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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

PROPOSED PRIVATISATION BY WAY OF VOLUNTARY CONDITIONAL GENERAL CASH OFFERS BY HALCYON SECURITIES LIMITED

ON BEHALF OF THE OFFEROR

**TO ACQUIRE ALL 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

(1) CLOSE OF THE OFFERS;

(2) RESULTS OF THE OFFERS;

**(3) COMPULSORY ACQUISITION AND WITHDRAWAL OF
LISTING;**

**(4) CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY;
AND**

(5) PUBLIC FLOAT

Financial Adviser to the Offeror



Halcyon Capital Limited

INTRODUCTION

Reference is made to the (i) joint announcement (the “**Joint Announcement**”) issued by Harmonic Ease Ventures Limited (the “**Offeror**”) and Yongsheng Advanced Materials Company Limited (the “**Company**”) dated 23 June 2023, in relation to, among others, the voluntary conditional general cash offers by Halcyon Securities on behalf of the Offeror to acquire all the issued shares of the Company (other than those already owned and/or agreed to be acquired by the Offeror and/or the BVI PAC) and to cancel all the outstanding share options of the Company; (ii) the announcement dated 14 July 2023 and jointly issued by the Company and the Offeror in relation to the delay in despatch of the composite document; (iii) the announcement dated 15 August 2023 and jointly issued by the Company and the Offeror in relation to the monthly update on the Offers pursuant to the Takeovers Code; (iv) the composite offer and response document (the “**Composite Document**”) and Form(s) of Acceptance dated 31 August 2023 and jointly issued by the Company and the Offeror in relation to the Offers; and (v) the announcement dated 21 September 2023 and jointly issued by the Company and the Offeror in relation to, among other things, acceptance level of the Offers as of the First Closing Date (the “**First Closing Date Announcement**”).

Capitalised terms used herein shall have the same meanings as those defined in the Composite Document, unless the context requires otherwise.

CLOSE OF THE OFFERS AND RESULTS OF OFFERS

Close of the Offers

The Offeror announces that the Offers closed at 4:00 p.m. on Thursday, 5 October 2023 and the Offers were not revised or extended by the Offeror.

Results of the Offers

As at 4:00 p.m. on the Thursday, 5 October 2023, being the latest time and date for acceptance of the Offers, the Offeror has received (i) 175,230,265 Offer Shares (“**Acceptance Shares**”) under the Share Offer, representing approximately (a) 95.3% of the Offer Shares; and (b) 24.7% of the entire issued share capital of the Company, as at the date of this joint announcement; and (ii) valid acceptance of the Option Offer in respect of 13,938,200 Share Options (the “**Acceptance Share Options**”), representing 100% of the Offer Options. The Acceptance Shares consisted of 2,675,677 Offer Shares held and accepted by Mr. Ma, resulting the Offeror had received valid acceptance of the Share Offer in respect of 172,554,588 Disinterested Shares, representing approximately 95.2% of the Disinterested Shares.

As a result, taking into account the Acceptance Shares and 526,738,667 Shares already owned by the Offeror and the Offeror Concert Parties, the Offeror and the Offeror Concert Parties would hold an aggregate of 699,293,255 Shares, representing approximately 98.8% of the total issued share capital of the Company as at 4:00 p.m. on the date of this joint announcement.

Save (a) 526,738,667 Shares already owned by the Offeror and the Offeror Concert Parties; and (b) 4,400,000 Share Options granted to Mr. Ma, neither the Offeror nor the Offeror Concert Parties (i) held, controlled or directed any Shares and rights over Shares immediately before the commencement of the Offer Period; or (ii) save for the Acceptance Shares and the Acceptance Share Options, has acquired or agreed to acquire any Shares or rights over Shares during the Offer Period up to and including the date of this joint announcement. Neither the Offeror nor the Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Offer Period and up to and including the date of this joint announcement.

SETTLEMENT OF THE OFFERS

Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) in respect of the acceptances of the Offers have been/will be despatched to the accepting holders of the Offer Shares and Optionholders (as applicable) by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days of the later of (i) the date on which the Offers became unconditional in all respects (i.e. 21 September 2023); or (ii) the date of receipt of duly completed acceptance of the Offers pursuant to 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 Optionholder who accepts the Share Offer or the Option Offer respectively will be rounded up to the nearest cent.

The latest date of posting of remittance in respect of valid acceptances received under the Offers is on Monday, 16 October 2023.

SHAREHOLDING STRUCTURE OF THE COMPANY

Immediately prior to the commencement of the Offers, the Offeror and the Offeror Concert Parties were interested in 526,738,667 Shares, representing approximately 74.4% of the entire issued share capital of the Company. Immediately after the close of the Offers, taking into account the 175,230,265 Acceptance Shares received under the Offers, representing 24.7% of the entire issued share capital of the Company, the Offeror and the Offeror Concert Parties are interested in an aggregate of 699,293,255 Shares, representing approximately 98.8% of the entire issued share capital of the Company as at the date of this joint announcement.

The following table sets out the shareholding structure of the Company (i) immediately prior to the commencement of the Offers; and (ii) immediately upon the close of the Offers and as at the date of this announcement:

	Immediately prior to the commencement of the Offers		Immediately after the close of the Offers and as at the date of this joint announcement	
	<i>Number of Shares</i>	<i>% of the Shares in issue</i>	<i>Number of Shares</i>	<i>% of the Shares in issue</i>
<i>Offeror and Offeror Concert Parties</i>				
Offeror	–	–	175,230,265	24.7
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
Sub-total	524,062,990	74.0	699,293,255	98.8
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	699,293,255	98.8
Public Shareholders	181,269,423	25.6	8,714,835	1.2
Total	708,008,090	100.0	708,008,090	100.0

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 date of this joint announcement, 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 date of this joint announcement, 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. Certain amounts and percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals in the above tables may not be an arithmetic aggregation of the figures preceding them.

COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF SHARES

As the Offeror has received valid acceptances in respect of 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, the Offeror will privatise the Company by exercising its right 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 (the “**Remaining Offer Shares**”) on the same terms as the Share Offer (i.e. at the Offer Price of HK\$1.0 per Offer Share).

Pursuant to Section 88 of the Cayman Islands Companies Act, the process of compulsory acquisition may only commence four months after the date of the Composite Document, i.e. 31 August 2023, being the date the Share Offer was made. Accordingly, the Offeror will issue notices in relation to the compulsory acquisition of the Remaining Offer Shares pursuant to Section 88 of the Cayman Islands Companies Act (the “**Compulsory Acquisition Notices**”) to the Shareholders holding the Remaining Offer Shares on Wednesday, 3 January 2024. Once the Compulsory Acquisition Notices are despatched, the Offeror will be entitled and bound to acquire the Remaining Offer Shares on the same terms as the Share Offer (i.e. at the Offer Price of HK\$1.0 per Offer Share) on the expiration of one month from the date on which the Compulsory Acquisition Notices are given, unless the Grand Court of the Cayman Islands (the “**Grand Court**”) makes an order to the contrary upon the application of any dissenting Shareholder holding Remaining Offer Shares.

A further announcement will be made on or around 3 January 2024 to inform the Shareholders about the despatch of the Compulsory Acquisition Notices and the details of the compulsory acquisition, including the timetable on completion of the compulsory acquisition, withdrawal of listing of the Shares and payment for the Remaining Offer Shares.

Shareholders whose Remaining Offer Shares are to be acquired by compulsory acquisition should note that they will not receive the consideration (less seller's ad valorem stamp duty) for the Remaining Offer Shares until after completion of the compulsory acquisition which is currently expected to be in February 2024 in accordance with the Cayman Islands Companies Act. The consideration (less seller's ad valorem stamp duty) for the Remaining Offer Shares will be required to be paid by the Offeror to the Company (rather than directly to those Shareholders holding the Remaining Offer Shares) which will, as required under the Cayman Islands Companies Act, hold the consideration (less seller's ad valorem stamp duty) in a separate bank account on trust for those Shareholders holding the Remaining Offer Shares. This may result in a further delay in settlement. Cheques for the payment of the amounts due to the Shareholders holding the Remaining Offer Shares (less seller's ad valorem stamp duty) are expected to be despatched in or around February 2024 unless any dissenting Shareholder holding the Remaining Offer Shares makes an application to the Grand Court to prevent the compulsory acquisition of the Remaining Offer Shares.

Upon completion of the compulsory acquisition, the Company will make an application for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules, which is currently expected to be in February 2024.

Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser. If they are in doubt as to their rights and obligations under the Cayman Islands Companies Act in respect of the compulsory acquisition of the Remaining Offer Shares, they should consult a solicitor or other professional adviser qualified to advise on matters of Cayman Islands law.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

In order to facilitate the despatch of the Compulsory Acquisition Notices, the register of members of the Company will be closed from Thursday, 28 December 2023 onwards. Any person wishing to lodge a share transfer for entry into the register of members of the Company must lodge such transfer accompanied by the relevant share certificates with the Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible, but in any event it must reach the Registrar by no later than 4:30 p.m. on Wednesday, 27 December 2023.

As the Offeror intends to despatch the Compulsory Acquisition Notices during the closure of the register of members of the Company, and owing to the closure of the register of members of the Company, no further transfers of the Offer Shares or other documents submitted by the Shareholders or any other persons will be accepted or considered in any way to be effective after 4:30 p.m. on Wednesday, 27 December 2023.

PUBLIC FLOAT

Immediately after the close of the Offers and as at the date of this joint announcement, 8,714,835 Shares, representing approximately 1.2% of the entire issued share capital of the Company, are held by the public (as defined in the Listing Rules). Accordingly, the minimum public float requirement of 25% as specified by the Stock Exchange under Rule 8.08(1)(d) of the Listing Rules is not satisfied.

WARNING:

Shareholders, Optionholders and potential investors of the Company are advised to exercise in caution when dealing in the relevant securities of the Company. If any Shareholders, Optionholders or potential investors of the Company are in any doubt about their position, they should consult their own professional advisers.

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, 5 October 2023

As at the date of this joint announcement, 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 date of this joint 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 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.