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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)**

### **DISCLOSEABLE TRANSACTIONS ASSET MANAGEMENT AGREEMENTS**

#### **I. THE SIXTH LJZ ASSET MANAGEMENT AGREEMENT**

Reference is made to (i) the announcement of the Company dated 16 August 2016 regarding the First LJZ Asset Management Agreement and the Second LJZ Asset Management Agreement; (ii) the announcement of the Company dated 20 September 2016 regarding the Third LJZ Asset Management Agreement; and (iii) the announcement of the Company dated 15 February 2017 regarding the Fourth LJZ Asset Management Agreement and the Fifth LJZ Asset Management Agreement.

On 24 March 2017 (after trading hours), Yongsheng Dyeing (as asset entrustor) entered into the Sixth LJZ Asset Management Agreement with LJZ Wealth Management (as asset manager) and China Merchant Bank Shanghai Branch (as asset custodian), pursuant to which Yongsheng Dyeing agreed to participate in the asset management plan operated by LJZ Wealth Management and to deposit to the designated account with China Merchant Bank Shanghai Branch an investment amount of RMB30,000,000 in total, which will be funded by the internal resources of the Group.

Pursuant to Rule 14.22 of the Listing Rules, the relevant applicable percentage ratios of the investment amounts under the 2016-2017 February LJZ Asset Management Agreements and the Sixth LJZ Asset Management Agreement are required to be aggregated.

As one or more of the applicable percentage ratios in respect of the 2016-2017 February LJZ Asset Management Agreements and the Sixth LJZ Asset Management Agreement are, in aggregate, more than 5% but less than 25%, the transaction contemplated under the Sixth LJZ Asset Management Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **II. THE SHANGHAI INTERNATIONAL TRUST AGREEMENT**

On 24 March 2017 (after trading hours), Yongsheng Dyeing (as asset entrustor) entered into the Shanghai International Trust Agreement with Shanghai International (as trustee), pursuant to which Yongsheng Dyeing agreed to participate in the asset management plan operated by Shanghai International and to deposit to the designated account with Shanghai Pudong Development Bank Shanghai Branch an investment amount of RMB75,000,000 in total, which will be funded by the internal resources of the Group.

As one or more of the applicable percentage ratios in respect of the Shanghai International Trust Agreement is more than 5% but less than 25%, the transactions contemplated under the Shanghai International Trust Agreement constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **I. THE SIXTH LJZ ASSET MANAGEMENT AGREEMENT**

Reference is made to (i) the announcement of the Company dated 16 August 2016 regarding the First LJZ Asset Management Agreement and the Second LJZ Asset Management Agreement; (ii) the announcement of the Company dated 20 September 2016 regarding the Third LJZ Asset Management Agreement; and (iii) the announcement of the Company dated 15 February 2017 regarding the Fourth LJZ Asset Management Agreement and the Fifth LJZ Asset Management Agreement.

On 24 March 2017 (after trading hours), Yongsheng Dyeing (as asset entrustor) entered into the Sixth LJZ Asset Management Agreement with LJZ Wealth Management (as asset manager) and China Merchant Bank Shanghai Branch (as asset custodian), pursuant to which Yongsheng Dyeing agreed to participate in the asset management plan operated by LJZ Wealth Management and to deposit to the designated account with China Merchant Bank Shanghai Branch an investment amount of RMB30,000,000 in total, which will be funded by the internal resources of the Group.

Principal terms of the Sixth LJZ Asset Management Agreement is summarised below:

Date:	24 March 2017
Effective date:	24 March 2017
Parties:	(1) Yongsheng Dyeing as the asset entrustor; (2) LJZ Wealth Management as the asset manager; and (3) China Merchant Bank Shanghai Branch as the asset custodian.
Investment amount/ entrusted assets:	RMB30,000,000
Investment scope:	Mainly invest in (i) bank deposits; (ii) money market funds; (iii) bond funds and low risk fixed income assets; and (iv) other fixed income assets approved by the regulatory bodies.
Expected annual rate of return:	5.5% per annum

Fees: Yongsheng Dyeing shall pay, among other fees and charges, an asset management fee to LJZ Wealth Management if the returns on asset management exceed the expected annual rate of return of 5.5% (as stated above) and the amount of asset management fee payable shall be calculated based on the investment amount in accordance with the terms set out in the Sixth LJZ Asset Management Agreement.

Yongsheng Dyeing shall also pay a custodian fee of 0.04% per annum to China Merchant Bank Shanghai Branch pursuant to the Sixth LJZ Asset Management Agreement.

Term: Nine (9) months from the date of depositing the investment amount into the designated custodian account with China Merchant Bank Shanghai Branch.

Designated account: The investment amount under the Sixth LJZ Asset Management Agreement will be deposited into a designated custodian account maintained with China Merchant Bank Shanghai Branch for investing in the investment products under the Sixth LJZ Asset Management Agreement.

Governing law: PRC law.

Withdrawal of entrusted assets: Upon the maturity of the ninth (9th) month from the date of deposit.

## **II. THE SHANGHAI INTERNATIONAL TRUST AGREEMENT**

On 24 March 2017 (after trading hours), Yongsheng Dyeing (as asset entrustor) entered into the Shanghai International Trust Agreement with Shanghai International (as trustee), pursuant to which Yongsheng Dyeing agreed to participate in the asset management plan operated by Shanghai Trust and to deposit to the designated account with Shanghai Pudong Development Bank Shanghai Branch an investment amount of RMB75,000,000 in total, which will be funded by the internal resources of the Group.

Principal terms of the Shanghai International Trust Agreement is summarised below:

Date: 24 March 2017

Effective date: 27 March 2017

Parties: (1) Yongsheng Dyeing as the asset entrustor; and  
(2) Shanghai International as the trustee.

Investment amount/  
entrusted assets RMB75,000,000 in total, divided into five batches as follows:

	<b>Batch I</b>	<b>Batch II</b>	<b>Batch III</b>	<b>Batch IV</b>	<b>Batch V</b>
	RMB	RMB	RMB	RMB	RMB
Investment amount:	20,000,000	15,000,000	20,000,000	10,000,000	10,000,000
Expected annual rate of return:	5.0%	5.0%	5.0%	5.0%	5.0%
	per annum	per annum	per annum	per annum	per annum
Term: Period from the date of depositing the investment amount into the designated custodian account	58 days	86 days	114 days	149 days	177 days
Withdrawal of entrusted assets:	Upon the maturity of 58th days from the date of deposit	Upon the maturity of 86th days from the date of deposit	Upon the maturity of 114th days from the date of deposit	Upon the maturity of 149th days from the date of deposit	Upon the maturity of 177th days from the date of deposit

Investment scope: Mainly invest in trust plans including Shanghai International fixed income sector sub-trust (E-4101 series) and idle cash will be put in bank deposits.

Fees: Yongsheng Dyeing shall pay, among other fees and charges, a fee to Shanghai International if the returns on asset management exceed the expected annual rate of return of 5.0% (as stated above) and the amount of fee payable shall be calculated based on the investment amount in accordance with the terms set out in the Shanghai International Trust Agreement.

Designated account: The investment amount under the Shanghai International Trust Agreement will be deposited into a designated custodian account maintained with Shanghai Pudong Development Bank Shanghai Branch for investing in the investment products under the Shanghai International Trust Agreement.

Governing law: PRC law.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSET MANAGEMENT AGREEMENTS**

By entering into each of the Asset Management Agreements and entrusting funds in accordance therewith, the Group intends to increase the rate of return of its cash and cash equivalents which can improve both the investment income and the profits of the Group. The Directors (including independent non-executive Directors) are therefore of the view that the terms of each of the Asset Management Agreements and entrusting funds in accordance therewith are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

## **INFORMATION OF LJZ WEALTH MANAGEMENT**

LJZ Wealth Management is a company established in the PRC with limited liability and a private investment fund manager approved by the Assets Management Association of China\* (中國證券投資基金業協會). To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, LJZ Wealth Management and its ultimate beneficial owners are Independent Third Parties. The principal business of LJZ Wealth Management includes but not limited to the establishment and issuance of asset management plans in relation to private equity and share investments for clients.

## **INFORMATION OF SHANGHAI INTERNATIONAL**

Shanghai International is a company established in the PRC with limited liability and licensed with financial license granted by China Banking Regulatory Commission. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Shanghai International and its ultimate beneficial owners are Independent Third Parties. The principal business of Shanghai International includes but not limited to the establishment and issuance of asset management plans in relation to fund-raising activities for clients.

## **INFORMATION OF CHINA MERCHANT BANK SHANGHAI BRANCH**

China Merchant Bank Shanghai Branch is one of the branches of China Merchant Bank Co. Limited, a licensed bank, which was established under the laws of the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, China Merchant Bank Shanghai Branch and its ultimate beneficial owners are Independent Third Parties. China Merchant Bank Shanghai Branch is principally engaged in the provision of a range of banking services and related financial services.

## **INFORMATION OF YONGSHENG DYEING**

Yongsheng Dyeing is a company established in the PRC with limited liability on 8 August 2003 and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in dyeing and processing of differentiated polyester filament fabrics and investment holdings.

## **INFORMATION OF THE GROUP**

The Group is principally engaged in the development and manufacturing of polyester filament yarns and three-dimensional printing filaments, the provision of dyeing services of differentiated polyester filament fabric and trading of polyester filament yarn products in the PRC.

## **LISTING RULES IMPLICATIONS**

### **I. The Sixth LJZ Asset Management Agreement**

Pursuant to Rule 14.22 of the Listing Rules, the relevant applicable percentage ratios of the investment amounts under the 2016-2017 February LJZ Asset Management Agreements and the Sixth LJZ Asset Management Agreement are required to be aggregated.

As one or more of the applicable percentage ratios in respect of the 2016-2017 February LJZ Asset Management Agreements and the Sixth LJZ Asset Management Agreement are, in aggregate, more than 5% but less than 25%, the transaction contemplated under the Sixth LJZ Asset Management Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

### **II. The Shanghai International Trust Agreement**

As one or more of the applicable percentage ratios in respect of the Shanghai International Trust Agreement is more than 5% but less than 25%, the transactions contemplated under the Shanghai International Trust Agreement constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“2016-2017 February LJZ Asset Management Agreements”	collectively, the First LJZ Asset Management Agreement, the Second LJZ Asset Management Agreement, the Third LJZ Asset Management Agreement, the Fourth LJZ Asset Management Agreement and the Fifth LJZ Asset Management Agreement;
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“Asset Management Agreements”	collectively, the Sixth LJZ Asset Management Agreement and the Shanghai International Trust Agreement;
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“Board”	the board of Directors;
“China Merchant Bank Shanghai Branch”	China Merchant Bank Co., Limited, Shanghai Branch* (招商銀行股份有限公司上海分行), as the asset custodian under the 2016-2017 February LJZ Asset Management Agreements and the Sixth LJZ Asset Management Agreement, and is a joint stock limited company established in the PRC;
“Company”	Yongsheng Advanced Materials Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Fifth LJZ Asset Management Agreement”	the asset management agreement dated 15 February 2017 entered into among Yongsheng Dyeing (as asset entrustor), LJZ Wealth Management (as asset manager) and China Merchant Bank Shanghai Branch (as asset custodian) in relation to an investment amount of RMB15,000,000 with expected rate of return of 5.7% per annum matured in eight months from the date of depositing the investment amount into the designated account with China Merchant Bank Shanghai Branch;
“First LJZ Asset Management Agreement”	the asset management agreement dated 11 July 2016 entered into among Yongsheng Dyeing (as asset entrustor), LJZ Wealth Management (as asset manager) and China Merchant Bank Shanghai Branch (as asset custodian) in relation to an investment amount of RMB15,000,000 with expected rate of return of 5.5% per annum matured in seven months from the date of depositing the investment amount into the designated account with China Merchant Bank Shanghai Branch;

“Fourth LJZ Asset Management Agreement”	the asset management agreement dated 15 February 2017 entered into among Yongsheng Dyeing (as asset entrustor), LJZ Wealth Management (as asset manager) and China Merchant Bank Shanghai Branch (as asset custodian) in relation to an investment amount of RMB15,000,000 with expected rate of return of 5.7% per annum matured in eight months from the date of depositing the investment amount into the designated account with China Merchant Bank Shanghai Branch;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Parties”	parties who are independent from the Company and the connected persons (as defined under the Listing Rules) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LJZ Wealth Management”	LJZ Wealth Management (Shanghai) Co., Limited* (陸家嘴財富管理(上海)有限公司), as the asset manager under the 2016-2017 February Asset Management Agreements and the Sixth Asset Management Agreement, and is a company established in the PRC with limited liability;
“percentage ratios”	has the meaning ascribed to it under the Listing Rules;
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and the Macao Special Administrative Region of the PRC for the purpose of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;

“Second LJZ Asset Management Agreement”	the asset management agreement dated 16 August 2016 entered into among Yongsheng Dyeing (as asset entrustor), LJZ Wealth Management (as asset manager) and China Merchant Bank Shanghai Branch (as asset custodian) in relation to an investment amount of RMB20,000,000 with expected rate of return of 5.4% per annum matured in six months from the date of depositing the investment amount into the designated account with China Merchant Bank Shanghai Branch;
“Shanghai Pudong Development Bank Shanghai Branch”	Shanghai Pudong Development Bank Co. Limited Shanghai Branch* (上海浦東發展銀行股份有限公司上海分行), as the asset custodian under the Shanghai International Trust Agreement and is a joint stock limited company established in the PRC;
“Shanghai International”	Shanghai International Trust Co., Limited* (上海國際信託有限公司), as the trustee under the Shanghai International Trust Agreement, and is a company established in the PRC with limited liability;
“Shanghai International Trust Agreement”	the trust agreement dated 24 March 2017 entered into among Yongsheng Dyeing (as asset entrustor) and Shanghai International (as trustee) in relation to an investment amount of RMB75,000,000 in total with expected rate of return of 5.0% per annum with maturity day ranging from 58 days to 177 days from the date of depositing the investment amount into the designated account with Shanghai Pudong Development Bank Shanghai Branch;
“Shareholder(s)”	the shareholder(s) of the Company;

“Sixth LJZ Asset Management Agreement”	the asset management agreement dated 24 March 2017 entered into among Yongsheng Dyeing (as asset entrustor), LJZ Wealth Management (as asset manager) and China Merchant Bank Shanghai Branch (as asset custodian) in relation to an investment amount of RMB30,000,000 with expected rate of return of 5.5% per annum matured in nine months from the date of depositing the investment amount into the designated account with China Merchant Bank Shanghai Branch;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Third LJZ Asset Management Agreement”	the asset management agreement dated 20 September 2016 entered into among Yongsheng Dyeing (as asset entrustor), LJZ Wealth Management (as asset manager) and China Merchant Bank Shanghai Branch (as asset custodian) in relation to an investment amount of RMB30,000,000 with expected rate of return of 5.3% per annum matured in six months (i.e. 180 days) from the date of depositing the investment amount into the designated account with China Merchant Bank Shanghai Branch;
“Yongsheng Dyeing”	Hangzhou Huvis Yongsheng Dyeing and Finishing Company Limited* (杭州滙維仕永盛染整有限公司), a company established in the PRC with limited liability on 8 August 2003, an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

**By Order of the Board**  
**Yongsheng Advanced Materials Company Limited**  
**Li Cheng**  
*Chairman and Executive Director*

Hong Kong, 24 March 2017

*As at the date of this announcement, the executive Directors are Mr. Li Cheng, Mr. Zhao Jidong, Mr. Li Conghua and Mr. Ma Qinghai; and the independent non-executive Directors are Ms. Wong Wai Ling, Mr. Shiping James Wang and Dr. Wang Huaping.*

\* For identification purposes