

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement and make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.

This joint announcement appears for information purposes only and is not intended to and does not constitute, or form part of, an invitation or offer to acquire, purchase or subscribe for securities of the Offeror or the Company nor is it a solicitation of any vote or approval in any jurisdiction nor shall there be any sale, issuance or transfer of securities of the Company or of the Offeror in any jurisdiction in contravention of applicable law.

This joint announcement is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the applicable laws or regulations of such jurisdiction.



Harmonic Ease Ventures Limited
(和安創投有限公司)

(Incorporated in the British Virgin Islands with limited liability)

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)

JOINT ANNOUNCEMENT

**(1) PROPOSED PRIVATISATION BY WAY OF
VOLUNTARY CONDITIONAL GENERAL CASH OFFERS BY
HALCYON SECURITIES LIMITED
ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES IN THE COMPANY
(OTHER THAN THOSE SHARES ALREADY OWNED
AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR
AND/OR THE BVI PAC)
AND TO CANCEL ALL OUTSTANDING SHARE OPTIONS;**

(2) PROPOSED WITHDRAWAL OF LISTING;

**(3) ESTABLISHMENT OF THE INDEPENDENT BOARD;
COMMITTEE**

AND

(4) RESUMPTION OF TRADING IN SHARES

Financial Adviser to the Offeror



Halcyon Capital Limited

INTRODUCTION

After trading hours of the Stock Exchange on 8 June 2023, the Offeror informed the Board that Halcyon Securities will, on behalf of the Offeror, make voluntary conditional cash offers to (i) acquire all the Shares other than those Shares already owned and/or agreed to be acquired by the Offeror and/or the BVI PAC; and (ii) cancel all the outstanding Share Options.

WARNING: Shareholders, Optionholders and potential investors of the Company should note that the Offers are subject to the Conditions described in the paragraph headed “Conditions of the Offers” in this joint announcement. The Conditions may or may not be fulfilled and accordingly the Offers may or may not proceed. Shareholders, Optionholders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares and other securities of the Company, and if they are in doubt about their positions, they should consult their professional advisers.

THE OFFERS

Halcyon Securities will, on behalf of the Offeror, make the Offers in compliance with the Takeovers Code on the following basis:

The Offer Share(s) under the Share Offer:

For each Offer ShareHK\$1.0 in cash

The Offer Option(s) under the Option Offer:

For the cancellation of each Share Option with
an exercise price of HK\$1.095 HK\$0.0001 in cash

For the cancellation of each Share Option with
an exercise price of HK\$1.195 HK\$0.0001 in cash

CONFIRMATION OF FINANCIAL RESOURCES

The Offeror intends to satisfy the cash consideration payable under the Offers in respect of the Offer Shares (including Shares to be issued upon full exercise of all Offer Options) using funds provided by Ever Thrive.

Ever Thrive has undertaken to the Offeror and Halcyon Capital that Ever Thrive will finance the Offeror the financial resources required to satisfy the maximum amount of consideration to effect the Offers in respect of the Offer Shares (including Shares to be issued upon full exercise of all Offer Options, assuming all Offer Options are exercised in full by the Optionholders).

Halcyon Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount of consideration required to effect the Offers with respect to the Offer Shares (including Shares to be issued upon full exercise of all Offer Options, assuming all Share Options are exercised in full by the Optionholders).

CONDITIONS OF THE OFFERS

The Offers are subject to the following Conditions:

- (i) valid acceptances of the Share Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may decide, subject to the rules of the Takeovers Code) in respect of such number of Offer Shares which would result in the Offeror holding not less than 90% of the Disinterested Shares;
- (ii) no event having occurred which would (a) make the Share Offer, the Option Offer, the acquisition of the Offer Shares or the cancellation of the Offer Options void, enforceable or illegal; or (b) prohibit the implementation of the Offers; or (c) would impose any additional material conditions or obligations with respect to the Offers;

- (iii) all necessary consents in connection with the Offers and in connection with the withdrawal of listing of the Shares from the Stock Exchange which may be required under any existing contractual obligations of the Company being obtained and remaining in effect (i.e. the consents required to be given by the counterparty(ies) of any contracts entered into between the Company and such counterparty(ies) when the Company withdraws the listing of its Shares on the Stock Exchange, pursuant to the terms of such contracts);
- (iv) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong, the Cayman Islands or any other jurisdictions having taken or instituted any action, proceeding, suit, investigating or enquiry (or enacted, made or proposed, and there will not continuing to be outstanding, any statute, regulation, demand or order) that would make the Offers or their implementation in accordance with their respective terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Offers or their implementation in accordance with their respective terms); and
- (v) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading positions or prospects or conditions (whether operational, legal or otherwise) of the Group (to an extent which is material in the context of the Group taken as a whole).

As at the Announcement Date, the Offeror was not aware of any consent required under Condition (iii) above. Other than Condition (i), the Offeror reserves the right to waive, in whole or in part all or any of the Conditions set out above.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any or all of the Conditions (other than Condition (i)) so as to cause the Offers to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offers.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offers become unconditional as to acceptances and when the Offers become unconditional in all respects. The Offers must also remain open for acceptance for at least 14 days after the Share Offer becomes unconditional in all respects. Shareholders are reminded that the Offeror does not have any obligation to keep the Share Offer open for acceptance beyond this 14-day period.

POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

Subject to the satisfaction of requirements under Section 88 of the Cayman Islands Companies Act and Rule 2.11 of the Takeovers Code, if the Offeror acquires not less than 90% of the Offer Shares (by virtue of the acceptances of the Share Offer or otherwise) and not less than 90% of the Disinterested Shares within four months of the posting of the Composite Document, the Offeror will privatise the Company by exercising the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and the Cayman Islands Companies Act to compulsorily acquire those Offer Shares not already owned and/or agreed to be acquired by the Offeror and/or the BVI PAC under the Share Offer on the same terms as the Share Offer, following which the listing of the Shares will be withdrawn from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules. The Company will comply with the relevant requirements in the Listing Rules in this regard, and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the abovementioned thresholds under the Cayman Islands Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied on the Closing Date, dealings in the Shares may be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Whilst it is the intention of the Offeror to privatise the Company, the Offeror's ability to exercise rights of compulsory acquisition in respect of the Offer Shares is dependent on the prescribed threshold required for compulsory acquisition under the Cayman Islands Companies Act and on the requirements of Rule 2.11 of the Takeovers Code being satisfied.

In the event the Offeror is not able to effect the compulsory acquisition, the Offers will not become unconditional and will lapse and the Shares will remain listed on the Stock Exchange.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises all the independent non-executive Directors, namely Ms. Wong Wai Ling, Mr. He Chengying and Dr. Wang Huaping, has been established by the Board to make a recommendation to (a) the Independent Shareholders as to whether the terms of the Share Offer are, or are not, fair and reasonable and as to its acceptance, and (b) to the Optionholders as to its views on the acceptance of the Option Offer.

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

An independent financial adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Offers. An announcement will be made by the Company as soon as possible after the appointment of such independent financial adviser.

INTENTION OF THE OFFEROR REGARDING THE GROUP

The Offeror intends to continue the existing businesses of the Group upon completion of the Offers, and to develop deeper synergies with the Group's overall businesses, explore new development opportunities and implement long-term growth strategies. The Offeror may also from time to time, based on market situation, consider introducing significant changes to the existing operations of the Group following the review of its strategic options relating to the business, structure and/or direction of the Group. The Offeror may continue to explore the possibility of re-aligning or redeploying the assets of the Group and assess suitable opportunities to enhance the financial flexibility of the Group. The Offeror will continue the employment of the existing employees of the Group following completion of the Offers except for changes which may occur in the ordinary course of business.

DESPATCH OF COMPOSITE DOCUMENT

The Composite Document containing, *inter alia*, further details of the Offers, the expected timetable, information regarding the Company, a property valuation report on the Group's properties, recommendations from the Independent Board Committee with respect to the Offers and the letter of advice from the independent financial adviser to the Independent Board Committee, together with the form of acceptance of the Share Offer and the form of acceptance for Option Offer will be despatched to the Shareholders and the Optionholders as soon as practicable and in compliance with the requirements of the Takeovers Code and other applicable laws and regulations.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 9 June 2023 pending the issue of this joint announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 26 June 2023.

INTRODUCTION

After trading hours of the Stock Exchange on 8 June 2023, the Offeror informed the Board that Halcyon Securities will, on behalf of the Offeror, make voluntary conditional cash offers to (i) acquire all the Shares other than those Shares already owned and/or agreed to be acquired by the Offeror and/or the BVI PAC; and (ii) cancel all the outstanding Share Options.

As at the Announcement Date, the Offeror was not interested in any Shares or Share Options, while the Offeror Concert Parties were interested in a total of (a) 526,738,667 Shares, representing approximately 74.4% of the total issued share capital of the Company (as to (i) Ever Thrive being interested in 249,401,700 Shares, representing approximately 35.2% of the total issued share capital of the Company; (ii) Astute being interested in 274,661,290 Shares, representing approximately 38.8% of the total issued share capital of the Company; and (iii) Mr. Ma being interested in 2,675,677 Shares, representing approximately 0.4% of the total issued share capital of the Company); and (b) 4,400,000 Share Options, which were granted to Mr. Ma.

As at the Announcement Date, the Company had outstanding 13,938,200 Share Options entitling the Optionholders to subscribe for up to an aggregate of (i) 5,139,400 Shares at an exercise price of HK\$1.095 per Share; and (ii) 8,798,800 Shares at an exercise price of HK\$1.195 per Share. If the Share Options are exercised in full, the Company will have to issue 13,938,200 Shares to the Optionholders, representing approximately 1.9% of the enlarged issued share capital of the Company (assuming there is no other changes in the securities of the Company). The Optionholders are entitled to exercise the Share Options in accordance with the terms and conditions of the Share Option Scheme.

THE OFFERS

Halcyon Securities will, on behalf of the Offeror, make the Offers in compliance with the Takeovers Code on the following basis:

The Offer Share(s) under the Share Offer:

For each Offer Share HK\$1.0 in cash

The Offer Option(s) under the Option Offer:

For the cancellation of each Share Option with
an exercise price of HK\$1.095 HK\$0.0001 in cash

For the cancellation of each Share Option with
an exercise price of HK\$1.195 HK\$0.0001 in cash

As at the Announcement Date, the Company has 708,008,090 Shares in issue and 13,938,200 Share Options outstanding entitling the Optionholders to subscribe for 13,938,200 Shares.

The Offer Shares to be acquired under the Share Offer shall be fully paid-up and shall be acquired by the Offeror or its nominee(s) free from all liens, mortgages, charges, encumbrances, rights of pre-emption and any other third parties rights of any nature together with all rights, benefits and entitlements attaching thereto as at the date when the Share Offer is made, that is, the date of posting of the Composite Document.

It is noted that in accordance with the terms and conditions of the Share Option Scheme, the Optionholders shall be entitled to exercise the Share Options in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the Share Offer becomes or is declared unconditional. In the event that Optionholder exercises any outstanding Share Options within one month after the date on which the Share Offer becomes or is declared unconditional, such Shares shall be considered as Offer Shares and may be compulsorily acquired by the Offeror in the event the Offeror exercises its right to compulsorily acquire those Offer Shares not already owned and/or agreed to be acquired by it and/or the BVI PAC under the Share Offer pursuant to Section 88 of the Cayman Islands Companies Act and Rule 2.11 of the Takeovers Code (for further details, please refer to the paragraph headed “Possible compulsory acquisition and withdrawal of listing” below). Any Share Options that remained outstanding and not exercised will lapse at the end of one month after the date on which the Share Offer becomes or is declared unconditional, regardless of whether the Company will remain listed or not after the Share Offer.

COMPARISONS OF VALUE

The Offer Price of HK\$1.0 represents:

- (i) a premium of approximately 58.7% over the closing price of HK\$0.630 per Shares as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 55.8% over the average closing price of approximately HK\$0.642 per Share based on the daily closing prices as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Lasting Trading Day;
- (iii) a premium of approximately 61.0% over the average closing price of approximately HK\$0.621 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;

- (iv) a premium of approximately 52.9% over the average closing price of approximately HK\$0.654 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 38.5% over the average closing price of approximately HK\$0.722 per Share based on the daily closing prices as quoted on the Stock Exchange for the last 60 consecutive trading days immediately prior to and including the Last Trading Day; and
- (vi) a discount of approximately 41.5% of the audited consolidated net asset attributed to shareholders of the Company of approximately HK\$1.71 per Share as at 31 December 2022 (based on the audited consolidated equity attributable to the Shareholders of approximately RMB1,102 million (equivalent to approximately HK\$1,212 million) as at 31 December 2022 and 708,008,090 Shares in issue as at the Announcement Date).

Shareholders should note that the Composite Document will contain a property valuation report from an independent property valuer pursuant to Rule 11 of the Takeovers Code providing an updated valuation of the Group's properties as at a date not more than three months prior to the date of the Composite Document.

Under the Option Offer, as the exercise prices of the Share Options exceeded Offer Price, the Offeror will offer the Optionholders a nominal amount of HK\$0.0001 for each outstanding Share Option that they hold. The following table sets out the exercise prices for all the outstanding Share Options and their respective nominal amounts under the Option Offer (i.e. the Option Cancellation Price):

Exercise Price (HK\$)	Nominal amount (HK\$)	Exercisable Period (DD/MM/YYYY)	Total number of outstanding Shares Options exercisable as at the Announcement Date
1.095	0.0001	02/04/2016 – 05/01/2025	5,139,400
1.195	0.0001	02/04/2017 – 30/12/2025	8,798,800

HIGHEST AND LOWEST TRADING PRICES

During the six-month period immediately prior to and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.91 on 13 December 2022, 14 December 2022 and 11 January 2023 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.58 on 18 May 2023, 19 May 2023, 31 May 2023 and 1 June 2023.

VALUE OF THE OFFERS MADE TO INDEPENDENT SHAREHOLDERS AND OPTIONHOLDERS

On the assumption that (i) there are a total of 183,945,100 Offer Shares as at the Announcement Date and that all holders of Offer Shares accept the Share Offer at the Offer Price in respect of their respective Shares; (ii) all the outstanding 13,938,200 outstanding Share Options as at the Announcement Date have not be exercised and all holders of the such Offer Options accept the Option Offer in respect of their entire holdings of the Offer Options at the relevant Option Cancellation Price; and (iii) there are no other changes to the securities of the Company, the maximum value of the Offers made to holders of Offer Shares and Optionholders, being the maximum amount payable by the Offeror under the Offers made to holders of Offer Shares and Optionholders, is approximately HK\$183.9 million.

The following table shows the total consideration payable by the Offeror for the Offer Shares and the relevant Offer Options:

	Offer Shares	Offer Options for each Share Option at an exercise price of HK\$1.095	Offer Options for each Share Option at an exercise price of HK\$1.195	Total
Number of Offer Shares/Offer Options	183,945,100	5,139,400	8,798,800	-
Offer Price/Option Cancellation Price	HK\$1.0	HK\$0.0001	HK\$0.0001	-
Total offer price	HK\$183,945,100	HK\$513.9	HK\$880.0	HK\$183,946,493.9

In the event that all Offer Options are exercised in full by the Optionholders prior to the Closing Date which results in an additional 13,938,200 Shares being issued and assuming that all the Optionholders accept the Share Offer in respect of all those resulting Shares, the maximum amount payable by the Offeror under the Offers will be increased to approximately HK\$197.9 million and in such case the Company will receive an aggregate subscription price for the exercise of the Offer Options of approximately HK\$16.1 million. However, the Offeror does not expect the Optionholders to exercise the Offer Options given that the exercise price for each Offer Option is premium over the Offer Price and there will be no additional monetary benefit to the Optionholders.

CONFIRMATION OF FINANCIAL RESOURCES

The Offeror intends to satisfy the cash consideration payable under the Offers in respect of the Offer Shares (including Shares to be issued upon full exercise of all Offer Options) using funds provided by Ever Thrive.

Ever Thrive has undertaken to the Offeror and Halcyon Capital that Ever Thrive will finance the Offeror the financial resources required to satisfy the maximum amount of consideration to effect the Offers in respect of the Offer Shares (including Shares to be issued upon full exercise of all Offer Options, assuming all Offer Options are exercised in full by the Optionholders).

Financial resources of Ever Thrive were obtained from a combination of its internal resources and External Financing. The Lender is principally engaged in construction business and is a third party independent of the Company and one of the Offeror Concert Parties. Mr. Li has provided a personal guarantee in favour of the Lender in respect of all amounts due under the External Financing. There is no charge over the Shares pursuant to the terms and conditions of the External Financing.

Halcyon Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount of consideration required to effect the Offers with respect to the Offer Shares (including Shares to be issued upon full exercise of all Offer Options, assuming all Offer Options are exercised in full by the Optionholders).

SETTLEMENT OF THE CONSIDERATION

Settlement of the consideration payable by the Offeror in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) Business Days of the later of (i) the date of receipt of a completed and valid acceptance in respect of the Offers; and (ii) the date on which the Offers become or are declared unconditional in all respects. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offers complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder or a Optionholder who accepts the Share Offer or the Option Offer (as the case may be) will be rounded up to the nearest cent.

CONDITIONS OF THE OFFERS

The Offers are subject to the following Conditions:

- (i) valid acceptances of the Share Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may decide, subject to the rules of the Takeovers Code) in respect of such number of Offer Shares which would result in the Offeror holding not less than 90% of the Disinterested Shares;
- (ii) no event having occurred which would (a) make the Share Offer, the Option Offer, the acquisition of the Offer Shares or the cancellation of the Offer Options void, enforceable or illegal; or (b) prohibit the implementation of the Offers; or (c) would impose any additional material conditions or obligations with respect to the Offers;
- (iii) all necessary consents in connection with the Offers and in connection with the withdrawal of listing of the Shares from the Stock Exchange which may be required under any existing contractual obligations of the Company being obtained and remaining in effect (i.e. the consents required to be given by the counterparty(ies) of any contracts entered into between the Company and such counterparty(ies) when the Company withdraws the listing of its Shares on the Stock Exchange, pursuant to the terms of such contracts);
- (iv) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong, the Cayman Islands or any other jurisdictions having taken or instituted any action, proceeding, suit, investigating or enquiry (or enacted, made or proposed, and there will not continuing to be outstanding, any statute, regulation, demand or order) that would make the Offers or their implementation in accordance with their respective terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Offers or their implementation in accordance with their respective terms); and
- (v) since the Announcement Date, there having been no material adverse change in the business, assets, financial or trading positions or prospects or conditions (whether operational, legal or otherwise) of the Group (to an extent which is material in the context of the Group taken as a whole).

As at the Announcement Date, the Offeror was not aware of any consent required under Condition (iii) above. Other than Condition (i), the Offeror reserves the right to waive, in whole or in part all or any of the Conditions set out above.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any or all of the Conditions (other than Condition (i)) so as to cause the Offers to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offers.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offers become unconditional as to acceptances and when the Offers become unconditional in all respects. The Offers must also remain open for acceptance for at least 14 days after the Share Offer becomes unconditional in all respects. Shareholders are reminded that the Offeror does not have any obligation to keep the Share Offer open for acceptance beyond this 14-day period.

As at the Announcement Date, the Conditions have not been satisfied. If the above Conditions are not satisfied on or before the Closing Date, the Share Offer will lapse unless the Share Offer is extended by the Offeror in accordance with the Takeovers Code. The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfilment of the Conditions in accordance with the Takeovers Code and the Listing Rules. In accordance with Rule 15.5 of the Takeovers Code, the latest time on which the Offers may become or may be declared unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

The Option Offer will be subject to and conditional upon the Share Offer becoming or being declared unconditional in all aspects. The last day for acceptance of the Option Offer shall be at least 14 days after the date on which the Offers become or are declared unconditional, and payment to accepting holders of Share Options under the Option Offer will be made within seven (7) Business Days (as defined under the Takeovers Code) following the later of the date that the Option Offer becomes, or is declared, unconditional and the date of receipt of a duly completed acceptance.

WARNING: Shareholders, Optionholders and potential investors of the Company should note that the Offers are subject to the Conditions described in the paragraph headed “Conditions of the Offers” in this joint announcement. The Conditions may or may not be fulfilled and accordingly the Offers may or may not proceed. Shareholders, Optionholders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares and other securities of the Company, and if they are in doubt about their positions, they should consult their professional advisers.

POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

Subject to the satisfaction of requirements under Section 88 of the Cayman Islands Companies Act and Rule 2.11 of the Takeovers Code, if the Offeror acquires not less than 90% of the Offer Shares (by virtue of the acceptances of the Share Offer or otherwise) and not less than 90% of the Disinterested Shares within four months of the posting of the Composite Document, the Offeror will privatise the Company by exercising the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and the Cayman Islands Companies Act to compulsorily acquire those Offer Shares not already owned and/or agreed to be acquired by the Offeror and/or the BVI PAC under the Share Offer on the same terms as the Share Offer, following which the listing of the Shares will be withdrawn from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules. The Company will comply with the relevant requirements in the Listing Rules in this regard, and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the abovementioned thresholds under the Cayman Islands Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied on the Closing Date, dealings in the Shares may be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Whilst it is the intention of the Offeror to privatise the Company, the Offeror’s ability to exercise rights of compulsory acquisition in respect of the Offer Shares is dependent on the prescribed threshold required for compulsory acquisition under the Cayman Islands Companies Act and on the requirements of Rule 2.11 of the Takeovers Code being satisfied.

In the event the Offeror is not able to effect the compulsory acquisition, the Offers will not become unconditional and will lapse and the Shares will remain listed on the Stock Exchange.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises all the independent non-executive Directors, namely Ms. Wong Wai Ling, Mr. He Chengying and Dr. Wang Huaping, has been established by the Board to make a recommendation to (a) the Independent Shareholders as to whether the terms of the Share Offer are, or are not, fair and reasonable and as to its acceptance, and (b) to the Optionholders as to its views on the acceptance of the Option Offer.

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

An independent financial adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Offers. An announcement will be made by the Company as soon as possible after the appointment of such independent financial adviser.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Announcement Date, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Shares, and the Company has 708,008,090 Shares in issue.

On the assumption that no outstanding Share Options are exercised before and after the Closing Date and that there is no change in shareholdings of the Company before the Offers, the table below sets out the shareholding structure of the Company (i) as at the Announcement Date; and (ii) immediately after completion of the Offers (assuming that the Share Offer is fully accepted):

	As at the Announcement Date		Immediately after completion of the Offers (assuming the Share Offer is fully accepted)	
	Number of Shares	%	Number of Shares	%
Shareholders				
Offeror	–	–	183,945,100	26.0
Offeror Concert Parties:				
– BVI PAC				
– Ever Thrive ⁽¹⁾	249,401,700	35.2	249,401,700	35.2
– Astute ⁽²⁾	274,661,290	38.8	274,661,290	38.8
	<u>524,062,990</u>	<u>74.0</u>	<u>524,062,990</u>	<u>74.0</u>
– Mr. Ma ⁽³⁾	2,675,677	0.4	–	–
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	526,738,667	74.4	708,008,090	100.00
Independent Shareholders				
Public Shareholders	181,269,423	25.6	–	–
Total number of Shares in issue	<u>708,008,090</u>	<u>100.0</u>	<u>708,008,090</u>	<u>100.0</u>

Notes:

1. Ever Thrive was owned by Mr. Li, an executive Director, and Ms. Li Chunyan, who is a daughter of Mr. Li and one of the Offeror Concert Parties, as to approximately 95.7% and 4.3% respectively. Shares held by Ever Thrive do not form part of the Disinterested Shares. As at the Announcement Date, Ever Thrive has given its approval as one of the BVI PAC and a Shareholder in favour of the Offeror for the purposes of Section 88 of the Cayman Islands Companies Act.
2. Astute was owned by (i) Mr. Li, an executive Director; (ii) Ms. Li Chunyan, who is a daughter of Mr. Li, a director of Astute and one of the Offeror Concert Parties; and (iii) Mr. Li Wenhua, who is a nephew of Mr. Li, a director of Astute and one of the Offeror Concert Parties, as to approximately 90%, 5% and 5%, respectively. Shares held by Astute do not form part of the Disinterested Shares. As at the Announcement Date, Astute has given its approval as one of the BVI PAC and a Shareholder in favour of the Offeror for the purposes of Section 88 of the Cayman Islands Companies Act.
3. Mr. Ma is an executive Director and is one of the Offeror Concert Parties by virtue of falling into class (6) category of the definition of “acting in concert” under the Takeovers Code. Shares held by Mr. Ma do not form part of the Disinterested Shares. For the avoidance of doubt, Shares held by Mr. Ma form part of the Offer Shares and be eligible to participate in the Share Offer.

4. All percentages in the above table are approximations. This table is prepared on the assumption that no outstanding Share Options are exercised.

Share Options

As at the Announcement Date, there were 13,938,200 outstanding Share Options granted under the Share Option Schemes, each relating to one Share, of which 13,938,200 outstanding Share Options are exercisable as at the Announcement Date. Other than such Share Options, there are no other options, derivatives, warrants or other securities convertible or exchangeable into the Shares which were issued by the Company.

The exercise of the 13,938,200 Share Options that are exercisable as at the Announcement Date in full would result in the issue of 13,938,200 new Shares, representing approximately 2.0% of the issued share capital of the Company as at the Announcement Date and approximately 1.9% of the enlarged issued share capital of the Company. Any Shares which are registered in the name of the relevant Optionholder (or in the name of its nominee) on or before the Closing Date as a result of the vesting and exercise of such outstanding exercisable Share Options shall be subject to and eligible to participate in the Share Offer and shall form part of the Offer Shares (other than those being held by the BVI PAC (if any), which shall not form part of the Offer Shares and be eligible to participate in the Share Offer).

As at the Announcement Date, Mr. Ma, an executive Director and one of the Offeror Concert Parties, has been granted an aggregate of 4,400,000 Share Options.

To the extent such outstanding Share Options, vested and unvested, and regardless of whether they are exercisable on, before or after the Closing Date, have not otherwise lapsed, been cancelled or exercised, as far as practicable contemporaneously with the despatch of the Composite Document, the Offeror will make (or procure to be made on its behalf) the Option Offer to holders of such Offer Options to cancel every vested and unvested Share Option in accordance with Rule 13 of the Takeovers Code. Such Option Offer is conditional only upon the Share Offer becoming unconditional.

INTERESTS OF THE OFFEROR AND THE OFFEROR CONCERT PARTIES IN SHARES

As at the Announcement Date, the Offeror and the Offeror Concert Parties held 526,738,667 Shares in aggregate, representing approximately 74.4% of the total number of issued Shares.

Neither the Offeror nor the Offeror Concert Parties had dealt for value in any Shares, convertible securities, warrants or options of the Company or any other relevant securities (as defined in Note 4 to Rules 22 of the Takeovers Code) of the Company during six months period immediately prior to and including the Last Trading Day.

FURTHER AGREEMENTS OR ARRANGEMENTS

As at the Announcement Date:

- (a) save as the 4,400,000 Share Options held by Mr. Ma, the Offeror and the Offeror Concert Parties do not hold any warrants, options, derivatives or other securities convertible or exchangeable into the Shares or other types of equity interest in the Company;
- (b) save as disclosed under the paragraph headed “Shareholding structure of the Company” in this joint announcement, the Offeror and the Offeror Concert Parties do not own, control or have direction over any voting rights in any Shares nor own, control or have direction over any other rights or interests in the issued share capital or voting rights of the Company;
- (c) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or the Offeror Concert Parties;
- (d) the Offeror and the Offeror Concert Parties have not received any irrevocable commitment to accept or reject the Share Offer or the Option Offer;
- (e) other than the Offers and the approval given by Ever Thrive and Astute in favour of the Offeror for the purposes of Section 88 of the Cayman Islands Companies Act, there is no arrangements (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares or other securities in the Company or the Offeror which might be material to the Share Offer and the Option Offer;
- (f) the Offeror and the Offeror Concert Parties have not borrowed or lent any relevant securities in the Company (as defined in Note 4 to the Rules 22 of the Takeovers Code);
- (g) there are no agreements or arrangements to which the Offeror is a party which relate to circumstances in which it may or may not invoke or seek to invoke any Conditions;

- (h) save for the Offer Price and the Option Cancellation Price, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or the Offeror Concert Parties to any Shareholders or Optionholder or parties acting in concert with any of them in connection with the Offers;
- (i) no benefit (other than statutory compensation) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (j) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or the Offeror Concert Parties on the one hand, and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependent upon the Offers, Optionholders or recent Optionholders having any connection with or dependent upon the Offers on the other hand; and
- (k) there is no understanding, arrangement or agreement or special deal (under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) (a) the Offeror and the Offeror Concert Parties; or (b) the Company, its subsidiaries or associated companies.

OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

The making of the Offers to certain Shareholders and Optionholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such overseas Shareholders and Optionholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any such person wishing to accept the Share Offer and/or the Option Offer (as the case may be) to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any acceptance by such overseas Shareholders and/or Optionholders (where applicable) will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror, and their respective advisers, including Halcyon, that those relevant laws and regulatory requirements in those jurisdictions have been complied with. The overseas Shareholders and/or Optionholders should consult their professional advisers if in doubt.

In the event that the despatch of the Composite Document to overseas Shareholders and/or Optionholders (where applicable) is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Directors regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company or Shareholders), the Composite Document will not be despatched to such overseas Shareholders and/or Optionholders (where applicable). For that purpose, the Company will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Composite Document to such overseas Shareholders and/or Optionholders (where applicable). In granting the waiver, the Executive will be concerned to see that all material information in the Composite Document is made available to such overseas Shareholders and/or Optionholders (where applicable), as the case may be. If any such waiver is granted by the Executive, the Offeror reserves the right to make arrangements in respect of overseas Shareholders and/or Optionholders (where applicable) in relation to the terms of the Share Offer and/or the Option Offer (as the case may be). Such arrangements may include notifying any matter in connection with the Share Offer to overseas Shareholders and/or the Option Offer to overseas Optionholders by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such persons are resident. The notice will be deemed to have been sufficiently given despite any failure causing difficulty for overseas Shareholders and/or Optionholders (where applicable) to receive or see that notice.

TAXATION AND INDEPENDENT ADVICE

Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Offers. It is emphasised that none of the Offeror, the Company or Halcyon, nor any of their respective directors, officers or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

FURTHER TERMS OF THE OFFERS

Acceptance of the Offers

Subject to the satisfaction of the Conditions, provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code and have been received by the branch share registrar of the Company in Hong Kong, by accepting the Offers, acceptance of (i) the Share Offer by any person will constitute a warranty by such person or persons to the Offeror that the Offer Shares sold by such person or persons to the Offeror are free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights, benefits and entitlements attaching thereto as at the date when the Share Offer is made, that is, the date of posting of the Composite Document; (ii) the Option Offer by any Optionholder will constitute a warranty by such person or persons to the Offeror that the Offer Options which are to be cancelled under the Option Offer are free from all third party rights, liens, claims, charges, equities and encumbrances and together with all rights attaching thereto. As at the Announcement Date, the Company has not declared any dividends which have not been distributed and the Company has no plan to declare, recommend, or pay any dividends or make any other distributions until the close of the Offers.

Acceptance of the Offers shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

Seller's ad valorem stamp duty at a rate of 0.13% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the cash amount payable to the relevant Shareholder on acceptance of the Share Offer (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded-up to the nearest HK\$1.00). The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of such accepting Shareholders and pay the buyer's ad valorem stamp duty and will account the Stamp Office of Hong Kong for all stamp duty payable on the sale and purchase of Offer Shares in respect of which valid acceptances are received under the Share Offer.

No stamp duty is payable in connection with the acceptances of the Option Offer.

Return of documents

If the Offers do not become, or are not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the branch registrar of the Company in Hong Kong will be returned to the Shareholders and/or Optionholders who have accepted the Share Offer/Option Offer (as the case may be) by ordinary post at the Shareholders'/Optionholders' own risk as soon as possible but in any event within ten days after the Offers have lapsed.

DECLARATION OF THE OFFERS BECOMING UNCONDITIONAL

The latest time on which the Offeror can declare the Offers unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

If all the Conditions are satisfied (or waived, as applicable), Shareholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

REASONS FOR, AND THE BENEFITS OF, THE OFFERS

The Offeror believes that the Offers provide the following benefits to (i) the Offeror and the Company; and (ii) the Independent Shareholders and the Optionholders.

For the Offeror and the Company

Amidst the lingering effects of the COVID-19 pandemic and the tension resulting from the international trade conflicts, the Offeror has confidence in the growth potential of the (i) dyeing and processing of differentiated polyester filament fabric in the PRC; (ii) properties investment in the PRC; and (iii) environmental water project operation in the South-east Asia.

Due to the low liquidity in the trading of its Shares, the Company's current listing status on the Stock Exchange no longer serves a sufficient source of funding for the Company's business and growth. The Offeror considers that the privatisation of the Company will facilitate business integration between the companies owned by Mr. Li, which are principally engaged in production of differentiated polyester filament yarn and cotton textile, and the Company. The Offeror expects that, after the privatisation of the Company, the dyeing and processing procedures for textiles produced by companies owned by Mr. Li can be entrusted to the Company. In addition, Mr. Li can benefit from the customer network of the Company and further sell finished textile product to downstream customers. Such integration will form a complete production and distribution chain of polyester filament textile which provides the Offeror with greater flexibility to support the future business development of the Company through onshore resources without being subjected to regulatory restrictions and compliance obligations associated with the listing status of the Company on the Stock Exchange. Consequently, listing-related costs and expenses will also be saved when the Group is taken private.

For the Independent Shareholders and the Optionholders

The Offeror believes that the Share Offer provide an opportunity for the Shareholders to realise their Shares (which have a relatively low degree of market liquidity) in return for cash. In this regard, the Offeror noted that the trading volume of the Shares on the Stock Exchange has been generally very low. The average daily trading volume of the Shares during the period from the beginning of 2023 to the Last Trading Day was less than 30,000 Shares (representing approximately 0.0004% of the total number of Shares in issue as at the Last Trading Day).

During the six-month period immediately prior to and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.91 per Share on 13 December 2022, 14 December 2022 and 11 January 2023, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.58 per Share on 18 May 2023, 19 May 2023, 31 May 2023 and 1 June 2023. The Offeror believes that the Offer Price represents a premium to the prices at which the market had valued the Company and has reflected the potential value of the development of the business of the Company in the next few years under its current state and provides an opportunity for the Independent Shareholders and the Optionholders to immediately realise their investments. The Offers therefore allow the Independent Shareholders and the Optionholders a chance to redeploy capital from accepting the Offers into other investment opportunities that they may consider more attractive in the current market environment.

Shareholders and Optionholders are reminded to refer to the details of the Offers set out in the Composite Document, including the advice of the independent financial adviser to the Independent Board Committee and the recommendation from the Independent Board Committee in respect of the Offers, before deciding whether or not to accept the Offers.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability, the issued shares of which are directly owned by Ever Thrive and Astute as to 50.0% and 50.0% respectively. Mr. Li is the ultimate controlling shareholder of each of the Offeror, Ever Thrive and Astute. The Offeror is an investment holding company and has not been engaged in any other business activities since its incorporation.

Mr. Li is an executive Director and the chairman of the Board. He has more than 30 years of experience in textile and trading industry, and is mainly responsible for overall business strategy and management of the Group.

INFORMATION ON THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability, the issued Shares of which have been listed on the Main Board of the Stock Exchange since 27 November 2013 with the stock code 3608.

The Company is an investment holding company and the Group is principally engaged in (i) dyeing and processing of differentiated polyester filament fabric; (ii) properties investment; and (iii) environmental waters project operation.

Summary of the audited consolidated financial results of the Company as extracted from the annual reports for the three years ended 31 December 2022 are set out as below:

	For the year ended 31 December		
	2022	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited, re-presented)	(Audited, adjusted)
Revenue from continuing operations	216,014	206,182	361,936
(Loss)/Profit before tax from continuing operations	(62,242)	(79,426)	88,574
(Loss)/Profit for the year	(57,962)	(246,323)	71,143
(Loss)/Profit attributable to:			
– Shareholders of the Company	(55,178)	(245,307)	72,685
– Non-controlling interests	(2,784)	(1,016)	(1,542)
Basic (loss)/earnings per Share attributable to owners of the Company (expressed in RMB cent per Share)	(7.7)	(33.5)	9.9

The audited consolidated net assets of the Group attributable to shareholders of the Company as at 31 December 2022 were approximately RMB1,102 million (approximately HK\$1,212 million) which was equivalent to approximately HK\$1.71 per Share.

INTENTION OF THE OFFEROR REGARDING THE GROUP

The Offeror intends to continue the existing businesses of the Group upon completion of the Offers, and to develop deeper synergies with the Group's overall businesses, explore new development opportunities and implement long-term growth strategies. The Offeror may also from time to time, based on market situation, consider introducing significant changes to the existing operations of the Group following the review of its strategic options relating to the business, structure and/or direction of the Group. The Offeror may continue to explore the possibility of re-aligning or redeploying the assets of the Group and assess suitable opportunities to enhance the financial flexibility of the Group. The Offeror will continue the employment of the existing employees of the Group following completion of the Offers except for changes which may occur in the ordinary course of business.

DESPATCH OF COMPOSITE DOCUMENT

The Composite Document containing, *inter alia*, further details of the Offers, the expected timetable, information regarding the Company, a property valuation report on the Group's properties, recommendations from the Independent Board Committee with respect to the Offers and the letter of advice from the independent financial adviser to the Independent Board Committee, together with the form of acceptance of the Share Offer and the form of acceptance for Option Offer will be despatched to the Shareholders and the Optionholders as soon as practicable and in compliance with the requirements of the Takeovers Code and other applicable laws and regulations.

The aggregate percentage holding in the Shares of the Offeror and the Offeror Concert Parties will also be disclosed in the Composite Document, together with information on their dealings for value in the Shares (if any) during the period commencing six months prior to the Announcement Date and ending with the latest practicable date for ascertaining information in the Composite Document.

Any acceptance or other response to the Offers should be made only on the basis of information in the Composite Document or any other document by which the Offers are made.

DISCLOSURE OF DEALINGS

Associates of the Offeror or the Company (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Offeror or the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code during the Offer Period.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

GENERAL

The Offeror has appointed Halcyon Capital as its financial adviser in connection with the Share Offer and the Option Offer.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 9 June 2023 pending the issue of this joint announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 26 June 2023.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code, and “persons acting in concert” and “concert parties” shall be construed accordingly
“Announcement Date”	23 June 2023, being the date of this joint announcement
“Astute”	Astute Horizon Limited, a limited company incorporated in the British Virgin Islands which owned by (i) Mr. Li, an executive Director; (ii) Ms. Li Chunyan, who is a daughter of Mr. Li, a director of Astute and one of the Offeror Concert Parties; and (iii) Mr. Li Wenhua, who is a nephew of Mr. Li, a director of Astute and one of the Offeror Concert Parties, as to approximately 90%, 5% and 5%, respectively, and is one of the Offeror Concert Parties
“associate”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the business of dealings in securities
“BVI PAC”	Ever Thrive and Astute
“Cayman Islands Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
“Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offers or any subsequent closing date as may be announced by the Offeror and approved by the Executive

“Company”	Yongsheng Advanced Materials Company Limited (永盛新材料有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Composite Document”	the composite document to be jointly issued by the Offeror and the Company to the Shareholders and Optionholders in connection with the Share Offer and the Option Offer in accordance with the Takeovers Code
“Condition(s)”	the condition(s) of the Offers, as set out under the paragraph headed “Conditions of the Offers” of this joint announcement
“Director(s)”	directors of the Company
“Disinterested Share(s)”	the Share(s), other than those held by the Offeror and the Offeror Concert Parties
“Ever Thrive”	Ever Thrive Global Limited (恒盛環球有限公司), a limited company incorporated in the British Virgin Islands and directly owned by Mr. Li and Ms. Li Chunyan, who is a daughter of Mr. Li, a director of Astute and one of the Offeror Concert Parties, as to approximately 95.7% and 4.3% respectively, and is one of the Offeror Concert Parties
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“External Financing”	external debt financing granted by the Lender to Ever Thrive in the principal amount of (i) RMB60 million (equivalent to approximately HK\$66 million); and (ii) US\$20 million (equivalent to approximately HK\$156 million)
“Group”	the Company and its subsidiaries

“Halcyon”	Halcyon Capital and Halcyon Securities
“Halcyon Capital”	Halcyon Capital Limited, a licensed corporation to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offers
“Halcyon Securities”	Halcyon Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, which is the agent of the Offeror who will make the Offers for and on behalf of the Offeror
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Independent Shareholders and (as the case may be) the Optionholders in respect of, among others, the Offers
“Independent Shareholders”	the Shareholders other than the Offeror and the Offeror Concert Parties
“Last Trading Day”	8 June 2023, being the last trading day prior to the date of suspension of trading in the Shares on the Stock Exchange pending the release of this joint announcement

“Lender”	Mr. Wang Xiongwei, a third party independent from the Company. Save for the External Financing which results in him being one of the Offeror Concert Parties, the Lender does not have any other relationship with the Company, Mr. Li, Ms. Li Chunyan, Mr. Li Wenhua or Mr. Ma. Neither Mr. Wang Xiongwei nor the parties acting in concert with him had any interest in the Company or had dealt for value in any Shares, convertible securities, warrants or options of the Company or any other relevant securities (as defined in Note 4 to Rules 22 of the Takeovers Code) of the Company during six months period immediately prior to and including the Last Trading Day
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Cheng, an executive Director and the chairman of the Board, also the ultimate controlling shareholder of each of the Offeror, Ever Thrive and Astute
“Mr. Ma”	Mr. Ma Qinghai, an executive Director and one of the Offeror Concert Parties by virtue of falling into class (6) category of the definition of “acting in concert” under the Takeovers Code
“Offers”	the Share Offer and the Option Offer
“Offer Option”	any and all of the outstanding Share Options, which remain unexercised as at the Announcement Date and are subject to the Option Offer
“Offer Period”	has the meaning given to it in the Takeovers Code, being the period from the Announcement Date until the latest of (i) the Closing Date; (ii) the date when the Offers lapse; (iii) the time when the Offeror announces that the Offers will not proceed; and (iv) the date when an announcement is made of the withdrawal of the Offers

“Offer Price”	the price at which the Share Offer will be made, being HK\$1.0 per Offer Share
“Offer Share(s)”	the Share(s), other than those already owned and/or agreed to be acquired by the Offeror and/or the BVI PAC
“Offeror”	Harmonic Ease Ventures Limited (和安創投有限公司), a limited company incorporated in the British Virgin Islands and directly owned by Ever Thrive and Astute as to 50.0% and 50.0% respectively
“Offeror Concert Parties”	parties acting in concert with the Offeror, including but not limited to, Mr. Li, Ms. Li Chunyan, Mr. Li Wenhua, the Lender, Halcyon, Astute, Ever Thrive and Mr. Ma
“Option Cancellation Price”	the cancellation price per outstanding Share Options payable in cash by the Offeror to the Optionholders pursuant to the Option Offer
“Option Offer”	the voluntary conditional cash offer by Halcyon Securities on behalf of the Offeror to cancel all the Share Options in accordance with the terms and conditions set out in the Composite Document and the form of acceptance in respect of the Option Offer
“Optionholder(s)”	the holder(s) of the Share Options
“PRC”	the People’s Republic of China, but for the purpose of this joint announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Offer”	the voluntary conditional general cash offer by Halcyon Securities on behalf of the Offeror to acquire all the Offer Shares in accordance with the terms and conditions set out in the Composite Document and the form of acceptance in respect of the Share Offer
“Shareholders”	holder(s) of Shares
“Share Option(s)”	the share option(s) granted under the Share Option Scheme from time to time
“Share Option Scheme”	the share option scheme adopted by the Company on 7 November 2013
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America

In this joint announcement, for illustration purposes only, RMB has been converted into HK\$ at the rate of RMB1.0:HK\$1.1, and US\$ has been converted into HK\$ at the rate of US\$1.0: HK\$7.8. No representation is made that any amount of RMB, US\$ or HK\$ has been, could have been or could be converted at the above rate or at any other rate or at all.

By order of the sole director of
Harmonic Ease Ventures Limited
 (和安創投有限公司)
Li Cheng
Sole Director

By order of the Board of
Yongsheng Advanced Materials Company Limited
 永盛新材料有限公司
Ma Qinghai
Executive Director

Hong Kong, 23 June 2023

As at the Announcement Date, the sole director of the Offeror is Mr. Li Cheng.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors in their capacity as the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the Announcement Date, 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror in his capacity as the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.