

3 *No mandatory effective date yet determined but available for adoption*

4 *As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024*

5 *As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023*

6 *An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17*

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. In 2022, the IASB issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four (one of the segments was disposed of in 2022) reportable operating segments as follows:

- Processing: Dyeing and processing of differentiated polyester filament fabric
- Property investment: Investment and development of properties
- RMAA Service: Provision of construction services in building construction, building maintenance and improvement works, renovation and decoration works (disposed of in 2022)
- Environmental water project operation: Consultancy services and sale of machineries related to environmental protection, including operation and maintenance services

The operating segment of RMAA Service was disposed of and discontinued during the year ended 31 December 2022.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's loss before tax from continuing operations except that interest income, finance costs, Investment income, fair value gains/losses from the financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude corporate cash, deferred tax assets, tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude corporate accruals, payroll payable, deferred tax liabilities, income tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Operating segments

	Continuing operations				Discontinued operation	
Year ended 31 December 2022	Processing *RMB'000*	Environmental water project operation *RMB'000*	Properties investment *RMB'000*	Sub-total	RMAA Service *RMB'000*	Total *RMB'000*
Segment revenue						
Sales to external customers	183,068	–	32,946	216,014	16,500	232,514
Revenue				216,014		232,514
Segment results	19,831	(6,059)	(69,006)	(55,234)	14,105	(41,129)
Reconciliations:						
Corporate and other unallocated expenses						(6,351)
Interest income						13,948
Investment income						385
Finance costs						(15,002)
Loss before tax						(48,149)
Segment assets	514,945	135,069	906,319	1,556,333		1,556,333
Reconciliations:						
Elimination of intersegment receivables				(197,114)		(197,114)
Corporate and other unallocated assets				91,241		91,241
Total assets				1,450,460		1,450,460

Year ended 31 December 2022	Continuing operations Processing *RMB'000*	Environmental water project operation *RMB'000*	Properties investment *RMB'000*	Sub-total	Discontinued operation RMAA Service *RMB'000*	Total *RMB'000*
Segment liabilities	116,390	79,161	322,845	518,396		518,396
Reconciliations:						
Elimination of intersegment payables				(197,114)		(197,114)
Corporate and other unallocated liabilities				24,636		24,636
Total liabilities				345,918		345,918
Other segment information						
Share of losses of a joint venture	–	1,141	–	1,141	–	1,141
Depreciation and amortization	6,123	1,146	2,268	9,537	109	9,646
Impairment of trade receivables, contract assets and other receivables, net	–	(192)	–	(192)	433	241
Investments in a joint venture	–	2,337	–	2,337	–	2,337
Capital expenditure*	4,320	2,437	22,131	28,888	–	28,888

* *Capital expenditure consists of additions to property, plant and equipment.*

Year ended 31 December 2021	Continuing operations Processing *RMB'000*	Environmental water project operation *RMB'000*	Properties investment *RMB'000*	Sub-total	Discontinued operation RMAA Service *RMB'000*	Total *RMB'000*
Re-presented						
Segment revenue *(note 4)*						
Sales to external customers	200,338	–	5,844	206,182	64,321	270,503
Revenue				206,182		270,503
Segment results	43,217	(5,213)	(105,599)	(67,595)	(164,686)	(232,281)
Reconciliations:						
Corporate and other unallocated expenses						(23,928)
Interest income						14,805
Investment income						4,504
Finance costs						(7,242)
Loss before tax						(244,142)
Segment assets	479,057	142,175	992,929	1,614,161	35,685	1,649,846
Reconciliations:						
Elimination of intersegment receivables						(167,581)
Corporate and other unallocated assets						72,321
Total assets						1,554,586

Year ended 31 December 2021	Continuing operations Processing	 Environmental water project operation	 Properties investment	 Sub-total	Discontinued operation RMAA Service	 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment liabilities	106,513	81,889	323,345	511,747	21,320	533,067
Reconciliations:						
Elimination of intersegment payables						(167,581)
Corporate and other unallocated liabilities						24,017
Total liabilities						389,503
Other segment information						
Share of losses of a joint venture	–	(122)	–	(122)	–	(122)
Depreciation and amortisation	6,277	3	399	6,679	220	6,899
Impairment of goodwill and other intangible assets	–	–	–	–	151,803	151,803
Impairment of trade receivables, contract assets and other receivables, net	–	482	–	482	771	1,253
Investments in a joint venture	–	3,478	–	3,478	–	3,478
Capital expenditure*	4,411	78,280	59,547	142,238	25	142,263

* *Capital expenditure consists of additions to property, plant and equipment and investment properties and prepayment for property, plant equipment and leasehold land.*

Information about a major customer

Revenue from continuing operations of approximately RMB37,546,000 (2021: RMB26,990,000) was derived from sales by the dyeing and processing segment to a single customer.

Geographical information

(a) Revenue from external customers

	Continuing operations 2022	 2021	Discontinued operation 2022	 2021
	RMB'000	*RMB'000* (Re-presented)	*RMB'000*	*RMB'000* (Re-presented)
Hong Kong	–	–	16,500	64,321
Mainland China	178,468	179,192	–	–
Others	37,546	26,990	–	–
	216,014	206,182	16,500	64,321

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	Continuing operations		Discontinued operation	
	2022	**2021**	**2022**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
		(Re-presented)		(Re-presented)
Hong Kong	–	–	–	905
Mainland China	1,043,701	893,641	–	–
	1,043,701	893,641	–	905

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from continuing operations is as follows:

	2022	2021
	RMB'000	*RMB'000*
		(Re-presented)
Revenue from contracts with customers	**185,252**	200,338
Revenue from other sources:		
Gross rental income from investment properties under operating leases	**30,762**	5,844
	216,014	206,182

Revenue from contracts with customers

Disaggregated revenue information

	2022	2021
	RMB'000	*RMB'000*
		(Re-presented)
Types of goods or services		
Processing	**183,068**	200,338
Provision of property management services	**2,184**	–
Total revenue from contracts with customers	**185,252**	200,338
Geographical markets		
Mainland China	**147,706**	173,348
Others	**37,546**	26,990
Total revenue from contracts with customers	**185,252**	200,338
Timing of revenue recognition		
Goods or services transferred at a point in time	**183,068**	200,338
Services transferred over time	**2,184**	–
Total revenue from contracts with customers	**185,252**	200,338

An analysis of other income and gains from continuing operations is as follows:

	2022	2021
	RMB'000	*RMB'000*
		(Re-presented)
Other income and gains, net		
Bank and other interest income	**13,948**	14,805
Investment income	**385**	4,504
Share of losses of a joint venture	**(1,141)**	(122)
Fair value gains/(losses) on financial assets at fair value through profit or loss	**109**	(18,697)
Fair value changes on derivative financial instruments	**932**	(654)
Gross rental income from plants	**772**	772
Government grants	**1,300**	657
Foreign exchange differences, net	**382**	(205)
Others	**1,563**	497
	18,250	1,557

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2022	2021
	RMB'000	*RMB'000*
		(Re-presented)
Interest on bank loans	**14,891**	12,885
Interest on deposits payable	**74**	15
Interest on lease liabilities	**25**	63
Total interest expense	**14,990**	12,963
Less: Interest capitalised	**–**	(5,751)
	14,990	7,212

6. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	Notes	2022 RMB'000	2021 RMB'000 (Re-presented)
Cost of services provided		**147,603**	132,936
Depreciation of property, plant and equipment*		**8,169**	5,276
Depreciation of right-of-use assets		**1,167**	1,053
Amortisation of other intangible assets*		**201**	350
Lease payments not included in the measurement of lease liabilities		**190**	351
Auditors' remuneration		**1,350**	1,350
Employee benefit expense (including directors' and chief executive's remuneration) **:			
Wages and salaries**		**28,912**	31,800
Pension scheme contributions **		**4,787**	5,278
Foreign exchange differences, net		**(382)**	205
Impairment of due from related parties		**(192)**	482
Impairment/(reversal) of loan receivables		**1,728**	(436)
Impairment of other receivables	*16*	**488**	–
Research and development costs		**4,599**	5,016
Fair value (gains)/losses, net:			
Fair value changes on derivative financial instruments		**(932)**	654
Financial assets at fair value through profit or loss		**(109)**	18,697
Bank and other interest income		**(13,948)**	(14,805)
Investment income		**(385)**	(4,504)
Gain on disposal of items of property, plant and equipment, net		**(24)**	(9)

* *Part of the depreciation, amortisation of other intangible assets and employee benefit expense for the year are included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.*

** *There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions. At 31 December 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2021: Nil).*

7. INCOME TAX

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

All of the Group's subsidiaries incorporated in Hong Kong are subject to profits tax at a rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

A subsidiary of the Group incorporated in Malaysia is subject to profits tax at a rate of 24% (2021: 24%). No provision for taxation in Malaysia has been made, as the subsidiary did not generate any assessable profits arising in Malaysia for the year ended 31 December 2022 (2021: Nil).

A subsidiary of the Group incorporated in Cambodia is subject to profits tax at a rate of 20% (2021: 20%). No provision for taxation in Cambodia has been made, as the subsidiary did not generate any assessable profits arising in Cambodia for the year ended 31 December 2022 (2021: Nil).

A subsidiary of the Group incorporated in Myanmar is subject to profits tax at a rate of 25% (2021: 25%). No provision for taxation in Myanmar has been made, as the subsidiary did not generate any assessable profits arising in Myanmar for the year ended 31 December 2022 (2021: Nil).

All of the Group's subsidiaries registered in the PRC having operations only in Mainland China are subject to the PRC enterprise income tax on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws. The PRC Enterprise Income Tax Law introduced a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%.

Pursuant to the relevant laws and regulations in the PRC and with the approval from the tax authorities in charge, one of the Group's subsidiaries, Yongsheng Dyeing, qualified as a High and New Technology Enterprise, is entitled to the preferential enterprise income tax rate of 15% for three years from 2021 to 2023.

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on the dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable to 5% withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of their earnings generated from 1 January 2008. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totaled approximately RMB96,720,000 at 31 December 2022 (2021: RMB96,720,000). In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

The major components of income tax expense for the years ended 31 December 2022 and 2021 are:

	2022	2021
	RMB'000	*RMB'000*
Current tax	**2,678**	8,435
Deferred tax	**7,206**	(5,282)
Total tax charge for the year from continuing operations	**9,884**	3,153
Total tax credit for the year from a discontinued operation	**(71)**	(972)
	9,813	2,181

8. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to shareholders of the Company, and the weighted average number of ordinary shares of 718,763,158 (2021: 732,428,523) in issue during the year.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As the exercise prices of the share options were higher than the average market price of the shares for the year ended 31 December 2022 and the Group incurred losses for the years ended 31 December 2022 and 2021, the potential ordinary shares were not included in the calculation of diluted loss per share, as their inclusion would have an anti-dilutive effect. Accordingly, diluted loss per share amounts for the years ended 31 December 2022 and 2021 are the same as basic loss per share amounts of the respective years.

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

	2022	2021
	RMB'000	*RMB'000*
Loss:		
Loss attributable to shareholders of the Company – basic and diluted		
From continuing operations	**(69,342)**	(81,563)
From a discontinued operation	**14,164**	(163,744)
	(55,178)	(245,307)

	Number of shares	
	2022	2021
Shares:		
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	**718,763,158**	732,428,523

9. DIVIDEND

	2022	2021
	RMB'000	*RMB'000*
Interim – nil (2021: HK$0.01(equivalent to RMB0.0083)) per ordinary share	**–**	6,083
Proposed final - nil (2021: nil) per ordinary share	**–**	–
	–	6,083

The Board of directors has resolved not to propose any final dividend for the year ended 31 December 2022 and 2021.

10. INVESTMENT PROPERTIES

	Under construction	**Completed**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January 2021	719,323	36,000	755,323
Additions	48,168	–	48,168
Transferred to investment properties completed	(767,491)	767,491	–
Fair value changes recognised in profit or loss	–	(104,651)	(104,651)
Transfer to owner-occupied property	–	(24,180)	(24,180)
Carrying amount at 31 December 2021 and 1 January 2022	–	674,660	674,660
Transfer from properties held for sale *(Note 14)*	–	155,271	155,271
Fair value changes recognised in profit or loss	–	(20,331)	(20,331)
Carrying amount at 31 December 2022	–	809,600	809,600

The Group's investment properties consist of two commercial properties in Hangzhou, the PRC. The Group's investment properties were revalued on 31 December 2022 based on valuations performed by Avista Valuation Advisory Limited ("Avista"), an independent professionally qualified valuer, at RMB809,600,000. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

The completed investment properties are leased under operating leases.

As at 31 December 2022, the Group's investment properties with a carrying value of RMB775,600,000 (2021: RMB638,760,000) were pledged to secure long-term loan facilities granted to the Group (note 20).

11. LEASES

Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land	**Buildings**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2021	10,431	1,087	11,518
Additions	–	343	343
Depreciation charge	(315)	(916)	(1,231)
Exchange realignment	–	(6)	(6)
As at 31 December 2021 and 1 January 2022	10,116	508	10,624
Additions	23,307	731	24,038
Depreciation charge	(622)	(635)	(1,257)
Disposal of subsidiaries	–	(108)	(108)
Exchange realignment	–	40	40
As at 31 December 2022	32,801	536	33,337

The Group's land use rights are corresponding to the lands located in Hangzhou and Maanshan of the PRC and the remaining lease periods were 31 and 38 years respectively as at 31 December 2022.

At 31 December 2022, certain of the Group's land use rights with a net carrying amount of approximately RMB3,772,000 (2021: RMB3,894,000) were pledged to secure short-term bank borrowings granted to the Group (note 20).

12. GOODWILL

	RMB'000
Cost at 1 January 2021	99,514
Exchange realignment	(2,838)
Cost at 31 December 2021 and 1 January 2022	96,676
Exchange realignment	1,580
Disposal of subsidiaries	(98,256)
Cost at 31 December 2022	–
Accumulated impairment at 1 January 2021	–
Impairment during the year	(98,064)
Exchange realignment	1,388
Accumulated impairment at 31 December 2021 and 1 January 2022	(96,676)
Exchange realignment	(1,580)
Disposal of subsidiaries	98,256
Accumulated impairment at 31 December 2022	–
Net carrying amount at 31 December 2021 and 31 December 2022	–

13. INVENTORIES

	2022	2021
	RMB'000	*RMB'000*
Raw materials	**3,965**	3,969
Work in progress	**1,259**	1,453
Finished goods	**769**	1,125
	5,993	6,547

14. COMPLETED PROPERTIES HELD FOR SALE

	2022	2021
	RMB'000	*RMB'000*
Carrying amount at the beginning of the year	**225,630**	–
Transferred from properties under development	**–**	225,630
Remeasurement loss upon transfer of certain properties held for sale to investment properties	**(70,359)**	–
Transferred to investment properties *(Note 10)*	**(155,271)**	–
Carrying amount at the end of the year	**–**	225,630

At 31 December 2021, certain of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB225,630,000 were pledged to secure long-term bank borrowings granted to the Group (note 20).

During the year, the use of Group's properties held for sale has been changed upon the inception of operating leases with an external third party. As a result, the leased properties held for sale was transferred to completed investment properties and a remeasurement loss of RMB70,359,000 (2021:nil) was recognised in profit or loss during the year.

15. TRADE, BILLS AND LEASE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**15,032**	24,225
Bills receivables	**35,157**	42,907
Lease receivables	**11,638**	412
	61,827	67,544
Impairment	**(89)**	(4,966)
Net trade, bills and receivable	**61,738**	62,578

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 3 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables and lease receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables and lease receivables are non-interest-bearing.

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

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**20,003**	18,945
3 to 6 months	**3,809**	42
6 months to 1 year	**2,769**	643
1 to 2 years	**–**	1,525
More than 2 years	**89**	3,482
	26,670	24,637

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022	2021
	RMB'000	*RMB'000*
Prepayments to suppliers	**245**	672
Deposits and other receivables	**8,389**	11,191
Prepaid expenses	**454**	177
Interest receivables	**12,009**	7,517
Value-added tax recoverable	**18**	15,998
	21,115	35,555
Impairment	**(488)**	–
	20,627	35,555

The above balances are unsecured and interest-free. The carrying amounts of deposits and other receivables approximate to their fair values.

The maximum exposure to credit risk as at the end of the reporting period is the carrying value of interest receivables, deposits and other receivables.

17. LOAN RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Loan receivables	**141,715**	158,893
Impairment	**(2,221)**	(484)
	139,494	158,409

18. TRADE PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**79,811**	99,954

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

	2022	2021
	RMB'000	*RMB'000*
Within 6 months	**79,445**	95,552
6 months to 1 year	**42**	196
1 to 2 years	**324**	3,711
More than 2 years	**–**	495
	79,811	99,954

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

19. OTHER PAYABLES AND ACCRUALS

	2022	2021
	RMB'000	*RMB'000*
Contract liabilities	**229**	1,323
Accrued payroll	**5,341**	8,994
Accruals	**1,781**	1,486
Interest payable	**806**	572
Value-added and other taxes payable	**3,516**	4,164
Payables for purchase of property, plant and equipment	**250**	206
Rental received in advance	**3,482**	4,722
Others	**2,132**	3,100
	17,537	24,567

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.

20. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2022			2021		
	Effective interest rate	**Maturity**	***RMB'000***	Effective interest rate	Maturity	*RMB'000*
Current						
Lease liabilities	**4.75%**	**31-Dec-23**	**380**	4.78%	31-Dec-22	539
Bank loans – secured	**4.45%**	**10-May-23**	**14,940**	4.78%	12-May-22	15,000
Bank loans – secured	**4.45%**	**11-Aug-23**	**30,000**	4.78%	22-Jun-22	10,000
Bank loans – secured	**2.10%-2.55%**	**14-Mar-23**	**1,112**	4.78%	30-Nov-22	15,000
Bank loans – secured			**–**	2.70%-3.25%	08-Jun-22	4,118
Bank loans – secured			**–**	2.85%-3.40%	27-Jun-22	6,788
Bank loans – secured			**–**	6.60%	31-Jul-22	12,788
Bank loans – secured			**–**	6.60%	31-Jan-22	5,500
Current portion of long-term bank loans – secured	**6.60%**	**31-Jul-23**	**29,700**	4.25%	31-Dec-21	262
			76,132			69,995
Non-current						
Lease liabilities	**4.75%**	**20-Apr-24**	**164**	4.75%	14-Mar-23	30
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	**4.55%**	**20-Jun-24**	**10,000**	6.60%	2024-2025	58,022
Bank loans – secured	**6.60%**	**2024-2025**	**60,764**	6.60%	2023-2024	39,426
Bank loans – secured			**–**	4.25%	09-May-23	113
			140,528			167,191

Certain of 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 RMB84,089,000 (2021: RMB54,460,000);

(ii) mortgages over the Group's land use rights, which had a net carrying value at the end of the reporting period of approximately RMB3,772,000 (2021: RMB3,894,000);

(iii) mortgages over the Group's completed properties held for sale, which had an aggregate carrying value at the end of the reporting period of nil (2021: RMB225,630,000);

(iv) mortgages over the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of approximately RMB775,600,000 (2021: RMB638,760,000); and

(v) mortgages over the Group's construction in progress with a net carrying amount of approximately RMB7,697,000 (2021: RMB24,180,000).

BUSINESS REVIEW

Market Review

2022 was a challenging year for the Group. During the Year, global inflation, the prolonged Russia-Ukraine conflict and the resurgent COVID-19 imposed pressure on global economic activities during the Year. Since the last quarter of 2021, major countries has tightened their monetary policies, coupled with the seasonal COVID-19 epidemic triggered by new Omicron variants in winter in various countries, global economic recovery faltered. Following the relaxation of pandemic control measures, the Southeast Asian economies have seen a rapid recovery and a shift of industries, such as manufacturing to the southeast Asian region. Due to the resurgent COVID-19 pandemic in China, China's upstream textile and apparel industry successively encountered phased shutdowns in certain areas. Together with international political and economic complexities and declining overseas demands, there was a decrease in orders or even loss of orders. According to a survey conducted by the China Nonwovens & Industrial Textiles Association, the composite prosperity index of the textile industry remained below the line in 2022, while it was at 42.6%, 46.3% and 44.3% respectively in the first three quarters of the Year. Fortunately, as the Chinese government adjusted its pandemic control measures and market consumption witnessed a seasonal growth in the fourth quarter of the Year, textile enterprises resumed confidence and the industry composite prosperity index rebounded to 47%. However, the phased shutdown due to the COVID-19 outbreak in the fourth quarter of the Year reduced production efficiency and disrupted project progress of the Group. In general, the Group managed to maintain a healthy and cash-rich business in 2022 by flexibly responding to the impact of the macro environment on its businesses.

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 Service**"), which has discontinued since July 2022; (3) properties investment; and (4) environmental water project operation. In view of the depressed RMAA market in Hong Kong, the Group restructured its business matrix in 2022 and disposed of its RMAA Service in July 2022 to focus its resources on the long-term development of dyeing and processing of differentiated polyester filament fabric, environmental water project operation and property investment operation, thereby creating more value for the shareholders of the Company (the "**Shareholders**").

Continuing operations

During the Year under Review, the Group's continuing operations (excluding the provision of RMAA Service) recorded a turnover of approximately RMB216.0 million, representing an increase of 4.8% from approximately RMB206.2 million for 2021 (excluding the provision of RMAA Service).

During the Year under Review, revenue from dyeing and processing of differentiated polyester filament fabric and property investment accounted for approximately 84.7% and 15.3% of the turnover of the Group's continuing operations, respectively. And the gross profit of the two segments were approximately RMB68.4 million, which represented a decrease of approximately 6.6%. The gross profit margin of continuing operations was decreased to approximately 31.7% during the Year from approximately 35.5% for 2021 mainly due to the increase in the production cost of dyeing and processing of differentiated polyester filament fabric.

Discontinued operations

In 2022, due to the resurgence of COVID-19 pandemic in Hong Kong, the overall development of RMAA market in Hong Kong slowed down. In order to minimize the adverse impact on the Group's overall financial performance, in July 2022, the Group disposed of the RMAA segment, being the total issued share capital of Summer Power International Inc. and its sole subsidiary, namely Widely Construction & Engineering Limited, at a consideration of RMB29.5 million, which was completed during the Year under Review. Such disposal brought a gain before tax of approximately RMB15.6 million to the Group. The disposal has enabled the Group to consolidate resources and efforts for further promoting other businesses of greater potential.

During the Year under Review, discontinued operations recorded a turnover of approximately RMB16.5 million, representing a decrease of approximately 74.3% from RMB64.3 million for 2021. Gross profit of discontinued operations was RMB1.4 million, representing an improvement from gross loss of approximately RMB6.6 million for 2021. Gross profit margin of discontinued operations was approximately 8.4% for the Year under Review as compared to the gross loss position in 2021.

Overall business performance

During the Year under Review, the Group recorded a turnover of approximately RMB232.5 million, representing a decrease of approximately 14.0% from approximately RMB270.5 million for 2021, and gross profit of approximately RMB69.8 million, representing an increase of approximately 4.7% from approximately RMB66.7 million for 2021. Its overall gross profit margin was improved from approximately 24.6% in 2021 to 30.0% for the Year, which was mainly due to the improvement in the occupancy rate of Yongsheng Plaza and that the gross profit margin of such property rental business is higher than other business segments of the Company. During the Year under Review, the Group recorded a loss attributable to the Shareholders for 2022 was approximately RMB55.2 million, representing a decrease of approximately 77.5% from loss attributable to Shareholders of approximately RMB245.3 million in 2021, with a loss per share of RMB7.7 cents (2021: loss per share RMB33.5 cents). 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 RMB19.0 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 under Review; (iii) the Group disposed of its RMAA service segment, recording a gain before tax of approximately RMB15.6 million during the Year under Review; (iv) decrease in the fair value loss on investment properties; and (v) the change of use of Group's properties held for sale, resulting the reclassification of leased properties held for sale to completed investment properties and a remeasurement loss of approximately RMB70.4 million recognised during the Year under Review.

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 2022, global consumer sentiment deterioration, together with the escalating conflict between Russia and Ukraine, rising inflation rates, accelerating monetary tightening in Europe and the United States, and frequent outbreaks of COVID-19 pandemics and other factors, left a great impact on the end-use consumer market. Consumer confidence indicators have fallen in many major economies around the world, which reflected weakening demand for non-essential consumables. At the same time, as a result of the (i) ongoing tensions between the United States and China; and (ii) the resumption of production in Vietnam and India, overseas customers tend to shift their supply chain to Southeast Asia, resulting in a serious outflow of export orders. The Group specializes in the production of high-quality home textile fabrics, and experienced a decline in sales due to deepening worries about the expected high inflation rate in the US and European markets. During the Year, the automotive industry reduced production due to the impact of rising raw material prices and chip shortages, which resulted in a decline in orders for automotive interior decoration which is one of end-use consumers of the Group's product. In order to maintain the utilization rate of the Group's factories and to compensate the decreased order demand, the Group strategically diverted its resources to develop domestic apparel sales during the Year. For the Year under Review, segment revenue was approximately RMB183.1 million, representing a year-on-year decrease of approximately 8.6% as compared to approximately RMB200.3 million in 2021. With the changes in product structures, decreased product unit price, coupled with high volatility in the prices of raw materials, cost pressure of the industry generally increased, and profit margins were squeezed. Gross profit margin declines from 34.0% in 2021 to 22.2% in 2022.

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 above ground floor area of approximately 41,643.61 square meters with 24 storeys above the ground and 3 storeys under the ground. During the Year under Review, the leasing of shops in Yongsheng Plaza was largely completed, with further increase in the occupancy rate of the commercial portion of Yongsheng Plaza, which is expected to make stable contribution to the Group's revenue. During the Year under Review, the Group recorded rental income of approximately RMB28.8 million and revenue from management service of approximately 2.2 million from Yongsheng Plaza; 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 have brought a stable and sustainable income to the Group, generating rental income of approximately RMB1.9 million from such office units during the Year.

In view of the implementation of moderately tightening policies for the property market by the Chinese government and a sluggish real estate market in China, the Group has recorded an fair value loss on investment properties of approximately RMB20.3 million.

Environmental water project operation

Pursuing green transformation and promoting the development of low-carbon industries have always been major targets of the Chinese government, together with the incentives and benefits brought by favourable government policies, the environmental protection industry is embracing a new round of growth. According to "Implementation Plan on Accelerating the Comprehensive Utilization of Industrial Resources" (《關於加快推動工業資源綜合利用的實施方案》) published by the Chinese government in early 2022, the recycling efficiency and comprehensive utilization of industrial resources shall be improved. According to the projection by China Association of Environmental Protection Industry, the annual revenue of ecological and environmental protection industry would be approximately RMB2.22 trillion in 2022, realizing a promising start of the "14th Five-Year Plan". Last year, the Group, through a joint venture, invested in Zhejiang Deqing Jiemai New Material Company Limited* (浙江德清杰邁新材有限公司, "**Zhejiang Deqing**"), a company which is principally engaged in the production and sales of new building materials for structural reinforcement of buildings. It is an extension of the Group's efforts to expand the utilisation of waste resource. During the Year, the project of Zhejiang Deqing completed the quality inspection and was officially put into operation, which contributed experience in construction maintenance, construction waste treatment, production of new construction materials and other related aspects for the Group.

Meanwhile, the Group previously won a bid in a judicial auction in relation to two parcels of industrial land and related ancillary facilities such as factories and office buildings in Maanshan City. During the Year, the Group has obtained the real estate title certificates, and is negotiating with the existing tenants of the factories on short-term leasing, as well as actively communicating with the government to obtain the necessary licenses for environmental protection-related projects. It is expected that the projects will commence business operation and proceed to financing stage soon. In terms of overseas business, with the launch of the "One Belt, One Road" favourable green development policy, the environmental water projects developed by the Group through the joint venture are progressing in an orderly manner. The joint venture partner of the Group in the Southeast Asia has been continuously carrying out the preparation work on the Malaysian water supply project, which is expected to become the first benchmark project that will help the Group to secure other water projects in the Southeast Asia. It is expected that the Group's environmental water projects will bring itself stable revenue returns in the future.

* *For identification purposes only*

Prospects

At the beginning of 2023, three years after the outbreak of COVID-19 pandemic, China duly relaxed its COVID-19 pandemic control policies, e.g. officially classified COVID-19 as Category B Infectious Disease, and cancelled nucleic acid testing for all staff and centralized isolation upon entry. The central government, in the Standing Meeting of the State Council, called for continued efforts to implement the current economic and social development work and for joint efforts to consolidate and expand the momentum of economy recovery. Benefiting from the strong economic policies and macro policy adjustment, production activities have resumed in an orderly manner and end-use customers traffic and consumer confidence are gradually picking up. The Group will be more aggressive in exploiting domestic market, and make greater effort to open up the home-textiles market in addition to the apparel market. As a leader in the industry, the Group has advantages on dyeing technology and environmental protection equipment. The Group has committed in improving production efficiency and enhancing competitiveness over the past few years. The Group is confident that it will be able to gain market share in the domestic market with its product quality and value for money. Meanwhile, China continues to open up to the outside world, promote trade and investment liberalization and facilitates mutually beneficial cooperation with other countries. Along with the successful de-stocking of overseas leading brands, overseas export orders are expected to improve in the second half of 2023. The Group will pay close attention to the changes in overseas market and adjust its strategies in a timely manner to maximise the potential opportunities and face challenges, in order to achieve sound and sustainable development.

In 2023, the national real estate sales are still in rebound, and there is a possibility that the current easing policies would sustain or further strengthened. The Hangzhou government of China gradually relaxed its property market restrictions with gradual easing in areas such as tax, purchase restrictions, loan and household registration, so as to expand the property buyer group and lower the threshold and reduce the capital stress for property purchasing. Meanwhile, Hangzhou city had additional subway lines, which is conducive to a connected, efficient and integrated transportation network. In addition, the Asian Games to be held in September 2023 will have a strong comprehensive effect on the improvement of city's integrated city capability and core competitiveness, which will be beneficial to economic recovery and real estate market stability of Hangzhou.

It is believed that the shops in Yongsheng Plaza, being one of the Group's investment projects, will continue to bring stable income contribution to the Group in the future with capital appreciation potential in the long run. Xiaoshan District of Hangzhou is a key development area in Zhejiang Province, with a complete layout of clusters and industry chains and continuous improvement of aggregation capacity. Therefore, the Group will seize the opportunity to constantly optimize its asset structure and effectively enhance its capacity for sustainable development.

In recent years, China has issued a series of strategic deployments and plans, with an aim to provide a sound policy environment for green development. Among them, the report of the 20th National Congress clearly puts forward that promoting economic and social development in a green and low-carbon way is the key link to achieve high-quality development of the country. At the same time, with the deepening of pollution reduction and environmental management objectives in China, the focus of the environmental protection industry is gradually shifting to the construction and operation of pollution prevention and control facilities. The Guidelines on Preferential Taxation Policies for Green Development (《支持綠色發展稅費優惠政策指引》), which was issued by the State Administration of Taxation, proposes to enhance policy support for comprehensive utilization of wastes, proper disposal of sewage and garbage, efficient utilization of mineral resources and construction of water treatment projects. The Group will continue to promote the development of environmental protection industry and water treatment projects in China and Southeast Asia, and actively explore domestic and overseas markets to seize the substantial business opportunities in green and renewable economy.

Looking forward, on top of optimising the Group's existing business segments, the Group will meet the needs of domestic and overseas customers through continuous refinement of dyeing and processing technologies and expansion of product lines, thereby further strengthening the foundation of its core business. In the meantime, the Group will harness the development opportunities by targeting the blue ocean markets including environmental water treatment and constantly expanding into environmental protection related industry, in order to diversify the business and strive for the best interests of the Shareholders.

FINANCIAL REVIEW

Revenue and gross profit

The following table sets forth a breakdown of the Group's revenue and gross profit derived from continuing operations by the Group for the Year under Review:

Revenue	**2022** *RMB'000*	2021 *RMB'000*	**Revenue change between 2022 and 2021**
1. Dyeing and processing	**183,068**	200,338	(8.6)%
2. Properties investment	**32,946**	5,844	463.8%
Total	**216,014**	206,182	4.8%

Revenue derived from continuing operations of the Group in 2022 was approximately RMB216.0 million, representing an increase of approximately 4.8% from approximately RMB206.2 million as compared with last year. The increase in revenue derived from continuing operations of the Group was mainly due to the increase in the revenue derived from the property investment segment. The main reason of such increase is the improvement of occupancy rate of Yongsheng Plaza which increased the rental income of the Group during the Year under Review.

Gross profit	**2022** *RMB'000*	2021 *RMB'000*	**Gross profit change between 2022 and 2021**
1. Dyeing and processing	**40,645**	68,094	(40.3)%
2. Properties investment	**27,766**	5,152	438.9%
	68,411	73,246	(6.6%)

Gross profit derived from continuing operations of the Group in 2022 was approximately RMB68.4 million, representing a decrease of approximately 6.6% as compared with the same last year. The decrease in gross profit was mainly due to the increase of production cost of dyeing and processing segment of the Group, which squeezed the gross profit of such segment.

Selling and distribution expenses

The Group's selling and distribution expenses decrease by approximately RMB1.1 million, representing a decrease of approximately 43.2% as compared to that of 2021. The decrease was mainly due to the decrease in (i) the salary and bonus of salesmen in dyeing and processing business as there was a decline in sales during the Year; and (ii) marketing promotion fee after completion of leasing of Yongsheng Plaza.

Administrative expenses

Administrative expenses amounted to around RMB39.8 million during the Year under Review, which remained stable as compared to that of 2021.

Fair value loss on investment properties

The Group's investment properties consist of two commercial properties in Hangzhou, the PRC. The Group's investment properties were revalued on 31 December 2022 based on valuations performed by Avista Valuation Advisory Limited ("**Avista**"), an independent professionally qualified valuer, at approximately RMB809.6 million. The Group recognised fair value loss on investment properties of approximately of RMB20.3 million during the Year under Review.

In determining the fair value of the investment properties, Avista adopted the generally accepted valuation method, income approach, which took into account the net rental income derived from existing leases and/or receivable in the current market with appropriate provision made for the reversionary income potential of the leases, which was then capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to comparable sales transactions available in the relevant markets.

The fair value loss on investment properties recorded during the Year was due to adverse impacts on the overall property market in the PRC brought by negative factors such as COVID-19 control and slow economic growth. Meanwhile, office rentals continued to be under downward pressure given the intensified competition in rental market as a result of increased supply of offices in Hangzhou during the second half of the Year.

As the investment properties are medium to long-term investments for the Group to maintain a stable and recurring income, and the fair value loss is a non-cash item, it will not have a substantive impact on the cash flow of the Group.

The key parameters and assumptions for determination of the fair value of investment properties are set out below:

1. Market rents

The overall real estate market in China had been affected by a series of negative factors, e.g. as COVID-19 control measures and slowing economic growth, in 2022. In addition, the supply of office buildings in Hangzhou increased in the second half of the Year, which intensified the competition in the rental market and dragged down the overall rental level. The market rents used in the valuation were determined by Avista, after arm's length negotiations on the rents of comparable grade A offices at similar location and the properties at neighboring areas, which reflected the then prevailing market rents. The range of market rents used in the valuation decreased from RMB73 – RMB190 per square metre per month for the year ended 31 December 2021 to RMB69 – RMB188 per square metre per month for the Year under Review.

2. Reversionary yields

The reversionary yields used in the valuation was derived from the valuer's analysis on the relationship between prevailing market rents and existing capital values of similar properties in the area. The reversionary yields used in the valuation ranged from 4.0% to 5.5%, while the capitalisation rates used in the valuation were arrived with reference to comparable grade A offices in Hangzhou and taking into account the characteristics of the properties. Such expected return reflected the quality of investments, expectations of the likelihood of future rental growth and capital appreciation, as well as the associated risk factors. The capitalisation rate adopted as at 31 December 2022 was similar to that adopted as at 31 December 2021 (ranging from 4.0% to 5.5%).

Remeasurement loss upon transfer of certain properties held for sale

The use of Group's properties held for sale has been changed upon the inception of operating leases with an external third party. As a result, the leased properties held for sale was reclassified as completed investment properties and a remeasurement loss of approximately RMB70.4 million was recognised during the Year under Review.

Impairment losses on financial and contract assets

Impairment losses on financial and contract assets increased by approximately 4,300% to RMB2.0 million, primarily due to the increase of expected credit losses for the principal and interest of loan receivables.

Finance costs

Finance costs increased by approximately 108% to approximately RMB15.0 million, primarily due to the fact that no finance costs was capitalised after Yongsheng Plaza was ready for its intended use at the end of September 2021. All finance costs incurred during the Year under Review were recognised in the profit or loss.

Loss attributable to Shareholders

Given the above factors, the Group recorded loss attributable to Shareholders of approximately RMB55.2 million in 2022, representing a decrease of approximately 78% as compared to last year.

Cash flows

	2022	2021
	RMB'000	*RMB'000*
Net cash flows from operating activities	**55,256**	31,361
Net cash flows from/(used in) investing activities	**44,262**	(79,364)
Net cash flows (used in)/from financing activities	**(48,147)**	47,369
Cash and cash equivalents at the end of the year	**143,834**	86,551

For the Year under Review, net cash generated from operating activities was approximately RMB55.3 million, representing a significant increase as compared with that of 2021, mainly due to the increase in the rental income generated from Yongsheng Plaza.

During the Year, the Group recorded net cash flow generated from investing activities of approximately RMB44.3 million as compared to net cash used in investing activities of approximately RMB79.4 million during 2021. It was mainly due to: (i) decrease in capital expenditure in the purchase of property, plant, equipment, leasehold land and investment property; (ii) net inflow of cash and cash equivalents from disposal of subsidiaries; and (iii) settlement of the loan receivables.

During the Year, the Group recorded net cash used in financing activities of approximately RMB48.1 million, as compared to net cash generated from financing activities of approximately RMB47.4 million in 2021, which was mainly due to the decrease in new bank loans and the increase in repayment of bank loans.

Liquidity and financial resources

As at 31 December 2022, the Group's cash and bank balances, including pledged deposits amounted to approximately RMB146.9 million (31 December 2021: approximately RMB86.6 million).

As at 31 December 2022, the total bank borrowings of the Group was approximately RMB216.1 million (31 December 2021: approximately RMB236.6 million).

As at 31 December 2022 and 2021, the Group's key financial ratio reflecting its liquidity and gearing level, were as follows:

	2022	2021
	%	*%*
Current ratio[1]	**2.25**	3.21
Debt to equity ratio[2]	**0.20**	0.20

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**"). The reporting currency of the Group is RMB.

The Group is exposed to minimal foreign currency exchange risk. The Group currently does not have a foreign currency hedging policy. However, the Group manages its foreign exchange risk by regular reviews.

The Group's cash and bank deposits are predominantly in RMB. The Company will pay dividends in Hong Kong Dollars if any dividends are declared.

Employee benefits and remuneration policies

As at 31 December 2022, the Group had a total workforce of 308 employees (31 December 2021: 304 employees). The employees of the Group were remunerated based on their experience, qualifications, the Group's performance and the prevailing market conditions.

During the Year under Review, staff costs derived from continuing operations amounted to approximately RMB33.7 million (31 December 2021: RMB37.1 million).

The Group offers its staff competitive remuneration schemes. 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 emphasizes on team building and the Group's success is dependent on the contribution of all employees.

Significant investments held as at 31 December 2022

Assets Manager 2022	Custodian	Investment amount *RMB'000*	Agreement date	Fair value at Year end *RMB'000*	Type of investment
Shanghai Tiange Investment Management Co., Ltd.	Heng Tai Securities Co., Ltd.	20,000	1/2/2021	20,547	1
Minsheng Wealth Management Co., Ltd.	China Merchants Securities Co., Ltd.	23,522	24/6/2020	4,998	1
		43,522		25,545	

Note:

Type 1 investment refers 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 Group as at 31 December 2022.

Details of loan receivables as at 31 December 2022

Borrower	Source of borrowers	Guarantee/ security	Contract date	Principal Amount *RMB*	Annual interest rate	Term of the loan (month)
Borrower A (Note 1)	Introduced by controlling shareholder of the Company; Independent Third Party	No pledge, no guarantee	2022/5/25	27,000,000	6.0%	12
Borrower B (Note 1)	Introduced by controlling shareholder of the Company; Independent Third Party	No pledge, no guarantee	2022/5/30	27,000,000	6.0%	12
Borrower C (Note 1)	Introduced by controlling shareholder of the Company; Independent Third Party	No pledge, no guarantee	2022/5/30	6,000,000	6.0%	12
Borrower D (Note 2)	Introduced by controlling shareholder of the Company; Independent Third Party	No pledge, personal guarantee by sole shareholder of Borrower D	2022/1/5	40,197,000	5.0%	15
Borrower E (Note 2)	Introduced by controlling shareholder of the Company; Independent Third Party	No pledge, personal guarantee by sole shareholder of Borrower E	2022/6/24	13,399,000	5.0%	9
Borrower F	Introduced by controlling shareholder of the Company; Independent Third Party	A pledge on the rights to collect revenue from the treatment services	2022/7/1	25,534,000 (Note 3)	12.0%	18
Borrower G	Potential joint venture, please refer to the announcement of the Company dated 26 January 2021	Pledge of equity interests in Borrower G, personal guarantee by shareholders of the Borrower G, Mortgage of machinery and equipment of Borrower G	2020/11/20	2,585,000 *(Note 4)*	18%	18
				141,715,000		

Note:

(1) These loans are trust loan arrangements with commercial banks.

(2) Borrower D and Borrower E renewed their respective loan agreements for three months upon expiry. Borrower D and Borrower E repaid the all outstanding balance and accrued interest on 30 March 2023.

(3) The principal amount represented outstanding balance as at 31 December 2022 of a supply chain financing loan granted by the Group. Borrower F renewed its loan agreement for 18 months upon expiry in June 2022.

(4) The original principal amount was RMB9.95 million. During the Year, Borrower G repaid RMB7.36 million. The outstanding principal amount was overdue and the Group has been charging 18% overdue interest pursuant to the loan agreement.

Save as disclosed above, the Group did not grant any other loans to independent third parties during the Year which remained outstanding as at 31 December 2022.

The Group granted the above loans by utilising its general working capital. Prior to granting each of the loans, the Group conducted due diligence on the borrowers, including but not limited to, obtaining the latest financial statements of the borrowers, previous repayment record of the borrowers, source of funding, etc.. The Group also adopted loan monitoring measures to safeguard its interest in granting the loans: e.g. request the borrowers to provide latest financial statements on a regular basis and notify the Group for any material change in shareholding and management structure, monitor the fund flow of the borrowers, etc..

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2022 (2021: Nil).

EVENTS AFTER THE REPORTING PERIOD

No significant events has occurred after the end of the Year under Review.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 9 June 2023 to Wednesday, 14 June 2023, both days inclusive, for the purpose of determining Shareholders' entitlement to attend the forthcoming annual general meeting of the Company ("**AGM**") to be held on Wednesday, 14 June 2023, during such period no transfer of Shares will be registered. In order to qualify for attending the AGM, the 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Thursday, 8 June 2023.

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

Save as disclosed below, during the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

During the Year, the Company has repurchased a total of 24,535,000 ordinary shares of HK$0.01 each ("**Shares**") of the Company on the Stock Exchange at aggregate consideration (before expenses) of HK$14,787,000. All the repurchased Shares were cancelled during the Year.

Date	Number of Shares Repurchased	Purchased Price		Aggregate consideration (before expenses)
		Highest	Lowest	*(HKD)*
26 May 2022	21,585,000	0.61	0.59	13,017,000
27 May 2022	2,950,000	0.6	–	1,770,000
	24,535,000			14,787,000

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 Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the Year, 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 Year under Review.

AUDIT COMMITTEE

The Company established an audit committee under the Board (the "**Audit Committee**") on 7 November 2013 with written terms of reference in compliance with the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, namely Ms. Wong Wai Ling (Chairlady), Mr. He Chengying and Dr. Wang Huaping. The primary duties of the Audit Committee are to review the Company's financial information, review and supervise the Company's financial reporting process and internal control procedures, nominate and monitor external auditors and provide advice and comments to the Board.

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2022 before such documents were tabled for the Board's review and approval, and is of the opinion that the audited financial statements of the Group for the year ended 31 December 2022 complied with the applicable accounting standards, the Listing Rules and other applicable legal requirements and adequate disclosures have been made.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is published on the websites of the Company (www.chinaysgroup.com) and the Stock Exchange (www.hkexnews.hk). An annual report for the Year 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 March 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 Chengying and Dr. Wang Huaping.