China Singyes New Materials Holdings Limited
中國興業新材料控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8073)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of China Singyes New Materials Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The board (the "Board") of Directors of the Company is pleased to announce the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018 (the "Period").

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue	**60,527**	36,798
Profit/(loss) before tax	**9,275**	(408)
Profit/(loss) for the period	**7,649**	(1,000)
Gross profit margin	**43.0%**	37.5%
Net profit margin	**12.6%**	N/A
Earnings/(loss) per share attributable to ordinary equity holders		
– Basic and diluted	**RMB0.016**	RMB(0.003)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
REVENUE	*3*	**60,527**	36,798
Cost of sales		**(34,507)**	(22,982)
Gross profit		**26,020**	13,816
Other income and gains		**499**	124
Selling and distribution expenses		**(5,442)**	(4,991)
Administrative expenses		**(9,006)**	(8,854)
Other expenses		**(2,796)**	(503)
PROFIT/(LOSS) BEFORE TAX	*4*	**9,275**	(408)
Income tax expense	*5*	**(1,626)**	(592)
PROFIT/(LOSS) FOR THE PERIOD		**7,649**	(1,000)
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income not to bereclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		**499**	219
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**8,148**	(781)
Profit/(loss) attributable to:			
Owners of the Company		**7,649**	(1,000)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**8,148**	(781)
Earnings/(loss) per share attributable to ordinary equity holders of the Company:			
Basic (six months ended 30 June 2017: basic and diluted)	*7*	**RMB0.016**	RMB(0.003)
Diluted	*7*	**RMB0.016**	N/A

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**36,952**	39,504
Payments in advance		**3,420**	–
Deferred tax assets		**1,226**	877
Total non-current assets		**41,598**	40,381
CURRENT ASSETS			
Inventories		**13,265**	13,112
Trade and bills receivables	*8*	**113,622**	91,819
Prepayments, deposits and other receivables	*9*	**8,618**	7,119
Pledged bank balances		**772**	1,954
Cash and cash equivalents		**62,813**	85,538
Total current assets		**199,090**	199,542
CURRENT LIABILITIES			
Trade and bills payables	*10*	**19,495**	25,431
Contract liabilities		**1,567**	2,120
Other payables and accruals	*11*	**24,310**	22,436
Tax payable		**1,829**	2,640
Provision for product warranties		**1,445**	1,312
Total current liabilities		**48,646**	53,939
NET CURRENT ASSETS		**150,444**	145,603
Total assets less current liabilities		**192,042**	185,984
NON-CURRENT LIABILITY			
Deferred income		**675**	721
Net assets		**191,367**	185,263
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*12*	**32,655**	32,655
Reserves		**158,712**	152,608
Total equity		**191,367**	185,263

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

For the six months ended 30 June 2018

1. CORPORATE INFORMATION

China Singyes New Materials Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company in Hong Kong is located at Unit 3108, 31/F, China Merchants Tower, Shun Tak Center, 168-200 Connaught Road Central, Hong Kong.

During the six months ended 30 June 2018 (the "Period"), the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the sale and installation of Indium Tin Oxide ("ITO") film, and research and development, production, sale and installation of Smart Light-adjusting Film, Smart Light-adjusting Glass and Smart Light-adjusting Projection System in the mainland of the People's Republic of China (the "PRC"). There were no significant changes in the nature of the Group's principal activities during the Period.

In the opinion of the directors of the Company (the "Directors"), the parent company, the intermediate holding company and the ultimate holding company of the Company are Top Access Management Limited ("Top Access"), China Singyes Solar Technologies Holdings Limited ("Singyes Solar") and Strong Eagle Holdings Limited ("Strong Eagle"), respectively. Both Top Access and Strong Eagle were incorporated in the British Virgin Islands. Singyes Solar was incorporated in Bermuda. The shares of Singyes Solar are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE").

2. BASIS OF PREPARATION

The unaudited interim condensed financial information for the Period has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2017.

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue represents the net invoiced value of goods, net of various types of government surcharges.

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 31 December 2017 and 30 June 2018 and will be expected to be recognised within one year:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	
Sales of products	**1,567**	2,120

The Group receives payments from certain customers in advance prior to delivery of products.

Changes in contract liabilities during the period/year are as follows:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	
At the beginning of the year/period	**2,120**	2,977
Revenue recognised that was included in the contract liabilities at the beginning of the year/period	**(1,360)**	(2,407)
Increase due to cash received, excluding amounts recognised as revenue during year/period	**807**	1,550
At the end of the year/period	**1,567**	2,120

There were no contract assets at the end of each reporting period recognised in the consolidated statement of financial position.

The Group's revenue and contribution to consolidated results are mainly derived from its sale and installation of ITO film, Smart Light-adjusting Film, Smart Light-adjusting Glass and Smart Light-adjusting Projection System, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for the purpose of resource allocation and performance assessment. In addition, the principal assets employed by the Group are located in Mainland China. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures

Information about products

The following table sets forth the total revenue derived from sales to external customers by product and the percentage of total revenue by product during the Period:

	For the six months ended 30 June			
	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
ITO film	**10,278**	**17.0**	6,573	17.9
Smart Light-adjusting Film	**22,781**	**37.6**	9,221	25.1
Smart Light-adjusting Glass	**7,109**	**11.8**	12,014	32.6
Smart Light-adjusting Projection System	**19,092**	**31.5**	3,882	10.5
Others	**1,267**	**2.1**	5,108	13.9
	60,527	**100.0**	36,798	100.0

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June			
	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Domestic				
– Mainland China*	**59,306**	**98.0**	34,910	94.9
Others	**1,221**	**2.0**	1,888	5.1
	60,527	**100.0**	36,798	100.0

* The place of domicile of the Group's principal operating subsidiary is Mainland China. The principal revenues of the Group are generated in Mainland China.

(b) Non-current assets

	30 June		31 December	
	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)			
Domestic				
– Mainland China*	**38,632**	**95.7**	39,504	100.0
Hong Kong	**1,740**	**4.3**	–	–
	40,372	**100.0**	39,504	100.0

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

Information about a major customer

Revenue from a major customer, which individually amounted to 10% or more of the total revenue, is set out below:

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**10,284**	Nil

4. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax was arrived at after charging/(crediting):

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**34,507**	22,982
Employee benefit expense:		
(including directors' and chief executive's remuneration):		
Wages and salaries	**6,887**	4,497
Pension scheme contributions	**391**	284
Equity-settled share option expense	**537**	–
	7,815	4,781
Depreciation	**3,010**	2,786
Research costs	**2,153**	1,435
Equity-settled share option expense	**537**	–
Minimum lease payments under operating leases	**548**	605
Auditor's remuneration	**400**	400
Listing fees expensed off	**–**	5,185
Impairment loss on trade receivables	**2,236**	482
Foreign exchange losses/(gains), net	**535**	(3)

5. INCOME TAX

The major components of income tax expense were as follows:

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the Period	**1,974**	670
Deferred	**(348)**	(78)
Total tax charge for the Period	**1,626**	592

Notes:

(a) Pursuant to the rules and regulations of Bermuda, the Group is not subject to any income tax in Bermuda.

(b) The applicable corporate income tax ("CIT") rate for the Hong Kong incorporated subsidiary was 16.5% during the Period and the six months ended 30 June 2017. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period and the six months ended 30 June 2017.

(c) During the Period and the six months ended 30 June 2017, one of the subsidiaries located in Mainland China was entitled to a preferential CIT rate of 15% on the assessable profits generated during the Period as it was accredited as a "High and New Technology Enterprise" from 10 October 2015 to 10 October 2018. Another subsidiary established in Mainland China was entitled to a CIT rate of 25% on the assessable profits generated during the Period.

6. DIVIDENDS

No interim dividend was proposed by the directors of the Company in respect of the Period (six months ended 30 June 2017: Nil).

The proposed final dividend of HK$0.8 cents per ordinary share for the year ended 31 December 2017 amounting to RMB3,118,000 was declared in May 2018 and paid in June 2018.

7. EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company, and the number of ordinary shares of 480,000,000 (For the six months ended 30 June 2017: weighted average number of ordinary shares of 360,000,000) in issue during the period.

The calculation of the diluted earnings per share amount for the Period is based on the profit for the Period attributable to ordinary equity holders of the Company as used in the basic earnings per share calculation. The number of ordinary shares used in the calculation of diluted earnings per share is the number of ordinary shares in issue during the Period, as used in the basic earnings per share calculation, and the number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares as illustrated below:

	Number of shares For the six months ended 30 June 2018
Shares:	
Number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**480,000,000**
Effect of dilution – weighted average number of ordinary shares:	
Share options	**3,745,000**
	483,745,000

The Group had no potentially dilutive ordinary shares during the six months ended 30 June 2017.

8. TRADE AND BILLS RECEIVABLES

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000*
Trade receivables	**118,506**	95,633
Impairment	**(6,050)**	(3,814)
	112,456	91,819
Bills receivable	**1,166**	–
	113,622	91,819

The Group's trading terms with its customers are mainly on credit. The credit periods generally rang from one to twelve months for major customers. Trade receivables from small and new customers are normally expected to be settled shortly after the delivery of goods. No credit period is set by the Group for small and new customers. The Group's bills receivable have a maturity period of one to six months. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the billing date and net of impairment, is as follows:

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000*
Within 3 months	**38,453**	42,778
3 to 6 months	**14,057**	28,098
6 to 12 months	**53,095**	10,806
1 to 2 years	**7,928**	10,137
Over 2 years	**89**	–
	113,622	91,819

At 30 June 2018, retentions held by customers for contract works included in trade receivables amounted to approximately RMB2,500,000 (31 December 2017: RMB2,227,000).

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000*
Prepayments to suppliers	**3,924**	3,104
Deposits	**5**	55
Due from related parties	**2,491**	2,478
Other receivables	**2,198**	1,482
	8,618	7,119

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

10. TRADE AND BILLS PAYABLES

An ageing analysis of the trade payables as at 30 June 2018 and 31 December 2017, based on the purchase recognition date, is as follows:

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000*
Within 6 months	**9,979**	19,047
6 to 12 months	**7,434**	3,219
1 to 2 years	**1,403**	2,904
2 to 3 years	**483**	91
Over 3 years	**196**	170
	19,495	25,431

Trade payables are non-interest-bearing and are normally settled on three-month terms.

As at 30 June 2018, the Group's bills payable totalling RMB647,000 (31 December 2017: RMB1,726,000) were secured by the pledged deposits amounting to RMB647,000 (31 December 2017: RMB1,934,000).

11. OTHER PAYABLES AND ACCRUALS

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000*
Accrued expenses	**520**	1,250
Payroll and welfare payable	**955**	1,781
Tax and surcharge payables	**19,081**	15,376
Payables related to property, plant and equipment	**1,518**	2,052
Due to related parties	**1,648**	1,432
Other payables	**588**	545
	24,310	22,436

12. SHARE CAPITAL

Shares

	30 June 2018 *US$'000* **(Unaudited)**	31 December 2017 *US$'000*
Authorised:		
10,000,000,000 (31 December 2017: 10,000,000,000) ordinary shares of US$0.01 each	**100,000**	100,000
Issued and fully paid:		
480,000,000 (31 December 2017: 480,000,000) ordinary shares of US$0.01 each	**4,800**	4,800
Equivalent to approximately RMB'000	**32,655**	32,655

13. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible persons for their contribution or potential contribution to the growth and development of the Group ("Eligible Persons"). Eligible Persons of the Scheme include:

(i) (a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or

(b) any individual for the time being seconded to work for, any member of the Group or any substantial shareholder or any company controlled by a substantial shareholder;

(ii) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group;

and, for the purposes of the Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of participants.

The Scheme was approved by the Company's shareholders on 17 October 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of shares which may be issued upon the exercise of all share options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total issued share capital of the Company as at the date on which the Scheme is adopted unless the Company obtains a fresh approval from shareholders to refresh the 10% limit on the basis that the maximum number of shares in respect of which share options may be granted under the Scheme together with any share options outstanding and yet to be exercised under the Scheme and any other share option schemes shall not exceed 30% of the issued share capital of the Company from time to time.

The maximum number of shares issued and to be issued upon the exercise of the share options granted under the Scheme and any other share option schemes of the Company to any Eligible Persons (including cancelled, exercised and outstanding share options), in any 12-month period up to the date of grant shall not exceed 1% of the number of shares in issue, unless (i) a circular is despatched to the shareholders; (ii) the shareholders approve the grant of the share options in excess of the 1% limit referred to in this paragraph; and (iii) the relevant Eligible Persons and his associates shall abstain from voting. The number and terms (including the exercise price) of share options to be granted to such Eligible Persons must be fixed before shareholders' approval.

Any grant of a share option to a director, chief executive of the Company or substantial shareholder (or any of their respective associates) must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the share options).

Where any grant of share options to a substantial shareholder or an independent non-executive director (or any of their respective associates) will result in the total number of shares issued and to be issued upon the exercise of the share options already granted and to be granted to such person under the Scheme and any other share option schemes of the Company (including share options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant: (i) representing in aggregate over 0.1% of the shares in issue; and (ii) having an aggregate value, based on the closing price of the shares at each date of grant, in excess of HK$5 million, such further grant of share options is required to be approved by shareholders in general meeting in accordance with the Rules Governing the Listing of Securities on GEM of the HKSE. Any change in the terms of a share option granted to a substantial shareholder or an independent non-executive director or any of their respective associates is also required to be approved by shareholders.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the HKSE closing price of the Company's shares on the date of offer of the share options; (ii) and the average HKSE closing price of the Company's shares for the five trading days immediately preceding the date of offer.

The following share options were outstanding under the Scheme during the Period:

	Exercise price *HK$ per share*	**Number of options** *'000*
At 1 January 2018	–	–
Granted during the Period	**1.16**	**21,000**
At 30 June 2018	**1.16**	**21,000**

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

30 June 2018	**Exercise price**	**Exercise period**
'000	*HK$ per share*	
7,000	1.16	31/1/2018-31/1/2021
7,000	1.16	31/1/2018-31/1/2022
7,000	1.16	31/1/2018-31/1/2023
21,000		

The fair value of the share options granted during the Period was HK$12,382,055 (equivalent to approximately RMB10,028,597) or HK$0.5896 each (equivalent to approximately RMB0.4776 each), of which a share option expense of HK$1,322,000 (equivalent to approximately RMB1,074,000) was recognised during the period.

The fair value of equity-settled share options granted during the Period as at the date of grant, using the binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Expected volatility (%)	50.58
Risk-free interest rate (%)	2.50
Weighted average share price (HK$ per share)	1.16

As at the date of approval of the interim condensed financial information, the Company had 21,000,000 share options outstanding under the Scheme, which represented approximately 4.375% of the Company's shares in issue as at that date.

14. EVENTS AFTER THE REPORTING PERIOD

The management is of the opinion that the Group has no events after the reporting period that need to be disclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group carries out research and development on, and manufactures and sells ITO film, Smart Light-adjusting Film, Smart Light-adjusting Glass and Smart Light-adjusting Projection System. The Group uses ITO film as one of the main materials for the development of downstream products, namely: (i) polymer dispersed liquid crystal film (i.e. Smart Light-adjusting Film); (ii) electronically switchable glass (i.e. Smart Light-adjusting Glass); and (iii) Smart Light-adjusting Projection System. The Group is one of the few integrated manufacturers in the PRC which produces and sells ITO film as well as a range of related downstream products.

ITO film can be applied for use in a variety of products including smart phones, GPS systems and other touch-screen devices and equipment such as automated teller machines. Our ITO film customers are primarily domestic touch-screen device manufacturers. Revenue from sales of ITO film was RMB10,278,000 for the six months ended 30 June 2018, which represented a significant increase of RMB3,705,000 or 56.4%, from RMB6,573,000 for the same period in 2017.

Smart Light-adjusting Film is made from the integration of ITO film (which we manufacture in-house) and polymer dispersed liquid crystals. Smart Light-adjusting Film can be switched from a milky, cloudy, translucent and opaque state into a colourless and transparent state when electricity is applied to it, and may be applied to windows and glass to control the passing-through of light. Our Smart Light-adjusting Film customers are primarily construction companies and contractors of developers. Revenue from sales of Smart Light-adjusting Film was RMB22,781,000 for the six months ended 30 June 2018, which represented a significant increase of RMB13,560,000 or 147.1%, from RMB9,221,000 for the same period in 2017.

Smart Light-adjusting Glass is manufactured by placing a layer of Smart Light-adjusting Film between two layers of glass. Smart Light-adjusting Glass permits a user to control the permeability of light through the glass by adjusting the voltage of electricity voltage applied to the Smart Light-adjusting Film fixed therein. Our Smart Light-adjusting Glass customers are primarily construction companies and contractors of developers. Revenue from sales of Smart Light-adjusting Glass was RMB7,109,000 for the six months ended 30 June 2018, which represented a decrease of RMB4,905,000 or 40.8%, from RMB12,014,000 for the same period in 2017.

Smart Light-adjusting Projection System makes use of project technology to project visual images onto projection screens. Such projection screens are manufactured using Smart Light-adjusting Products which is opaque when no power source is applied to it. Our Smart Light-adjust Projection System customers are primarily construction companies and commercial users. Revenue from sales of Smart Light-adjusting Projection System was RMB19,092,000 for the six months ended 30 June 2018, which represented a significant increase of RMB15,210,000 or 391.8%, from RMB3,882,000 for the same period in 2017.

Our Group strives to manufacture and supply high quality products to our customers, and our Directors believe that our Group is a reputable supplier of ITO film and related downstream products in the PRC. Our key operating subsidiary was ranked as the leading manufacturer of Smart Light-adjusting Products and Smart Light-adjusting Projection Systems in the PRC in terms of market share by revenue. Leveraging on our current market position as a leading producer of Smart Light-adjusting Products and Smart Light-adjusting Projection Systems in the PRC in terms of market share, we experienced growth in business during the six months ended 30 June 2018. The Group recorded a net profit of RMB7,649,000 for the six months ended 30 June 2018, as compared to a net profit of RMB4,185,000 (after adjusting for the non-recurring Listing expenses of RMB5,185,000) for the same period in 2017.

Outlook And Prospects

Our Directors believe that, as a market participant which is active in the technology sector, it is crucial for the business of our Group to devote substantial resources towards research and development (including identifying new materials and applications) which will advance or sustain its competitiveness in light of evolving market trends and customer preferences and needs. Further, our Directors believe that our Group's current market leading positions in the PRC by market share relating to its Smart Light-adjusting Products and downstream application (namely, the Smart Light-adjusting Projection System) is testimonial of sufficient market demand for its products and it is opportune time to capitalise and realise its potential in overseas markets. As such, our Group intends to extend its footprint to overseas markets as well as develop production lines which cater for expected demand for its products.

The shares of the Company were successfully listed on GEM on 21 July 2017 (the "Listing"). Our Directors believe that the net proceeds from the Listing will provide us with additional capital to implement our future plans, which would be conducive to increasing our competitiveness in the market in which we operate which will assist us in securing more customers and in turn assist us in achieving our goal of increasing our market presence and geographical reach both in the PRC and abroad. In addition, our Directors expect the Listing assist us to gain access to the capital market for the future growth of our Group.

Financial Review

Revenue

Our revenue was RMB60,527,000 for the six months ended 30 June 2018, which represented a significant increase of RMB23,729,000, or 64.5% from RMB36,798,000 for the same period in 2017. The increase was primarily attributable to increase of RMB13,560,000 and RMB15,210,000 in revenue from the sales of Smart Light-adjusting Film and Smart Light-adjusting Projection System, respectively, which was driven by the increase in the sales volume.

Cost of sales and Gross Profit

Our cost of sales was RMB34,507,000 for the six months ended 30 June 2018, which represented an increase of RMB11,525,000, or 50.1%, from RMB22,982,000 for the same period in 2017. The increase in cost of sales mainly reflected our increase in sales of Smart Light-adjusting Film and Smart Light-adjusting Projection System for the six months ended 30 June 2018 as compared to the same period in 2017.

Our gross profit increased by RMB12,204,000 or 88.3%, from RMB13,816,000 for the six months ended 30 June 2017 to RMB26,020,000 for the six months ended 30 June 2018. Our gross profit margin increased from 37.5% for the six months ended 30 June 2017 to 43.0% for the six months ended 30 June 2018. The increase was mainly attributed to the increase in percentage of total revenue from sales of products with higher gross profit margins (i.e. Smart Light-adjusting Film and Smart Light-adjusting Projection System).

Selling and distribution expenses

Our selling and distribution expenses were RMB5,442,000 for the six months ended 30 June 2018, which represented an increase of RMB451,000, or 9.0%, from RMB4,991,000 for the same period in 2017. This increase was mainly attributable to increase in remuneration for sales and marketing employees based on sales performances and increase in expenses relating to our marketing efforts in business promotion and participation in exhibitions. As a percentage of revenue, our selling and distribution expenses dropped to 9.0% for the six months ended 30 June 2018 from 13.6% for same period in 2017.

Administrative expenses

Our administration expenses were RMB9,006,000 for the six months ended 30 June 2018, which represented a slight increase of approximately RMB152,000, or 1.7%, from RMB8,854,000 for the same period in 2017. For the period ended 30 June 2018, the increase in share option expense, research costs and impairment loss on trade receivables was offset by the decrease in Listing expense as compared to the same period in 2017. As a percentage of revenue, our administrative expenses decreased to 14.9% for the six months ended 30 June 2018 from 24.1% for the same period in 2017.

Liquidity, Financial Resources and Capital Structure

Our primary use of cash is to satisfy our working capital and capital expenditure needs. Historically, our Group's use of cash has mainly been financed through a combination of cash received from the sales of our products and financial support from our Group's related parties.

As at 30 June 2018, our Group did not have any bank borrowings. Going forward, we believe our liquidity requirements will be satisfied using a combination of cash generated from operating activities, bank borrowings and proceeds from the Listing. Our Directors believe that in the long term, our Group's operation will be funded by internally generated cash flows and, if necessary, additional equity and/or debt financing.

Capital Expenditure

For the six months ended 30 June 2018, our capital expenditure amounted to RMB793,000 which was mainly for purchase of production machinery and test equipment.

Gearing Ratio

Gearing ratio is calculated as net debt (comprises trade and bills payables, other payables and accruals, and tax payable, less cash and cash equivalents and pledged deposits) at the end of the reporting period divided by total equity. As at 30 June 2018 and 31 December 2017, the Group's total cash and cash equivalents and pledged bank balances exceeded the total trade and bills payables, other payables and accruals and tax payable. As such, no gearing ratio as at 30 June 2018 and 31 December 2017 is presented.

Capital Commitments

The Group had capital commitments of RMB720,000 as at 30 June 2018 (31 December 2017: RMB55,000) relating to the purchase of plant and machinery.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2018 (31 December 2017: Nil).

Pledge of assets

At 30 June 2018, the Group had deposits amounting to RMB772,000 (31 December 2017: RMB1,954,000) pledged for performance guarantee and bills payable.

Significant Investments, Acquisitions and Disposals

During the six months ended 30 June 2018, the Group did not make any material acquisition or disposal of subsidiaries and associated companies and significant investments (31 December 2017: Nil).

Foreign Currency Exposure

The Group's principal businesses are located in the PRC and most of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB, except for those of the overseas subsidiary in Hong Kong and the Company whose functional currency is HK$ and certain items of cash and cash equivalents and other payables and accruals that are denominated in HK$ and US$.

The Group does not consider that it has any significant exposure to the risk of fluctuation in the exchange rates between HK$, US$ and RMB as a reasonable possible change of 5% in RMB against HK$ and US$ would have no significant financial impact on the Group's profit.

USE OF PROCEEDS FROM THE LISTING

The Shares of the Company were listed on GEM on 21 July 2017 with net proceeds received by the Company from the Share Offer in the amount of HK$93,500,000 after deducting underwriting commission and all related listing expenses. The net proceeds received from the Share Offer will be used in the manner consistent with that set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus of the Company dated 30 June 2017 ("Prospectus").

An analysis of the utilization of the net proceeds from the listing date up to 30 June 2018 is set out below:

	Planned use of net proceeds as stated in the Prospectus up to 30 June 2018	**Actual use of net proceeds up to 30 June 2018**	**Actual balances of proceeds up to 30 June 2018**
	HK$ million	*HK$ million*	*HK$ million*
Overseas business expansion	4.5	0.7	3.8
Research and development of new materials and products	5.1	3.9	1.2
Purchase of machinery and equipment for production of anti-ambient screen	6.8	4.1	2.7
Enhancement to wide ITO film	4.3	2.1	2.2
Sales and marketing effects in the PRC	3.0	1.2	1.8
Project for full automation of production line for Smart Light-adjusting Products	6.0	–	6.0
Establishment and mass production of domestic laser none cinema systems	5.5	–	5.5
Working capital	5.3	5.3	–

DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, we had a total headcount of 123 full-time employees. The remuneration package of our employees includes a basic salary, allowances and bonuses. The various allowances cover holidays, social security and housing contributions. We make contributions to all mandatory social security and housing provident funds for our employees.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, so far as the Directors are aware, the following persons have or are deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") or which were recorded in the register of the Company required to be kept by the Company under Section 336 of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long position in the Shares

Name of shareholders	Capacity/ Nature of interests	Number of Shares held	Approximate percentage of shareholding *(Note 4)*
Top Access Management Limited	Beneficial owner	324,324,325	67.6%
China Singyes Solar Technologies Holdings Limited	Interest in a controlled corporation *(Note 1)*	324,324,325	67.6%
Strong Eagle Holdings Limited	Interest in a controlled corporation *(Note 2)*	324,324,325	67.6%
	Beneficial owner	4,432,735	0.9%
	Sub-total	328,757,060	68.5%
Mr. LIU Hongwei	Interest in a controlled corporation *(Note 3)*	328,757,060	68.5%

Notes:

1. The entire issued share capital of Top Access Management Limited is legally and beneficially owned by China Singyes Solar Technologies Holdings Limited, which is deemed to be interested in the Shares held by Top Access Management Limited under Part XV of the SFO.

2. Strong Eagle Holdings Limited is the legal and beneficial owner of 318,055,750 shares of China Singyes Solar Technologies Holdings Co., Ltd., representing approximately 38.1% of the issued share capital in China Singyes Solar Technologies Holdings Co., Ltd. Strong Eagle Holdings Limited is deemed to be interested in the Shares to which China Singyes Solar Technologies Holdings Co., Ltd. is interested in (through its shareholding in Top Access Management Limited) under Part XV of the SFO.

3. Strong Eagle Holdings Limited is legally and beneficially owned by Mr. Liu Hongwei (a controlling shareholder, the non-executive Director and Chairman of the Company), Mr. Sun Jinli (an executive Director of the Company), Mr. Xie Wen, Mr. Xiong Shi and Mr. Zhuo Jianming as to 53%, 15%, 14%, 9% and 9% respectively. Mr. LIU Hongwei is deemed to be interested in the Shares to which Strong Eagle Holdings Limited is interested in (through its indirect shareholding in Top Access Management Limited through China Singyes Solar Technologies Holdings Limited) under Part XV of the SFO.

4. The percentage is calculated on the basis of 480,000,000 Shares in issue as at 30 June 2018.

Save as disclosed above, as at 30 June 2018, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person or corporation other than the Directors and the Chief Executives whose interests are set out in the section "Directors' and Chief Executives' interests and short positions in Shares, underlying Shares and debenture of the Company and its associated corporations" below, had any interest or short position in the Shares or underlying Shares of the Company that was required to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, so far as the Directors are aware, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, have been notified to the Company and the Stock Exchange, are as follows:–

Long positions in the Shares

Name of Director(s)	Capacity/ Nature of Interests	Number of Shares held	Approximate percentage of shareholding *(Note 2)*
Mr. LIU Hongwei	Interest in a controlled corporation *(Note 1)*	328,757,060	68.5%

Notes:

1. Mr. LIU Hongwei is a controlling shareholder and Chairman and non-executive Director of the Company. He is deemed to be interested in the Shares to which Strong Eagle Holdings is interested in (through its indirect shareholding in Top Access Management Limited through China Singyes Solar Technologies Holdings Limited).

2. The percentage is calculated on the basis of 480,000,000 Shares in issue as at 30 June 2018.

Long positions in the shares of China Singyes Solar Technologies Holdings Limited (Note 1)

Name of Director(s)	Capacity/ Nature of Interests	Number of Shares held	Approximate percentage of total registered share capital *(Note 5)*
Mr. Liu Hongwei	Interest of a controlled corporation	318,055,750 *(Note 3)*	38.13%
	Beneficial interest	1,379,120 *(Note 3)*	0.17%
	Sub-total	319,434,870	38.30%
Mr. Sun Jinli	Beneficial interest	1,379,120 *(Note 4)*	0.17%

Notes:

1. China Singyes Solar Technologies Holdings Limited ("Singyes Solar") is listed in the Main Board of the Stock Exchange with stock code: 750. Singyes Solar is a holding company of the Company pursuant to the SFO.

2. 318,055,750 shares of Singyes Solar are held by Strong Eagle Holdings Ltd., whose share capital is 53% owned by Mr. Liu Hongwei (the non-executive Director and Chairman of the Company). Mr. Liu Hongwei is deemed to be interested in these shares by virtue of the SFO.

3. 1,379,120 share options of Singyes Solar are directly beneficially owned by Mr. Liu Hongwei. Among these share options, 455,082 share options' exercise price is HK$3.56 per share of Singyes Solar with exercise period from 23 January 2010 to 22 July 2019, 462,019 share options' exercise price is HK$3.56 per share of Singyes Solar with exercise period from 23 July 2010 to 22 July 2019, 462,019 share options' exercise price is HK$3.56 per share of Singyes Solar with exercise period from 23 July 2011 to 22 July 2019.

4. 1,379,120 share options of Singyes Solar are directly beneficially owned by Mr. Sun Jinli (an executive Director of the Company). Among these share options, 455,082 share options' exercise price is HK$3.56 per share of Singyes Solar with exercise period from 23 January 2010 to 22 July 2019, 462,019 share options' exercise price is HK$3.56 per share of Singyes Solar with exercise period from 23 July 2010 to 22 July 2019, 462,019 share options' exercise price is HK$3.56 per share of Singyes Solar with exercise period from 23 July 2011 to 22 July 2019.

5. The percentage is calculated on the basis of 834,073,195 shares in issue of Singyes Solar as at 30 June 2018.

Save as disclosed above, as at 30 June 2018, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which was taken or deemed to have under such provisions of the SFO), or which was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section "Directors' and Chief Executive's Interests ad Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" above, at no time since the Listing Date and up to the date of this announcement, was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

INTEREST IN COMPETING BUSINESSES

China Singyes Solar Technologies Holdings Limited ("Singyes Solar"), one of the controlling shareholders (as defined under GEM Listing Rules) of the Company, has entered into the deed of non-competition dated 23 June 2017 (the "Deed of Non-competition") in favour of the Company, details of which were set out in the Prospectus. Pursuant to the Deed of Non-competition, Singyes Solar has undertaken to our Company (for ourselves and as trustee for each of our subsidiaries) that with effect from the Listing Date, it shall not, and shall procure each of its close associates (other than our Group) shall not, whether on its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, whether as a shareholder, director, employee, partner, agent or otherwise (other than being a director or shareholder of our Group or members of our Group), carry on or be engaged in, directly or indirectly, a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or may in any aspect compete directly or indirectly with the business or which is similar to the business currently and may from time to time be engaged by our Group (including but not limited to the production and sale and businesses ancillary to any of the foregoing).

Since the Listing Date and up to the date of this announcement, none of the Directors, the controlling shareholders of the Company or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group and any other conflicts of interest with the Group.

The controlling shareholders of the Company have confirmed to the Company that from the Listing Date and up to the date of this announcement, Singyes Solar and its respective close associates (as defined under the GEM Listing Rules) have complied with the undertakings contained in the Deed of Non-competition.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Octal Capital Limited ("Octal Capital") to be the compliance adviser. As informed by Octal Capital, neither Octal Capital nor any of its directors or employees or associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement and the supplemental compliance adviser entered into between the Company and Octal Capital dated 30 August 2016 and 28 June 2017 respectively.

CORPORATE GOVERNANCE

Overview

The Board recognises the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Directors consider that the Company has applied the principles and complied with all the applicable code provisions set out in the code provisions of the Corporate Governance Code as set out in Appendix 15 of the Rule Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") since the listing date.

Code of Conduct for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry of all Directors and all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding directors' securities transactions adopted by the Company throughout the period from the listing date to the date of this announcement.

Purchase, Sale Or Redemption Of The Company's Listed Securities

As the ordinary shares of nominal value of US$0.01 each in the share capital of the Company (the "Shares") of the Company were listed on GEM on 21 July 2017, neither did the Company redeem nor did the Company or any of its subsidiaries purchase or sell any of the Company's listed securities after listing and up to the date of this announcement.

Audit Committee

The Company has established the Audit Committee on 21 July 2017 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules has been adopted. Among other things, the primary duties of the Audit Committee are to review and supervise the Company's financial reporting process, internal control system and risk management system and to provide advice and recommendations to the Board on the appointment, reappointment and removal of external auditors.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Lee Kwok Tung Louis, Mr. Wei Junfeng and Dr. Li Ling. Mr. Lee Kwok Tung Louis is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the financial reporting matters with senior management and the auditors of the Company relating to the preparation of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2018. This announcement has been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting principles and practices adopted by the Group and that adequate disclosure has been made.

By Order of the Board of
China Singyes New Materials Holdings Limited
LIU, Hongwei
Chairman

Hong Kong, 13 August 2018

As at the date of this announcement, the non-executive Director and the Chairman of the Company is Mr. Liu Hongwei; the executive Directors of the Company are Mr. Sun Jinli, Mr. Zhao Feng, Mr. Zhang Chao and Mr. Tang Liwen; and the independent non-executive Directors of the Company are Mr. Lee Kwok Tung Louis, Mr. Wei Junfeng and Dr. Li Ling.

This announcement will remain on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company (www.syeamt.com).