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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

CHARACTERISTICS OF THE 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 of Directors of the Company (the "Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019 with the comparative figures for the corresponding year ended 31 December 2018.

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**148,034**	129,292
Gross profit	**58,982**	59,203
Profit before tax	**21,118**	22,705
Profit for the year	**18,513**	19,828
Gross profit margin	**39.8%**	45.8%
Net profit margin	**12.5%**	15.3%
Earnings per share attributable to ordinary equity holders		
– Basic and diluted	**RMB0.035**	RMB0.041

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

	Notes	**2019** **RMB'000**	2018 RMB'000
REVENUE	*3*	**148,034**	129,292
Cost of sales		**(89,052)**	(70,089)
Gross profit		**58,982**	59,203
Other income and gains	*4*	**5,897**	2,326
Selling and distribution expenses		**(9,587)**	(9,695)
Administrative expenses		**(22,686)**	(20,740)
Impairment loss on trade receivables		**(7,779)**	(5,242)
Interest expense		**(482)**	—
Other expenses		**(3,227)**	(3,147)
PROFIT BEFORE TAX	*5*	**21,118**	22,705
Income tax expense	*6*	**(2,605)**	(2,877)
PROFIT FOR THE YEAR		**18,513**	19,828
OTHER COMPREHENSIVE INCOME:			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		**1,315**	3,274
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**19,828**	23,102
Profit attributable to:			
Owners of the Company		**18,221**	19,788
Non-controlling interests		**292**	40
		18,513	19,828
Total comprehensive income attributable to:			
Owners of the Company		**19,536**	23,062
Non-controlling interests		**292**	40
		19,828	23,102
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*8*	**RMB0.035**	RMB0.041

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**67,183**	49,746
Equity investments designated at fair value through other comprehensive income	*9*	**5,000**	—
Prepayments in advance		**15,116**	—
Deferred tax assets	*10*	**3,195**	1,557
Right-of-use assets		**8,058**	—
Goodwill		**6,448**	6,448
Total non-current assets		**105,000**	57,751
CURRENT ASSETS			
Inventories		**19,231**	15,377
Trade and bills receivables	*11*	**131,652**	142,970
Prepayments, deposits and other receivables	*12*	**18,747**	10,818
Financial assets at fair value through profit or loss	*13*	**5,000**	—
Pledged bank balances		**12,538**	20
Cash and cash equivalents		**26,932**	68,279
Total current assets		**214,100**	237,464
CURRENT LIABILITIES			
Trade payables	*14*	**19,186**	19,192
Other payables and accruals	*15*	**29,791**	36,155
Lease liabilities		**1,738**	—
Tax payable		**4,346**	2,715
Provision for product warranties		**583**	591
Total current liabilities		**55,644**	58,653
NET CURRENT ASSETS		**158,456**	178,811
TOTAL ASSETS LESS CURRENT LIABILITIES		**263,456**	236,562

	Notes	**2019**	2018
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Deferred tax liability	*10*	**—**	820
Lease liabilities		**6,656**	—
Deferred income	*16*	**6,869**	1,599
Total non-current liabilities		**13,525**	2,419
Net assets		**249,931**	234,143
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*17*	**35,415**	35,415
Reserves		**209,049**	193,553
		244,464	228,968
Non-controlling interests		**5,467**	5,175
Total equity		**249,931**	234,143

NOTES TO FINANCIAL STATEMENTS

31 December 2019

1. CORPORATE AND GROUP 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 is located at Unit 3108, 31st Floor, China Merchants Tower, Shun Tak Center, 168–200 Connaught Road Central, Hong Kong.

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the sale and installation of Indium Tin Oxide ("ITO") film, and the research and development, production, sale and installation of Smart Light-adjusting Film, Smart Light-adjusting Glass and Smart Light-adjusting Projection System in mainland China of the People's Republic of China (the "PRC").

In the opinion of the directors of the Company (the "Directors"), the parent company and the intermediate holding company are Top Access Management Limited ("Top Access") and China Singyes Solar Technologies Holdings Limited ("Singyes Solar"). On 28 November 2019, the ultimate holding company was changed from Strong Eagle Holdings Limited ("Strong Eagle") to Shuifa Group Co., Ltd. which is established in the PRC. Top Access was incorporated in the British Virgin Islands. Singyes Solar was incorporated in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for structured deposits, bills receivable and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the adoption of IFRS 16, the adoption of the above new standards, new interpretation and amendments to IFRSs has had no significant financial effect on the financial position or performance of the Group. The nature and impact of IFRS 16 are described below:

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases* — Incentives and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. For the adoption of IFRS 16, the Group has not restated comparative information and has not recognised any transition adjustments against the opening balance of equity at 1 January 2019. The comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of plant and office premises. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease by lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The Group elected to present the lease liabilities separately in the consolidated statement of financial position. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the consolidated statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics

Financial impact at 1 January 2019

The impacts arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

	Increase *RMB'000*
Assets	
Increase in right-of-use assets	10,931
Liabilities	
Increase in lease liabilities	10,931

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	6,074
Less: Commitments relating to those leases with a remaining lease term ending before 31 December 2019	(9)
Add: Payments for optional extension periods not recognised as at 31 December 2018	6,419
	12,484
Weighted average incremental borrowing rate as at 1 January 2019	4.75%
Discounted operating lease commitments as at 1 January 2019	10,931
Lease liabilities as at 1 January 2019	10,931

3. OPERATING SEGMENT INFORMATION AND REVENUE

Operating segment information

The Group's revenue and contribution to consolidated results are mainly derived from its sale of ITO Film, Smart Light-adjusting Film, Smart Light-adjusting Glass and Smart Light-adjusting Projection System and installation of 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:

Geographical information

Non-current assets

	2019		2018	
	RMB'000	*%*	*RMB'000*	*%*
Mainland China	**93,476**	**96.6**	54,471	96.9
Hong Kong	**3,329**	**3.4**	1,723	3.1
	96,805	**100.0**	56,194	100.0

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

Information about major customers

No revenue from a single customer amounted to 10% or more of the total revenue of the Group during the years ended 31 December 2019 and 2018.

An analysis of revenue is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers	**148,034**	129,292

Revenue from contracts with customers

(i) Disaggregated revenue information

	2019	2018
	RMB'000	*RMB'000*
Type of goods or services		
Sales of ITO Film	**51,948**	18,923
Sales of Smart Light-adjusting Film	**49,231**	47,700
Sales of Smart Light-adjusting Glass	**17,762**	17,010
Sales of Smart Light-adjusting Projection System	**3,237**	26,405
Rendering of consulting services	**–**	3,303
Installation services	**8,064**	2,319
Sales of other products	**17,792**	13,632
Total revenue from contracts with customers	**148,034**	129,292

Geographical markets

Revenue from external customers

	2019	2018
	RMB'000	*RMB'000*
Domestic – Mainland China*	**141,729**	122,669
Others	**6,305**	6,223
Total revenue from contracts with customers	**148,034**	129,292

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

Timing of revenue recognition

	2019	2018
	RMB'000	*RMB'000*
Goods transferred at a point in time	**139,970**	123,670
Services transferred over time	**8,064**	5,622
Total revenue from contracts with customers	**148,034**	129,292

The amount of revenue from the sale of goods recognised in the current year that were included in the contract liabilities at the beginning of the year and recognised from performance obligations satisfied in previous year amounted to RMB1,950,000 (note 15).

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within one to six months from delivery, except for small and new customers, where payment is normally expected to be settled shortly after the delivery of goods.

Installation services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of installation and customer acceptance, except for new customers, where payment in advance is normally required.

Consulting services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of consulting services.

At 31 December 2019, the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2019	2018
	RMB'000	*RMB'000*
Deferred income released to profit or loss *(note 16):*		
— related to assets	**240**	91
— related to expenses	**3,015**	—
Bank interest income	**122**	89
Government grants*	**2,342**	2,016
Gain on disposal of property, plant and equipment	**—**	41
Sales of scrap materials	**178**	89
	5,897	2,326

* There were no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

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

	2019	2018
	RMB'000	*RMB'000*
Cost of inventories sold	**82,558**	68,238
Cost of installation service	**6,494**	1,851
	89,052	70,089
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**14,421**	13,213
Pension scheme contributions	**890**	729
Equity-settled share option expense	**990**	1,192
	16,301	15,134
Depreciation of property, plant and equipment	**8,569**	6,095
Depreciation of right-of-use assets	**2,194**	—
Research costs	**6,499**	5,517
Interest expense	**482**	—
Equity-settled share option expense	**350**	1,192
Minimum lease payments under operating leases	**—**	1,180
Lease payments not included in the measurement of lease liabilities	**23**	—
Auditor's remuneration	**1,500**	1,500
Impairment loss on trade receivables, net	**7,779**	5,242
Write-off/(gain on disposal) of items of property, plant and equipment	**1,757**	(41)
Product warranty provision/(reversal of unutilised provision)	**217**	(482)
Foreign exchange losses, net	**1,408**	3,072

6. INCOME TAX

The major components of income tax expense for the year are as follows:

	2019 *RMB'000*	2018 *RMB'000*
Current – Mainland China		
Charge for the year	**5,063**	3,872
Overprovision in prior year	**—**	(380)
Deferred *(note 10)*	**(2,458)**	(615)
Total tax charge for the year	**2,605**	2,877

A reconciliation of the tax expense applicable to profit before tax at the applicable tax rates for the jurisdictions in which companies within the Group are domiciled to the tax expense at the effective tax rate is as follows:

	Notes	2019 *RMB'000*	2018 *RMB'000*
Profit before tax		**21,118**	22,705
Add: non-deductible expenses incurred by the Company*	*(a)*	**3,773**	2,382
Profit before tax generated by Hong Kong and PRC subsidiaries		**24,891**	25,087
At the applicable tax rates		**3,808**	3,782
Tax losses utilised from previous year		**(171)**	(35)
Effect on deferred tax of change in tax rate		**(328)**	—
Overprovision of current tax in prior year		**—**	(380)
Tax effect of additional tax deduction for motor vehicles purchased		**(186)**	—
Tax effect of additional tax deduction for research costs incurred		**(674)**	(621)
Expenses not deductible for tax		**143**	103
Tax losses not recognised		**13**	28
Tax charge at the Group's effective tax rate		**2,605**	2,877

Notes:

(a) Pursuant to the rules and regulations of Bermuda, the Group is not subject to any income tax in Bermuda. Losses incurred by the Company during the year mainly consist of share option expenses and remuneration of directors. These expenses are not expected to be tax deductible.

(b) During the year, Zhuhai Singyes New Materials Company Limited ("Zhuhai New Materials") was entitled to a preferential PRC CIT rate of 15% as it was accredited as "High and New Technology Enterprise" ("HNTE") from 28 November 2018 to 28 November 2021. Shenzhen Kangsheng Photoelectric Technology Company Limited ("Shenzhen Kangsheng") was entitled to a preferential PRC CIT rate of 15% as it was accredited as HNTE from 9 December 2019 to 9 December 2022.

(c) The applicable CIT rate for Hong Kong incorporated subsidiaries was 16.5% during the year. No provision for Hong Kong profits tax has been made as the Group had deductible tax loss from previous year.

7. DIVIDEND

At a meeting of the Directors held on 30 March 2020, the Directors recommended a final dividend of HK1.0 cents per share for the year ended 31 December 2019 (2018 final dividend: RMB5,380,000), subject to shareholders' approval at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the Company for the year of RMB18,221,000 (2018: RMB19,788,000), and the weighted average number of ordinary shares of 520,000,000 (2018: weighted average number of ordinary shares of 480,767,000) in issue during the year.

No adjustment has been made to the basic earnings per share amount in respect of a dilution as the exercise price of the Company's outstanding share options was higher than the average market price of the Company's shares for the year ended 31 December 2019 and 2018.

9. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	RMB'000	*RMB'000*
Unlisted equity investment, at fair value		
Xi'an Xingye Metro Media Co., Limited	**5,000**	—

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

10. DEFERRED TAX

The movements of deferred tax assets during the year are as follows:

Deferred tax assets

	Lease liabilities *RMB'000*	**Impairment on trade receivables** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
At 1 January 2018	—	638	304	942
Deferred tax credited to profit or loss during the year *(note 6)*	—	606	9	615
At 31 December 2018	—	1,244	313	1,557
At 31 December 2018	—	1,244	313	1,557
Effect of adoption of IFRS 16	1,640	—	—	1,640
At 1 January 2019 (restated)	1,640	1,244	313	3,197
Deferred tax credited to profit or loss during the year *(note 6)*	(381)	846	792	1,257
At 31 December 2019	**1,259**	**2,090**	**1,105**	**4,454**

The Group has tax losses arising in Hong Kong of RMB523,000 (2018: RMB619,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of RMB251,000 (2018: Nil) that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax liability

	Right-of-use assets *RMB'000*	Accelerated depreciation for tax purpose *RMB'000*	Total *RMB'000*
At 1 January 2018	—	—	—
Acquisition of subsidiaries	—	820	820
At 31 December 2018	—	820	820
At 31 December 2018	—	820	820
Effect of adoption of IFRS 16	1,640	—	1,640
At 1 January 2019 (restated)	1,640	820	2,460
Deferred tax credited to profit or loss during the year *(note 6)*	(381)	(820)	(1,201)
At 31 December 2019	1,259	—	1,259

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2019 ***RMB'000***	2018 *RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**4,454**	1,557
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(1,259)**	—
Net deferred tax assets	**3,195**	1,557

Under the CIT Law of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprises established in Mainland China effective from 1 January 2008. Under the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the withholding tax rate for dividends paid by a Mainland resident enterprise to a Hong Kong resident enterprise is 5% if the Hong Kong enterprise owns at least 25% of the Mainland enterprise.

Deferred taxation has not been provided for in the consolidated statement of financial position in respect of temporary differences attributable to the profits of the PRC subsidiaries during the year, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB74,839,000 as at 31 December 2019 (2018: RMB57,348,000).

11. TRADE AND BILLS RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**142,970**	149,245
Less: Impairment	**(13,936)**	(8,292)
	129,034	140,953
Bills receivable	**2,618**	2,017
	131,652	142,970

The Group's trading terms with its customers are mainly on credit. The credit periods generally range from one to six 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 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 loss allowance, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 3 months	**38,929**	51,283
3 to 6 months	**28,136**	18,953
6 to 12 months	**19,086**	30,652
1 to 2 years	**27,906**	35,274
2 to 3 years	**13,808**	6,808
Over 3 years	**3,787**	—
	131,652	142,970

At 31 December 2019, retentions held by customers for contract works included in trade receivables amounted to approximately RMB3,543,000 (2018: RMB2,916,000). Retention money receivables are normally collected within two to three years after the completion of the relevant construction work.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2019	2018
	RMB'000	*RMB'000*
At beginning of year	**8,292**	4,250
Impairment loss, net *(note 5)*	**7,779**	5,242
Amount written off as uncollectible	**(2,135)**	(1,200)
At end of year	**13,936**	8,292

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and profile). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than two years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

		Past due		
	Current	**Less than 3 months**	**Over 3 months**	**Total**
Expected credit loss rate	**2.75%**	**1.56%**	**16.19%**	**9.75%**
Gross carrying amount *(RMB'000)*	**38,683**	**27,429**	**76,858**	**142,970**
Expected credit losses *(RMB'000)*	**1,063**	**427**	**12,446**	**13,936**

As at 31 December 2018

		Past due		
	Current	Less than 3 months	Over 3 months	Total
Expected credit loss rate	0.53%	2.01%	8.94%	5.56%
Gross carrying amount *(RMB'000)*	40,690	23,547	85,008	149,245
Expected credit losses *(RMB'000)*	217	474	7,601	8,292

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Current portion:		
Prepayments to suppliers	**15,332**	6,089
Deposits	**436**	327
Due from related parties	**498**	2,465
Other receivables	**2,481**	1,937
	18,747	10,818
Non-current portion:		
Prepayments for equipment*	**15,116**	—
Total	**33,863**	10,818

* Included in the prepayments for equipment is mainly prepayment paid to an independent supplier to expand productivity of ITO film.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	RMB'000	*RMB'000*
Structured deposits	**5,000**	—

The above structured deposits at 31 December 2019 were issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The structured deposits are with expected rates of return (not guaranteed) at rate linked to 3M-LIBOR.

14. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the purchase recognition date, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 6 months	**14,292**	13,371
6 to 12 months	**1,167**	463
1 to 2 years	**2,218**	2,233
2 to 3 years	**918**	336
Over 3 years	**591**	2,789
	19,186	19,192

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

15. OTHER PAYABLES AND ACCRUALS

	2019	2018
	RMB'000	*RMB'000*
Contract liabilities*	**1,504**	2,813
Accrued expenses	**1,602**	2,276
Payroll and welfare payable	**1,501**	4,235
Tax and surcharge payables	**22,476**	20,573
Payables related to property, plant and equipment	**526**	4,007
Due to related parties	**748**	822
Other payables	**1,434**	1,429
	29,791	36,155

* Contract liabilities consisted of short-term advances received from customers in relation to delivery products. Changes in contract liabilities during the year are as follows:

	RMB'000
At 1 January 2019	**2,813**
Revenue recognised that was included in the contract liabilities at the beginning of the year *(note 3)*	**(1,950)**
Net increase due to cash received, excluding amounts recognised as revenue during the year	**641**
At 31 December 2019	**1,504**

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

16. DEFERRED INCOME

	Notes	2019 RMB'000	2018 RMB'000
At beginning of year		**1,599**	721
Receipts of government grants related to			
— Property, plant and equipment	*(i)*	**1,325**	969
— Research and development	*(ii)*	**7,200**	—
Released to profit or loss	*4*	**(3,255)**	(91)
		6,869	1,599
Government grants related to			
— Property, plant and equipment		**2,684**	1,599
— Research and development		**4,185**	—
		6,869	1,599

Notes:

(i) The Group has received certain government grants in respect of the purchase of equipment and is released to profit or loss by annual instalments to match with the expected useful lives of the relevant assets.

(ii) During the year, the Group received government grant in relation to the research and development project of the Smart Color-Switching Glass undertaking by the Group under the "2018 Zhuhai Innovation and Entrepreneurship Team and High-Level Talent Entrepreneurship Project". The grant is released to profit or loss as other income over the periods when the research costs, which the grant is intended to compensate, are expensed.

17. SHARE CAPITAL

Shares

	2019 US$'000	2018 US$'000
Authorised:		
10,000,000,000 ordinary shares of US$0.01 each	**100,000**	100,000
Issued and fully paid:		
520,000,000 ordinary shares of US$0.01 each	**5,200**	5,200
Equivalent to approximately RMB'000	**35,415**	35,415

There was no movement in the Company's issued share capital during the year.

18. 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

(iii) 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 a general meeting in accordance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange. 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 Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange 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 year:

	2019		2018	
	Exercise price ***HK$ per share***	**Number of options** ***'000***	Exercise price *HK$ per share*	Number of options *'000*
At 1 January	**1.16**	**21,000**	—	—
Granted during the year	**—**	**—**	1.16	21,000
Forfeited during the year	**1.16**	**(5,300)**	—	—
At 31 December	**1.16**	**15,700**	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:

2019 *'000*	**2018** *'000*	**Exercise price** *HK$ per share*	**Exercise period**
5,233	7,000	1.16	31 January 2021 to 30 January 2028
5,233	7,000	1.16	31 January 2022 to 30 January 2028
5,234	7,000	1.16	31 January 2023 to 30 January 2028
15,700	21,000		

During the year ended 31 December 2019, a total of 5,300,000 options (2018: Nil) were forfeited due to the resignation of grantees.

The Group recognised a share option expense of RMB1,340,000, net of reversal of share option expense due to the forfeiture of share options during the year (2018: RMB2,384,000).

At the end of the reporting period, the Company had 15,700,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 15,700,000 additional ordinary shares of the Company and additional share capital of US$157,000 (equivalent to approximately HK$1,223,000, before issue expenses).

As at the date of approval of these financial statements, the Company had 15,700,000 share options outstanding under the Scheme, which represented approximately 3.019% of the Company's shares in issue as at that date.

19. EVENT AFTER THE REPORTING PERIOD

Impact of the recent coronavirus situation

Up to the date of this announcement, management has not been aware of any cases of COVID-19 infection among the Group's staff and the outbreak did not have any significant impact on the Group's operations. The Directors currently have an appropriate response plan in place and will continue to monitor and assess the ongoing development and respond accordingly.

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 RMB51,948,000 for the year ended 31 December 2019, which represented a significant increase of RMB33,025,000 or 174.5%, from RMB18,923,000 for the same period in 2018. In December 2018, the Group has acquired Huabei Limited to further expand its market share of ITO film in Southern China. This has largely contributed to the significant growth in sales volume for the year ended 31 December 2019.

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 RMB49,231,000 for the year ended 31 December 2019, which represented an increase of RMB1,531,000 or 3.2%, from RMB47,700,000 for the same period in 2018 as a result of the growth in sales volume driven by the continuous expansion of the customer base.

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 RMB17,762,000 for the year ended 31 December 2019, which represented an increase of RMB752,000 or 4.4%, from RMB17,010,000 for the same period in 2018 as a result of the upward adjustment on the average selling price.

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-adjusting Projection System customers are primarily construction companies and commercial users. Revenue from sales of Smart Light-adjusting Projection System was RMB3,237,000 for the year ended 31 December 2019, which represented a significant decrease of RMB23,168,000 or 87.7%, from RMB26,405,000 for the same period in 2018 because of the keen competition caused by the emergence of similar projection system products supplied by domestic home appliance companies.

Other goods and services include rendering of consulting services, installation services and other products. The aggregated revenue from other goods and services was RMB25,856,000 for the year ended 31 December 2019, which represented an increase of RMB6,602,000 or 34.3%, from RMB19,254,000 for the same period in 2018.

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 in the PRC in terms of market share by revenue. Leveraging on our current market position as a leading producer of ITO film and Smart Light-adjusting Products in the PRC in terms of market share, our business remained stable during the year ended 31 December 2019. However, due to increase in impairment loss on trade receivables, the Group recorded a slight decrease of RMB1,567,000 or 7.9% in profit attributable to owners of the Company, to RMB18,221,000 for the year ended 31 December 2019 from RMB19,788,000 for the same period in 2018.

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 ITO film and Smart Light-adjusting Film and downstream application (namely, the Smart Light-adjusting Projection System) is testimonial of sufficient market demand for its products and it is an 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 film products. Moreover, in response to the changing market conditions of the Smart Light-adjusting Glass and Smart Light-adjusting Projection System, our Group changes to focus on the film 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.

The Coronavirus disease 2019 outbreak

The Coronavirus disease 2019 (COVID-19) outbreak in China in December 2019 is affecting hundreds of thousands of people in all parts of the world. The ongoing pandemic is also having severe impact on the global economy. The unprecedented measures imposed in China, including large-scale quarantines and travel restrictions, have inevitably led to disruption on normal activity of both individuals and enterprises.

In response to the coronavirus crisis, our Group had immediate actions to protect our employees, address business challenges, and mitigate risks. We have implemented multiple control and preventive measures on COVID-19 in workplace. We have searched for new supplier, given that the supply of one of the raw materials by a manufacturer in Taiwan was suspended because of the disrupted supply-chain. At the same time, we have maintained close relationship with our customers to understand the potential impact of the epidemic on our sales orders.

As a result of the COVID-19 outbreak, the resumption of our manufacturing was deferred by one week to 9 February 2020 after the Chinese New Year holiday. As of the date of this announcement, more than 95 percent of our employees have resumed work and our production has reached the pre-outbreak level. As far as we are aware, except for the delay in delivery of certain sales orders, the impact of COVID-19 epidemic on our operation and financial performance was limited. However, the crisis has not ended, and its full effects are still uncertain. Our Directors will closely monitor the development of the situation and react proactively.

The Subscription of shares of Singyes Solar and change in shareholding of the Company

Reference is made to the announcement issued jointly by the Company and Singyes Solar on 5 June 2019 in relation to, among other things, the Subscription, Non-disposal Undertaking and the Release (the "Joint Announcement"); and the announcement issued by the Company on 11 October 2019 with respect to the change of independent financial adviser (the "Announcement"). Terms used herein shall have the same meanings as those defined in the Joint Announcement and the Announcement unless the context requires otherwise.

Pursuant to the Subscription Agreement, Singyes Solar has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, at Completion, 1,687,008,585 Subscription Shares at the Subscription Price of HK$0.92 per Subscription Share. Upon Completion, (1) 1,687,008,585 Subscription Shares were duly allotted and issued as fully paid to the Subscriber, representing 66.92% of the issued share capital of Singyes Solar as enlarged by the allotment and issuance of the Subscription Shares; and (2) Strong Eagle's shareholding in Singyes Solar has decreased from 24.43% to 8.08% of the issued share capital of Singyes Solar.

Release of the Non-Disposal Undertaking

As disclosed in the prospectus of the Company dated 30 June 2017 (the "Prospectus"), each of the then controlling shareholders of the Company has made the Non-Disposal Undertaking to the Company. In anticipation of the effect to the controlling shareholding of the Company should the Subscription be completed, the Directors sought the approval of the Singyes NM Independent Shareholders on the release and discharge of the obligations of Mr. Liu Hongwei and Strong Eagle under the Non-disposal Undertaking by way of an ordinary resolution at the SGM. The Singyes NM IBC, comprising all the independent non-executive Directors, namely Mr. Lee Kwok Tung Louis, Mr. Wei Junfeng and Dr. Li Ling, has been formed to advise the Singyes NM Independent Shareholders as to the fairness and reasonableness of the Release.

Appointment of Independent Financial Adviser

Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), has been appointed as the independent financial adviser of the Company (the "IFA") to advise the Singyes NM IBC and the Singyes NM Independent Shareholders in relation of the Release. The appointment of the IFA has been approved by the Singyes NM IBC. The letter of advice from the IFA in respect of the Release was included in the circular of the Company dated 16 October 2019.

Special General Meeting held on 31 October 2019

As disclosed in the announcement of poll results of special general meeting (the "SGM") held on 31 October 2019 of the Company dated 31 October 2019, the ordinary resolution to approve the Release was duly passed by the Shareholders by way of poll at the SGM.

FINANCIAL REVIEW

Revenue

Our revenue was RMB148,034,000 for the year ended 31 December 2019, which represented an increase of RMB18,742,000, or 14.5% from RMB129,292,000 for the same period in 2018. The increase was primarily attributable to increase in revenue from the sales of ITO film.

Cost of sales and Gross Profit

Our cost of sales was RMB89,052,000 for the year ended 31 December 2019, which represented an increase of RMB18,963,000 or 27.1%, from RMB70,089,000 for the same period in 2018. The increase in cost of sales mainly reflected the increase in sales of ITO film for the year ended 31 December 2019 as compared to the same period in 2018.

Our gross profit was RMB58,982,000 for the year ended 31 December 2019, which remained steady as compared to RMB59,203,000 for the same period in 2018. Our gross profit margin decreased from 45.8% for the year ended 31 December 2018 to 39.8% for the same period in 2019. The decrease was mainly attributed to the change in the sales mix, which the proportion of revenue from sales of ITO film (being less profitable than Smart Light-adjusting products) relative to total revenue has increased.

Selling and distribution expenses

Our selling and distribution expenses were RMB9,587,000 for the year ended 31 December 2019, which remained steady as compared to RMB9,695,000 for the same period in 2018. These mainly represented remuneration for sales and marketing employees based on sales performances and expenses relating to the marketing efforts in business promotion and participation in exhibitions. As a percentage of revenue, the selling and distribution expenses dropped to 6.5% for the year ended 31 December 2019 from 7.5% for same period in 2018.

Administrative expenses

Our administration expenses were RMB22,686,000 for the year ended 31 December 2019, which represented an increase of approximately RMB1,946,000 or 9.4%, from RMB20,740,000 for the same period in 2018. The increases in administration expenses mainly reflected the increase in remuneration for administrative employees (including Directors' fee), depreciation and research costs. As a percentage of revenue, the administrative expenses slightly decreased to 15.3% for the year ended 31 December 2019 from 16.0% for the same period in 2018.

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 31 December 2019, 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.

Use of Proceeds from the Listing

The Shares of the Company were listed on GEM on 21 July 2017 (the "Listing Date") 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.

An analysis of the utilization of the net proceeds from the Listing Date up to 31 December 2019 is set out below:

Business Strategy	**Planned use of net proceeds as stated in the Prospectus up to 31 December 2019** *HK$ million*	**Actual use of net proceeds up to 31 December 2019** *HK$ million*	**Actual balances of proceeds up to 31 December 2019** *HK$ million*
Overseas business expansion	9.8	4.2	5.6
Research and development of new materials and products	21.1	11.5	9.6
Purchase of machinery and equipment for production of anti-ambient screen	6.8	6.8	—
Enhancement to wide ITO film	4.3	4.3	—
Working capital	7.3	7.3	—
Sales and marketing effects in the PRC	8.7	4.7	4.0
Project for full automation of production line for Smart Light-adjusting Products	12.0	12.0	—
Establishment and mass production of domestic laser none cinema systems	3.0	0.8	2.2
Installation of extra-wide Production line for Smart Light-adjusting Products	11.5	—	11.5
Installation of fully automated production line for pressing of glass	9.0	—	9.0

The business strategies as set out in the prospectus of the Company dated 30 June 2017 (the "Prospectus") were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds was applied in accordance with the actual development of the market.

As at 31 December 2019, approximately HK$51.6 million out of the net proceeds from the Share Offer had been used. The unused net proceeds have been deposited in licensed banks.

The Company intends to apply the net proceeds in the manner consistent with that set out in the Prospectus. However, the actual use of proceeds was lower than planned use of proceeds because of the delay in automation and installation of production lines. It has taken more time than expected to look for suitable machinery and equipment producers which could meet our production requirements. Recently, the Company has identified suitable machinery producer and expects to install new production line in the year 2019. The Directors will constantly evaluate the Group's business strategies and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

Capital Expenditure

For the year ended 31 December 2019, our capital expenditure amounted to RMB27,698,000 (2018: RMB4,553,000) and mainly arose from expenditures for purchase of production machinery.

Gearing Ratio

Gearing ratio is calculated by dividing the total liabilities by total equity at the end of the reporting period. As at 31 December 2019, our gearing ratio remained stable at 27.7% (31 December 2018: 26.1%).

Capital Commitments

As at 31 December 2019, the Group had capital commitments amounting to RMB13,620,000 (2018: Nil) in respect of the acquisition of machinery and equity investments.

Contingent Liabilities

As at 31 December 2019, Zhuhai New Materials was involved in a product quality dispute arising from the ordinary course of business where a customer initiated a proceeding against Zhuhai New Materials to claim a compensation relating to a product quality dispute. As a result of this lawsuit, cash at bank of Zhuhai New Materials amounted to RMB12,518,000 has been set aside and sealed by a court in the PRC. The directors, based on the advice from the Group's legal counsel, believe that Zhuhai New Materials has a valid defence against the lawsuit and, accordingly, have not provided for any loss arising from the litigation, other than the related legal costs. As at 31 December 2018, the Group had no significant contingent liabilities.

Pledge of assets

As at 31 December 2019, the Group had pledged deposits amounting to RMB20,000 (2018: RMB20,000).

Significant Investments, Acquisitions and Disposals

During the year ended 31 December 2019, the Group did not make any material acquisition or disposal of subsidiaries and associated companies and significant investments.

Foreign Currency Exposure

The Group's principal businesses are located in the Mainland China 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$. Foreign currency exposure mainly arises from intra-company balance denominated in HK$ as recorded by Zhuhai New Materials. At 31 December 2019, Zhuhai New Materials recorded an amount due to the Company of RMB58,743,000 (2018: RMB63,846,000) denominated in HK$. If RMB strengthens/weakens against HK$ as a reasonable possible change of 5%, the profit before tax of the Group will increase/decrease by approximately RMB2,937,000 (2018: RMB3,192,000), correspondingly.

DIVIDEND

The Directors proposed a final dividend of HK1.0 cents per share (2018: HK1.2 cents). The actual dividend payout ratio in each year will depend on the actual performance of the Group, the general industry and economic environment.

Cheques for the final dividend (subject to approval at the forthcoming annual general meeting of the Company) is expected to be dispatched to the shareholders of the Company on or before Monday, 20 July 2020.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, we had a total headcount of 132 (2018: 193) 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 31 December 2019, 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 5)*
Top Access Management Limited ("Top Assess")	Beneficial owner	324,324,325	62.37%
China Singyes Solar Technologies Holdings Limited ("Singyes Solar")	Interest in a controlled corporation *(Note 1)*	324,324,325	62.37%
Water Development (HK) Holdings Co Limited ("Water Development (HK)")	Interest in a controlled corporation *(Note 2)*	324,324,325	62.37%
Shuifa Energy Group Co., Ltd. ("Shuifa Energy")	Interest in a controlled corporation *(Note 2)*	324,324,325	62.37%
Shuifa Group Co., Ltd. ("Shuifa Group")	Interest in a controlled corporation *(Note 2)*	324,324,325	62.37%
Oasis Investments II Master Fund Ltd.	Person having a security interest in shares	324,324,325	62.37%
Oasis Investments II Offshore Feeder Ltd.	Interest in a controlled corporation *(Note 3)*	324,324,325	62.37%
Oasis Management Company Ltd.	Investment manager	324,324,325	62.37%
Fischer Seth Hillel Corporation	Interest in a controlled corporation	324,324,325	62.37%
AMATA Limited	Beneficial owner	40,000,000	7.69%
Mr. Luo Jingxi	Interest in a controlled corporation *(Note 4)*	40,000,000	7.69%

Notes:

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

2. Water Development (HK) is the legal and beneficial owner of 1,687,008,585 shares of Singyes Solar, representing approximately 66.92% of the issued share capital in Singyes Solar. Water Development (HK) is beneficially and wholly-owned by Shuifu Energy, which is in turn beneficially and wholly-owned by Shuifu Group. As such, each of Water Development (HK), Shuifu Energy and Shuifu Group is deemed to be interested in the Shares to which Singyes Solar is interested in (through its shareholding in Top Access) under Part XV of the SFO.

3. Oasis Investments II Master Fund Ltd. is beneficially and 86% owned by Oasis Investments II Offshore Feeder Ltd. As such, Oasis Investments II Offshore Feeder Ltd. is deemed to be interested in the Shares in which Oasis Investments II Master Fund Ltd. has a security interest under Part XV of the SFO.

4. AMATA Limited is legally and beneficially owned by Mr. Luo Jingxi, Mr. Hua Jianjun, Mr. Zhong Qibo and Mr. He Qiangmin as to 39%, 27%, 20% and 14% respectively. Mr. Luo Jingxi is deemed to be interested in the Shares held by AMATA Limited under Part XV of the SFO.

5. The percentage is calculated on the basis of 520,000,000 Shares in issue as at 31 December 2019.

Save as disclosed above, as at 31 December 2019, 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 of Part XV of the SFO.

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

As at 31 December 2019, so far as the Directors are aware, the interests and short positions of the Directors and chief executives 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 of Singyes Solar *(Note 1)*

Name of Director(s)	**Capacity/ Nature of Interests**	**Number of Shares held**	**Approximate percentage of total registered share capital** *(Note 3)*
Mr. Liu Hongwei	Interest of a controlled corporation	203,802,750 *(Note 2)*	8.08%

Notes:

1. 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. 203,802,750 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. The percentage is calculated on the basis of 2,521,081,780 shares in issue of Singyes Solar as at 31 December 2019.

Save as disclosed above, as at 31 December 2019, none of the Directors or chief executives 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 Executives' Interests and Short Positions in Shares, Underlying Shares and Debenture 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 and 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

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).

During the year ended 31 December 2019 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 during the year ended 31 December 2019 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 agreement entered into between the Company and Octal Capital dated 30 August 2016 and 28 June 2017 respectively.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries have purchased, sold or redeemed any listed securities of the Company during the year end 31 December 2019.

EVENTS AFTER THE REPORTING PERIOD

As disclosed under the section "The Coronavirus disease 2019 outbreak" above, the impact of COVID-19 epidemic on our operation and financial performance was limited though, the crisis has not ended and its full effects are still uncertain. Our Directors will closely monitor the development of the situation, address the impact on our business, and react proactively.

Save as mentioned above, the Board is not aware of any significant events affecting the Group, which have occurred subsequent to 31 December 2019 and up to the date of this announcement.

CORPORATE GOVERNANCE

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 (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules during the year ended 31 December 2019 and up to the date of this announcement (the "Relevant Period").

Shareholders of the Company are encouraged to make their views known to the Group if they have issues with the Company's corporate governance and to directly raise any matters of concern to the chairman of the Board ("Chairman").

The following is a summary of the work performed by the Board or Board Committees in corporate governance function during the Relevant Period:

(a) review the Company's policies and practices on corporate governance;

(b) review and monitor the training and continuous professional development of the Directors and senior management of the Group;

(c) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) review and monitor the code of conduct applicable to employees and the Directors; and

(e) review the Company's compliance with the CG Code and disclosure in the corporate governance report.

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 during the Relevant Period.

AUDIT COMMITTEE

The Company has established the Audit Committee on 21 July 2017 in compliance with Rule 5.28 of the GEM Listing Rules. 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 Ms. Pan Jianli, Mr. Pan Jianguo and Dr. Li Ling. Mr. Pan Jianli is the chairperson 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 audited consolidated financial statements of the Group for the year ended 31 December 2019. This final results 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.

FINANCIAL INFORMATION

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2019, but represents an extract from the consolidated financial statements for the year ended 31 December 2019 which have been audited by the auditor of the Company, Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the Audit Committee and approved by the Board.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is available for viewing on the websites of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.syeamt.com. Under Rule 18.03 of the GEM Listing Rules, the publication of the 2019 annual report of the Company containing all the information required by the GEM Listing Rules (the "2019 Annual Report") is due by 31 March 2020. However, the completion of the 2019 Annual Report is deferred by the prolonged work time caused by the COVID-19 pandemic. The Company expects that the 2019 Annual Report will be despatched to the shareholders and published on the respective websites of the Company and the Stock Exchange on or before 17 April 2020 after considering the current progress in preparing the 2019 Annual Report.

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

Hong Kong, 30 March 2020

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 Ms. Pan Jianli, Mr. Pan Jiangno 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).