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Yongsheng Advanced Materials Company Limited
永盛新材料有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3608)

POSITIVE PROFIT ALERT

This announcement is made by Yongsheng Advanced Materials Company Limited (the “**Company**”, together with its subsidiaries, collectively known as the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2023 (the “**Period**”) and the information currently available to the Board, the profit attributable to Shareholders for the Period is expected to increase by approximately 60% to approximately RMB18.4 million as compared to approximately RMB11.2 million in the corresponding period in 2022. Such improvement was mainly attributable to (i) the increase in rental revenue derived from the property investment segment of the Group as the overall business environment improved along with the relaxation of COVID-19 pandemic control measures; and (ii) the increase in gross profit derived from the dyeing and processing of differentiated polyester filament fabric segment of the Group due to the fast growth in revenue and decrease in raw material cost of such segment.

The Board would like to remind investors that the unaudited financial data of the Group for the Period are based on the preliminary assessment of the Group's unaudited management accounts and has not been audited nor reviewed by the Company's auditor or the audit committee of the Company and are subject to adjustments. Accordingly, figures and discussions contained in this announcement should in no way be regarded as to provide any indication or assurance on the financial results of the Group for the Period. Investors are cautioned not to unduly rely on such data. Detailed financial information for the Period will be disclosed in the interim results announcement of the Company for the six months ended 30 June 2023, which will be published by in mid-August 2023.

Reference is made to the joint announcement (the "**Joint Announcement**") issued by the Company and Harmonic Ease Ventures Limited (the "**Offeror**") dated 23 June 2023 in relation to, amongst other things, the voluntary conditional general cash offers (the "**Offers**") to be made by the Offeror (i) to acquire all the Offer Shares (as defined in the Joint Announcement), being all the issued shares of the Company ("**Shares**"), other than those Shares already owned and/or agreed to be acquired by the Offeror and/or the BVI PAC (as defined in the Joint Announcement); and (ii) to cancel all the outstanding Share Options (as defined in the Joint Announcement).

The profit alert (the "**Profit Alert**") included in this announcement constitutes a profit forecast under Rule 10 of The Code on Takeovers and Mergers of Hong Kong (the "**Takeovers Code**") and should therefore be reported on by the Company's financial advisers and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosures of the inside information under Rule 13.09(2)(a) of the Listing Rules and pursuant to Part XIVA of the SFO, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code.

Under Rule 10.4 and Practice Note 2 of the Takeovers Code, if a profit forecast is made during an offer period and is first published in an announcement, it must be repeated in full, together with the reports from the Company's financial advisers and auditors on the said profit forecast, in the next document to be sent to the Shareholders by the Company (the "**Shareholders' Document**"). However, if the interim results of the Company for the six months ended 30 June 2023 which fall within the ambit of Rule 10.9 of the Takeovers Code, are published prior to the despatch of the next Shareholders' Document and the relevant results together with the notes to the financial statements are incorporated by reference in the next Shareholders' Document, the requirements to report on the financial statements under Rule 10.4 of the Takeovers Code will no longer apply.

Shareholders and potential investors should note that the Profit Alert has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code and does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors should therefore exercise caution in placing reliance on the Profit Alert in assessing the merits and demerits of the Offers. Shareholders and potential investors are advised to exercise caution when dealing in securities of the Company.

By order of the board of directors of
Yongsheng Advanced Materials Company Limited
MA Qinghai
Executive Director

Hong Kong, 26 July 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.