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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2020

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 of Directors of the Company (the "Board") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2020 with the comparative figures for the corresponding period ended 31 March 2019.

FINANCIAL HIGHLIGHTS

	Three months ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**13,838**	29,117
Gross profit	**2,430**	10,592
Profit before tax	**438**	3,361
Profit attributable to owners of the Company	**613**	2,109
Gross profit margin	**17.6%**	36.4%
Net profit margin	**2.3%**	8.6%
Earnings per share attributable to ordinary equity holders		
— Basic and diluted	**RMB0.001**	RMB0.004

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2020

	Notes	Three months ended 31 March 2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
REVENUE	*3*	**13,838**	29,117
Cost of sales		**(11,408)**	(18,525)
Gross profit		**2,430**	10,592
Other income and gains	*4*	**1,833**	1,558
Selling and distribution expenses		**(2,105)**	(2,844)
Administrative expenses		**(4,114)**	(5,255)
Reversal of (impairment loss) on trade receivables		**3,707**	(610)
Other expenses		**(1,256)**	(13)
Interest expense		**(57)**	(67)
PROFIT BEFORE TAX	*5*	**438**	3,361
Income tax expense	*6*	**(121)**	(844)
PROFIT FOR THE PERIOD		**317**	2,517
OTHER COMPREHENSIVE INCOME/(LOSS):			
Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		**1,330**	(1,510)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,647**	1,007
Profit/(loss) attributable to:			
Owners of the Company		**613**	2,109
Non-controlling interests		**(296)**	408
		317	2,517
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**1,943**	599
Non-controlling interests		**(296)**	408
		1,647	1,007
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*7*	**RMB0.001**	RMB0.004

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020

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 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 three months ended 31 March 2020 (the "Period"), 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 the mainland of the People's Republic of China (the "PRC").

In the opinion of the Directors, the parent company and the intermediate holding company are Top Access Management Limited ("Top Access") and China Shuifa Singyes Energy Holdings Limited (formerly known as China Singyes Solar Technologies Holdings Limited, "Shuifa Singyes"). 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. Shuifa Singyes was incorporated in Bermuda and its shares are listed on the Main Board of the Stock Exchange.

2.1 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 2019.

The unaudited condensed financial information has been reviewed by the audit committee of the Company.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2018, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board for the first time for financial year beginning 1 January 2020.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The adoption of the above new and revised standards have had no significant financial effect on the financial position or performance of the Group.

3. REVENUE AND OPERATING SEGMENT INFORMATION

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.

An analysis of revenue is as follows:

	Three months ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**13,838**	29,117

Revenue from contracts with customers

(i) Disaggregated revenue information

	Three months ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Type of goods or services		
Sales of ITO film	**7,664**	13,795
Sales of Smart Light-adjusting Film	**5,697**	11,785
Sales of Smart Light-adjusting Glass	**255**	1,099
Sales of Smart Light-adjusting Projection System	**86**	—
Sales of other products	**136**	2,438
Total revenue from contracts with customers	**13,838**	29,117

Geographical markets

Revenue from external customers

	Three months ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Domestic — Mainland China*	**12,827**	28,509
Others	**1,011**	608
Total revenue from contracts with customers	**13,838**	29,117

* 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.

Information about major customers

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

	Three months ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**1,653**	N/A
Customer B	**N/A**	3,120

Timing of revenue recognition

	Three months ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Goods transferred at a point in time	**13,838**	29,117

(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.

At 31 March 2020, 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:

	Three months ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Deferred income released to profit or loss	**1,625**	51
Government grants*	**147**	100
Bank interest income	**57**	28
Foreign exchange gains, net	**—**	1,358
Sales of scrapped materials	**4**	21
	1,833	1,558

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

5. PROFIT BEFORE TAX

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

	Three months ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**11,408**	18,525
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**3,563**	3,774
Pension scheme contributions	**199**	183
Equity-settled share option expense	**187**	320
	3,949	4,277
Depreciation of items of property, plant and equipment	**2,739**	2,102
Depreciation of right-of-use assets	**244**	602
Research costs	**1,258**	694
Interest expense	**57**	67
Equity-settled share option expense	**187**	320
Minimum lease payments under operating leases	**14**	14
(Reversal of) impairment loss on trade receivables	**(3,707)**	610
Foreign exchange losses/(gains), net	**1,169**	(1,358)

6. INCOME TAX

The major components of income tax expense were as follows:

	Three months ended 31 March	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the Period	**—**	991
Deferred	**121**	(147)
Total tax charge for the Period	**121**	844

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 Period mainly consist of share option expenses and remuneration of directors. These expenses are not expected to be tax deductible.

(b) During the Period, Zhuhai Singyes New Materials Company Limited ("Zhuhai New Materials") was entitled to a preferential PRC corporate income tax ("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. No provision for PRC corporate income tax has been made as the Group had no assessable profits derived from or earned in PRC during the Period.

(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 no assessable profits derived from or earned in Hong Kong during the Period.

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

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the Company for the period, and the number of ordinary shares of 520,000,000 (2019: 520,000,000) in issue during the period.

No adjustment has been to the basic earnings per share amounts 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 three months ended 31 March 2020 and 2019.

8. EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events after the end of the reporting period of this announcement.

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.

As a result of the Coronavirus disease 2019 (COVID-19) outbreak in China in December 2019, the delivery of certain sales orders was delayed because many of our customers have only resumed operation in March 2020. Hence, our business during the 3 months ended 31 March 2020 was negatively affected, the sales volume has dropped significantly as compared to the same period in 2019.

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 RMB7,664,000 for the three months ended 31 March 2020, which represented a decrease of RMB6,131,000 or 44.4%, from RMB13,795,000 for the same period in 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 RMB5,697,000 for the three months ended 31 March 2020, which represented a decrease of RMB6,088,000 or 51.7%, from RMB11,785,000 for the same period in 2019.

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 RMB255,000 for the three months ended 31 March 2020, which represented a decrease of RMB844,000 or 76.8%, from RMB1,099,000 for the same period in 2019.

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 RMB86,000 for the three months ended 31 March 2020, comparing to nil for the same period in 2019.

The revenue from sale of other products was RMB136,000 for the three months ended 31 March 2020, which represented a significant decrease of RMB2,302,000 or 94.4%, from RMB2,438,000 for the same period in 2019.

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. Because of the aforesaid COVID-19 impact on our business, the Group recorded a decrease of RMB1,496,000 or 70.9% in profit attributable to owners of the Company, which amounted to RMB613,000 for the three months ended 31 March 2020, comparing to RMB2,109,000 for the same period in 2019.

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.

Although our first quarterly results have been affected due to the COVID-19 epidemic, our sales has gradually returned to a normal volume since the beginning of the second quarter given that the outbreak has come under control in China in April. Therefore, our Directors expect the impact on our operation and financial performance was limited comparing year to year.

FINANCIAL REVIEW

Revenue

Our revenue was RMB13,838,000 for the three months ended 31 March 2020, which represented a decrease of 15,279,000 or 52.5%, from RMB29,117,000 for the same period in 2019. The decrease was primarily attributable to the delay in delivery of sales order of ITO film and Smart Light-adjusting Film as a result of the COVID-19 outbreak.

Cost of sales and Gross Profit

Our cost of sales was RMB11,408,000 for the three months ended 31 March 2020, which represented a decrease of RMB7,117,000 or 38.4%, from RMB18,525,000 for the same period in 2019. The decrease in cost of sales mainly reflected the decrease in sales.

Our gross profit decreased by RMB8,162,000 or 77.1%, from RMB10,592,000 for the three months ended 31 March 2019 to RMB2,430,000 for the three months ended 31 March 2020. Our gross profit margin dropped to 17.6% for the three months ended 31 March 2020 from 36.4% for the same period in 2019. Since the sales volume has dropped in the first quarter, the per-unit fixed costs have been higher because of the decrease in production volume. Therefore, the gross profit margin decreased. However, our production capacity has returned back to the pre-outbreak level starting from April, we believe that the gross profit margin will catch up starting from the second quarter.

Other income and gains

Our other income and gains were RMB1,833,000 for the three months ended 31 March 2020, which represented an increase of RMB275,000 or 17.7%, as compared to RMB1,558,000 for the same period in 2019. The increase was primarily attributable to the increase in deferred income released to profit or loss, the deferred income represented certain government grants received in respect of the purchase of property, plant and equipment as well as research and development project.

Selling and distribution expenses

Our selling and distribution expenses were RMB2,105,000 for the three months ended 31 March 2020, which represented a decrease of RMB739,000 or 26.0%, from RMB2,844,000 for the same period in 2019. The expenses mainly included remuneration for sales and marketing employees based on sales performances and expenses relating to our marketing efforts in business promotion and participation in exhibitions. As a percentage of revenue, the selling and distribution expenses was 15.2% for the three months ended 31 March 2020, as compared to 9.8% for same period in 2019. It was because certain expenses were fixed, therefore the decrease in revenue has resulted in an increase in the expense as a percentage of revenue.

Administrative expenses

Our administration expenses were RMB4,114,000 for the three months ended 31 March 2020, which represented a decrease of approximately RMB1,141,000, or 21.7%, from RMB5,255,000 for the same period in 2019. The expenses mainly included remuneration for administrative employees (including Directors' fee), depreciation and research costs. As a percentage of revenue, the administrative expenses was 29.7% for the three months ended 31 March 2020, as compared to 18.0% for the same period in 2019. It was because certain expenses were fixed, therefore the decrease in revenue has resulted in an increase in the expense as a percentage of revenue.

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 March 2020, 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 of the shares of the Company on GEM on 21 July 2017 (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 March 2020 is set out below:

Business Strategy	**Planned use of net proceeds as stated in the Prospectus up to 31 March 2020** *HK$ million*	**Actual use of net proceeds up to 31 March 2020** *HK$ million*	**Actual balances of proceeds up to 31 March 2020** *HK$ million*
Overseas business expansion	9.8	4.2	5.6
Research and development of new materials and products	21.1	12.6	8.5
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	5.4	3.3
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 March 2020, approximately HK$53.4 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. 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.

DIVIDEND

The Board did not recommend the payment of dividend for the three months ended 31 March 2020 (2019: Nil).

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

As at 31 March 2020, 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 of the Company (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 Shuifa Singyes Energy Holdings Limited (formerly known as China Singyes Solar Technologies Holdings Limited, "Shuifa Singyes")	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 Shuifa Singyes, 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 Shuifa Singyes, representing approximately 66.92% of the issued share capital in Shuifa Singyes. 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 Shuifa Singyes 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 March 2020.

Save as disclosed above, as at 31 March 2020, 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 EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2020, 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 Shuifa Singyes *(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. Shuifa Singyes is listed in the Main Board of the Stock Exchange with stock code: 750. Shuifa Singyes is a holding company of the Company pursuant to the SFO.

2. 203,802,750 shares of Shuifa Singyes 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 Shuifa Singyes as at 31 March 2020.

Save as disclosed above, as at 31 March 2020, 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 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

Shuifa Singyes, 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, Shuifa Singyes 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 three months ended 31 March 2020 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 three months ended 31 March 2020 and up to the date of this announcement, Shuifa Singyes and its respective close associates (as defined under the GEM Listing Rules) have complied with the undertakings contained in the Deed of Non-competition.

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 GEM Listing Rules during the three months ended 31 March 2020 and up to the date of this announcement (the "Relevant Period").

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.

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

Neither did the Company redeem nor did the Company or any of its subsidiaries purchase or sell any of the Company's listed securities 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. Ms. 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 unaudited consolidated financial statements of the Group for the three months ended 31 March 2020. 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, 11 May 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. Zhang Chao and Mr. Tang Liwen; and the independent non-executive Directors of the Company are Ms. Pan Jianli, Mr. Pan Jianguo 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).