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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 2020

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 2020 with the comparative figures for the corresponding year ended 31 December 2019.

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**100,529**	148,034
Gross profit	**23,622**	58,982
Profit/(loss) before tax	**(506)**	21,118
Profit attributable to owners of the Company	**584**	18,221
Gross profit margin	**23.5%**	39.8%
Net profit margin	**0.6%**	12.3%
Earnings per share attributable to ordinary equity holders – Basic and diluted	**RMB0.001**	RMB0.035

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	Notes	**2020** **RMB'000**	2019 RMB'000
REVENUE	3	**100,529**	148,034
Cost of sales		**(76,907)**	(89,052)
Gross profit		**23,622**	58,982
Other income and gains	4	**5,658**	5,897
Selling and distribution expenses		**(8,768)**	(9,587)
Administrative expenses		**(25,702)**	(22,686)
Reversal of impairment loss/ (impairment loss) on trade receivables		**2,979**	(7,779)
Interest expense		**(388)**	(482)
Foreign exchange gain/(loss), net		**3,506**	(1,408)
Other expenses		**(1,413)**	(1,819)
PROFIT/(LOSS) BEFORE TAX	5	**(506)**	21,118
Income tax credit/(expense)	6	**567**	(2,605)
PROFIT FOR THE YEAR		**61**	18,513
OTHER COMPREHENSIVE INCOME/ (LOSS):			
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		**(3,496)**	1,315
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		**(3,435)**	19,828
Profit attributable to:			
Owners of the Company		**584**	18,221
Non-controlling interests		**(523)**	292
		61	18,513
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**(2,912)**	19,536
Non-controlling interests		**(523)**	292
		(3,435)	19,828
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	**RMB0.001**	RMB0.035

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	**2020** **RMB'000**	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**73,074**	67,183
Equity investments designated at fair value through other comprehensive income	9	**5,000**	5,000
Prepayments in advance		**1,754**	15,116
Deferred tax assets	10	**3,762**	3,195
Right-of-use assets		**6,319**	8,058
Goodwill		**6,448**	6,448
Total non-current assets		**96,357**	105,000
CURRENT ASSETS			
Inventories		**26,479**	19,231
Trade and bills receivables	11	**145,146**	131,652
Prepayments, deposits and other receivables	12	**29,728**	18,747
Financial assets at fair value through profit or loss	13	**–**	5,000
Pledged bank balances		**10,054**	12,538
Cash and cash equivalents		**8,293**	26,932
Total current assets		**219,700**	214,100
CURRENT LIABILITIES			
Trade payables	14	**22,909**	19,186
Other payables and accruals	15	**37,086**	29,791
Lease liabilities		**2,803**	1,738
Tax payable		**1,913**	4,346
Provision for product warranties		**737**	583
Total current liabilities		**65,448**	55,644
NET CURRENT ASSETS		**154,252**	158,456
TOTAL ASSETS LESS CURRENT LIABILITIES		**250,609**	263,456

	Notes	**2020** *RMB'000*	2019 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**4,922**	6,656
Deferred income	16	**4,235**	6,869
Total non-current liabilities		**9,157**	13,525
Net assets		**241,452**	249,931
EQUITY			
Equity attributable to owners of the Company			
Issued capital	17	**35,415**	35,415
Reserves		**201,093**	209,049
		236,508	244,464
Non-controlling interests		**4,944**	5,467
Total equity		**241,452**	249,931

NOTES TO FINANCIAL STATEMENTS

31 December 2020

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, the intermediate holding company and the ultimate holding company are Top Access Management Limited ("Top Access"), China Shuifa Singyes Energy Holdings Limited ("Shuifa Singyes") and Shuifa Group Co., Ltd. ("Shuifa Group"), respectively. 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 of Hong Kong Limited (the "Stock Exchange"). Shuifa Group was incorporated in the PRC.

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 *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

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 nature and impact of the *Conceptual Framework for Financial Reporting 2018* and revised IFRS are described below:

Conceptual Framework for Financial Reporting 2018 (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

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 Systems and installation of Smart Light-adjusting Projection Systems, which are 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

	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Mainland China	**85,161**	**97.2**	93,476	96.6
Hong Kong	**2,434**	**2.8**	3,329	3.4
	87,595	**100.0**	96,805	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 2020 and 2019.

An analysis of revenue is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers	**100,529**	148,034

Revenue from contracts with customers

(i) Disaggregated revenue information

	2020	2019
	RMB'000	*RMB'000*
Type of goods or services		
Sale of ITO Film	**43,130**	51,948
Sale of Smart Light-adjusting Film	**37,913**	49,231
Sale of Smart Light-adjusting Glass	**10,987**	17,762
Sale of Smart Light-adjusting Projection System	**217**	3,237
Installation services	**–**	8,064
Sale of other products	**8,282**	17,792
Total revenue from contracts with customers	**100,529**	148,034

Geographical markets

Revenue from external customers

	2020	2019
	RMB'000	*RMB'000*
Domestic – Mainland China*	**95,096**	141,729
Others	**5,433**	6,305
Total revenue from contracts with customers	**100,529**	148,034

* 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

	2020	2019
	RMB'000	*RMB'000*
Goods transferred at a point in time	**100,529**	139,970
Services transferred over time	**–**	8,064
Total revenue from contracts with customers	**100,529**	148,034

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 amounted to RMB520,000 (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.

At 31 December 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:

	2020	2019
	RMB'000	*RMB'000*
Deferred income released to profit or loss *(note 16)*:		
– related to assets	**415**	240
– related to expenses	**3,265**	3,015
Bank interest income	**173**	122
Government grants*	**517**	2,342
Gain on disposal of property, plant and equipment	**1**	–
Rental income	**1,120**	–
Others	**167**	178
	5,658	5,897

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

5. PROFIT/(LOSS) BEFORE TAX

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

	2020	2019
	RMB'000	*RMB'000*
Cost of inventories sold	**76,907**	82,558
Cost of installation service	**–**	6,494
	76,907	89,052
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**13,656**	14,421
Pension scheme contributions	**140**	890
Equity-settled share option expense, net of reversal	**(497)**	990
	13,299	16,301
Depreciation of property, plant and equipment	**12,860**	8,569
Depreciation of right-of-use assets	**1,986**	2,194
Research costs	**9,844**	6,499
Interest on lease liabilities	**388**	482
Equity-settled share option expense	**211**	350
Lease payments not included in the measurement of lease liabilities	**–**	23
Auditor's remuneration	**1,400**	1,500
Impairment loss/(reversal of impairment loss) on trade receivables, net	**(2,979)**	7,779
Losses/(gain) on disposal of items of property, plant and equipment	**(1)**	1,757
Product warranty provision	**543**	217
Foreign exchange losses/(gains), net	**(3,506)**	1,408

6. INCOME TAX

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

	2020 *RMB'000*	2019 *RMB'000*
Current – Mainland China		
Charge for the year	**–**	5,063
Deferred *(note 10)*	**(567)**	(2,458)
Total tax charge/(credit) for the year	**(567)**	2,605

A reconciliation of the tax expense applicable to profit/(loss) 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:

	Note	2020 *RMB'000*	2019 *RMB'000*
Profit/(loss) before tax		**(506)**	21,118
Add: non-deductible expenses incurred by the Company	(a)	**1,984**	3,773
Profit before tax generated by Hong Kong and PRC subsidiaries		**1,478**	24,891
Tax at the applicable tax rates		**380**	3,808
Tax losses utilised from previous year		**–**	(171)
Effect on deferred tax of change in tax rate		**–**	(328)
Tax effect of additional tax deduction for motor vehicles purchased		**14**	(186)
Tax effect of additional tax deduction for research costs incurred		**(1,107)**	(674)
Expenses not deductible for tax		**28**	143
Tax losses where deferred tax assets not recognised		**118**	13
Tax charge/(credit) at the Group's effective tax rate		**(567)**	2,605

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 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 is 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 is 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 these Hong Kong incorporated subsidiaries had tax losses during this year.

7. DIVIDEND

At a meeting of the directors held on 24 March 2021, the directors did not recommend a final dividend for the year ended 31 December 2020 (2019 final dividend: HK1.0 cent).

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 RMB584,000 (2019: RMB18,221,000), and the number of ordinary shares of 520,000,000 (2019: number of ordinary shares of 520,000,000) 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 years ended 31 December 2020 and 2019.

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

	2020	2019
	RMB'000	*RMB'000*
Unlisted equity investment, at fair value		
Xi'an Xingye Metro Media Co., Limited	**5,000**	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	Impairment on trade receivables	Deductible tax losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	1,640	1,244	–	313	3,197
Deferred tax credited/(charged) 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
At 1 January 2020	**1,259**	**2,090**	**–**	**1,105**	**4,454**
Deferred tax credited/(charged) to profit or loss during the year *(note 6)*	**(102)**	**(462)**	**1,211**	**(394)**	**253**
Gross deferred tax assets at 31 December 2020	**1,157**	**1,628**	**1,211**	**711**	**4,707**

The Group has tax losses arising in Hong Kong of RMB769,000 (2019: RMB523,000) 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 RMB9,695,000 (2019: RMB251,000) that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax liabilities

	Right-of-use assets	Accelerated depreciation for tax purposes	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2019	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
At 1 January 2020	**1,259**	**–**	**1,259**
Deferred tax credited to profit or loss during the year *(note 6)*	**(314)**	**–**	**(314)**
Gross deferred tax liabilities at 31 December 2020	**945**	**–**	**945**

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:

	2020	2019
	RMB'000	*RMB'000*
Gross deferred tax assets recognised	**4,707**	4,454
Gross deferred tax liabilities recognised	**(945)**	(1,259)
Net deferred tax assets	**3,762**	3,195

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 RMB79,045,000 as at 31 December 2020 (2019: RMB74,839,000).

11. TRADE AND BILLS RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**147,878**	142,970
Less: Impairment	**(10,955)**	(13,936)
	136,923	129,034
Bills receivable	**8,223**	2,618
	145,146	131,652

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:

	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**32,057**	38,929
3 to 6 months	**15,947**	28,136
6 to 12 months	**22,537**	19,086
1 to 2 years	**41,134**	27,906
2 to 3 years	**29,048**	13,808
Over 3 years	**4,423**	3,787
	145,146	131,652

At 31 December 2020, retentions held by customers for contract works included in trade receivables amounted to approximately RMB1,628,000 (2019: RMB3,543,000). Retention money receivables are normally collected within two to three years after the completion of the relevant construction work.

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2020	2019
	RMB'000	*RMB'000*
Neither past due nor impaired	**23,834**	37,620
Less than 3 months past due	**15,947**	27,002
Over 3 months past due	**97,142**	64,412
	136,923	129,034

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

	2020	2019
	RMB'000	*RMB'000*
At beginning of year	**13,936**	8,292
Impairment loss/(reversal of impairment loss), net *(note 5)*	**(2,979)**	7,779
Exchange realignment	**(2)**	–
Amount written off as uncollectible	**–**	(2,135)
At end of year	**10,955**	13,936

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on historical credit loss experience 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 historical observed default rates on the Group's trade receivables using a provision matrix:

As at 31 December 2020

	Ageing based on the billing date				
	Within 1 year	**1–2 years**	**2–3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**2.53%**	**4.18%**	**10.80%**	**47.65%**	**7.41%**
Gross carrying amount *(RMB'000)*	**63,936**	**42,929**	**32,564**	**8,449**	**147,878**
Expected credit losses *(RMB'000)*	**1,618**	**1,795**	**3,516**	**4,026**	**10,955**

As at 31 December 2019

	Ageing based on the billing date				
	Within 1 year	1–2 years	2–3 years	Over 3 years	Total
Expected credit loss rate	2.60%	15.72%	28.30%	21.76%	9.75%
Gross carrying amount *(RMB'000)*	85,760	33,113	19,257	4,840	142,970
Expected credit losses *(RMB'000)*	2,227	5,207	5,449	1,053	13,936

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Current portion:		
Prepayments to suppliers	**20,448**	15,332
Deposits	**1,862**	436
Due from related parties	**7,038**	498
Other receivables	**380**	2,481
	29,728	18,747
Non-current portion:		
Prepayments for equipment*	**1,754**	15,116
Total	**31,482**	33,863

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

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	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-London Interbank Offered Rate.

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:

	2020	2019
	RMB'000	*RMB'000*
Within 6 months	**14,632**	14,292
6 to 12 months	**1,031**	1,167
1 to 2 years	**3,703**	2,218
2 to 3 years	**2,180**	918
Over 3 years	**1,363**	591
	22,909	19,186

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

15. OTHER PAYABLES AND ACCRUALS

	2020	2019
	RMB'000	*RMB'000*
Contract liabilities*	**1,756**	1,504
Accrued expenses	**1,534**	1,602
Payroll and welfare payable	**2,163**	1,501
Tax and surcharge payables	**22,431**	22,476
Payables related to property, plant and equipment	**715**	526
Due to related parties	**6,925**	748
Other payables	**1,562**	1,434
	37,086	29,791

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

	RMB'000
At 1 January 2020	1,504
Revenue recognised that was included in the contract liabilities at the beginning of the year *(note 3)*	(520)
Net increase due to cash received, excluding amounts recognised as revenue during the year	772
At 31 December 2020	1,756

16. DEFERRED INCOME

	Notes	**2020** **RMB'000**	2019 *RMB'000*
At beginning of year		**6,869**	1,599
Receipts of government grants related to			
Property, plant and equipment	(i)	**1,046**	1,325
Research and development	(ii)	**–**	7,200
Released to profit or loss	4	**(3,680)**	(3,255)
		4,235	6,869
At end of year			
Government grants related to			
Property, plant and equipment		**3,315**	2,684
Research and development		**920**	4,185
		4,235	6,869

Notes:

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

(ii) During 2019, the Group received a government grant in relation to the research and development project of the Smart Color-Switching Glass undertaken 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, for which the grant is intended to compensate, are expensed.

17. SHARE CAPITAL

Shares

	2020	2019
	US$'000	*US$'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, 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:

	2020		2019	
	Exercise price	**Number of options**	Exercise price	Number of options
	HK$ per share	***'000***	*HK$ per share*	*'000*
At 1 January	**1.16**	**15,700**	1.16	21,000
Forfeited during the year	**1.16**	**(6,410)**	1.16	(5,300)
Surrendered during the year	**1.16**	**(700)**	–	–
At 31 December	**1.16**	**8,590**	1.16	15,700

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

2020	2019	**Exercise price**	**Exercise period**
'000	*'000*	*HK$ per share*	
2,863	5,233	1.16	31 January 2021 to 30 January 2028
2,863	5,233	1.16	31 January 2022 to 30 January 2028
2,864	5,234	1.16	31 January 2023 to 30 January 2028
8,590	15,700		

During the year ended 31 December 2020, a total of 6,410,000 options (2019: 5,300,000) were forfeited due to the resignation of grantees and a total of 700,000 options (2019: Nil) were surrendered by a grantee.

During the year, the Group recognised share option expenses of RMB1,234,000 and reversed share option expense of RMB1,520,000 due to the forfeiture of share options, resulting in the net reversal of share option expenses of RMB286,000 during the year (2019: Net share option expenses charged to profit or loss of RMB1,340,000).

At the end of the reporting period, the Company had 8,590,000 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 8,590,000 additional ordinary shares of the Company and additional share capital of US$85,900 (equivalent to approximately HK$666,000, before issue expenses).

As at the date of approval of these financial statements, the Company had 8,590,000 share options outstanding under the Scheme, which represented approximately 1.652% of the Company's shares in issue as at that date.

19. EVENT AFTER THE REPORTING PERIOD

As at the date of approval of the financial statements, the Group has no significant event after the reporting period that needs to be disclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

As a result of the Coronavirus disease 2019 (COVID-19) outbreak and related measures imposed in China, the sales volume has dropped due to delays or cancellations of sales orders and reduction of demand for new sales orders during the year. Moreover, the gross profit margins declined because of the lower selling prices and the higher per-unit fixed costs.

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 RMB43,130,000 for the year ended 31 December 2020, which represented a decrease of RMB8,818,000 or 17.0%, from RMB51,948,000 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 RMB37,913,000 for the year ended 31 December 2020, which represented a decrease of RMB11,318,000 or 23.0%, from RMB49,231,000 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 RMB10,987,000 for the year ended 31 December 2020, which represented a decrease of RMB6,775,000 or 38.1%, from RMB17,762,000 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 RMB217,000 for the year ended 31 December 2020, which represented a significant decrease of RMB3,020,000 or 93.3%, from RMB3,237,000 for the same period in 2019 because of the keen competition caused by the emergence of similar projection system products supplied by domestic home appliance companies.

Others include sales of other materials and products. The revenue from other products was RMB8,282,000 for the year ended 31 December 2020, which represented a decrease of RMB9,510,000 or 53.5%, from RMB17,792,000 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 significant decrease of RMB17,637,000 or 96.8% in profit attributable to owners of the Company, which amounted to RMB584,000 for year ended 31 December 2020, comparing to RMB18,221,000 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 ITO film and Smart Light-adjusting products is testimonial of sufficient market demand for its products. 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.

Although our results have been negatively affected due to the COVID-19 epidemic for the year ended 31 December 2020, we believe the domestic market is now recovering from the crisis and the demand is gradually returning to a normal level. Therefore, our Group has been cautiously expanding its production lines and carrying out research and development projects to cater the expected demand in the future. In the meantime, our Directors will closely monitor the development of the epidemic, maintain a prudent and stable strategy and react proactively to overcome the hard times.

FINANCIAL REVIEW

Revenue

Our revenue was RMB100,529,000 for the year ended 31 December 2020, which represented a decrease of RMB47,505,000, or 32.1% from RMB148,034,000 for the same period in 2019. The decrease was mainly attributable to (i) the decrease in sales volume due to delays or cancellations of sales orders and reduction of demand for new sales orders during the year as a result of the COVID-19 outbreak and related measures imposed in China; and (ii) the decrease in selling prices of the Smart Light-adjusting products.

Cost of sales and gross profit

Our cost of sales was RMB76,907,000 for the year ended 31 December 2020, which represented a decrease of RMB12,145,000 or 13.6%, from RMB89,052,000 for the same period in 2019. The decrease in cost of sales mainly reflected the decrease in sales.

Our gross profit margin decreased from 39.8% for the year ended 31 December 2019 to 23.5% for the same period in 2020. The decrease was because of (i) the change in sales mix, of which the proportion of revenue from sales of ITO film (being less profitable than Smart Light-adjusting products) relative to total revenue has increased; and (ii) the higher per-unit fixed costs charged to cost of sales as a result of the decrease in production volume.

Selling and distribution expenses

Our selling and distribution expenses were RMB8,768,000 for the year ended 31 December 2020, which represented a decrease of RMB819,000 or 8.5%, from RMB9,587,000 for the same period in 2019. These expenses mainly included remuneration for sales and marketing employees based on sales performances and expenses relating to the marketing efforts in business promotion and participation in exhibitions. The selling and distribution expenses was 8.7% of the revenue for the year ended 31 December 2020, as compared to 6.5% for the same period in 2019.

Administrative expenses

Our administration expenses were RMB25,702,000 for the year ended 31 December 2020, which represented an increase of approximately RMB3,016,000 or 13.3%, from RMB22,686,000 for the same period in 2019. The increases in administration expenses mainly reflected the increase in depreciation and research costs. The administrative expenses was 25.6% of the revenue for the year ended 31 December 2020, as compared to 15.3% for the same period in 2019.

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 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. 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 2020 is set out below:

Business Strategy	Planned use of net proceeds as stated in the Prospectus up to 31 December 2020 *HK$ million*	Actual use of net proceeds up to 31 December 2020 *HK$ million*	Actual balances of proceeds up to 31 December 2020 *HK$ million*
Overseas business expansion	9.8	9.8	–
Research and development of new materials and products	21.1	21.1	–
Purchase of machinery and equipment for production of anti-ambient screen	6.8	6.8	–
Enhancement to wide ITO film	4.3	4.3	–
Sales and marketing effects in the PRC	8.7	8.7	–
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	3.0	–
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	3.1	5.9
Working capital	7.3	7.3	–

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 2020, approximately HK$76.1 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. In response to the rapidly changing business environment, it has taken more time than expected to look for suitable machinery and equipment producers which could meet our production requirements. Also, our plan of installing new production line in the year 2020 has been shelved due to the COVID-19 pandemic. 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 2020, our capital expenditure amounted to RMB19,029,000 (2019: RMB27,698,000) 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 2020, our gearing ratio remained stable at 30.9% (31 December 2019: 27.7%).

Capital commitments

As at 31 December 2020, the Group had capital commitments amounting to RMB4,500,000 (2019: RMB13,620,000) in respect of equity investments.

Contingent liabilities

As at 31 December 2020, 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 RMB10,000,000 (2019: 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.

Pledge of assets

As at 31 December 2020, the Group had pledged deposits amounting to RMB20,000 (2019: RMB20,000).

Significant investments, acquisitions and disposals and future plans for material investments or capital assets

During the year ended 31 December 2020, the Group did not make any material acquisition or disposal of subsidiaries and associated companies and hold any significant investments nor does the Company has any plan for material investments or additions of capital assets.

Foreign currency exposure

The Group's principal businesses are located in 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 2020, Zhuhai New Materials recorded an amount due to the Company of RMB54,886,000 (2019: RMB58,743,000) 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 RMB2,744,000 (2019: RMB2,937,000), correspondingly.

DIVIDEND

The Directors did not recommend a final dividend (2019: HK1.0 cent). The actual dividend payout ratio in each year will depend on the actual performance of the Group, the general industry and economic environment.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, we had a total headcount of 129 (2019: 132) 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 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 or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") or which were recorded in the register of the Company required to be kept by the Company under Section 336 of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long position in the Shares

Name of shareholders	Capacity/Nature of interests	Number of Shares held	Approximate percentage of shareholding *(Note 4)*
Top Access Management Limited ("Top Access")	Beneficial owner	324,324,325	62.37%
China Shuifa Singyes Energy 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%
AMATA Limited	Beneficial owner	40,000,000	7.69%
Mr. Luo Jingxi	Interest in a controlled corporation *(Note 3)*	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 is the legal and beneficial owner of 1,687,008,585 shares of Shuifa Singyes and has a security interest in 180,755,472 shares of Shuifa Singyes, representing approximately 66.92% and 7.17% of the issued share capital in Shuifa Singyes respectively. Water Development (HK) is beneficially and wholly-owned by Shuifa Energy, which is in turn beneficially and wholly-owned by Shuifa Group. As such, each of Water Development (HK), Shuifa Energy and Shuifa Group is deemed to be interested in the Shares in which Shuifa Singyes is interested (through its shareholding in Top Access) under Part XV of the SFO.

3. 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.

4. The percentage is calculated on the basis of 520,000,000 Shares in issue as at 31 December 2020.

Save as disclosed above, as at 31 December 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 December 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 Limited, whose share capital is 53% owned by Mr. Liu Hongwei (the non-executive Director 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 December 2020.

Save as disclosed above, as at 31 December 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 year ended 31 December 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 year ended 31 December 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.

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 2020.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant events affecting the Group, which have occurred subsequent to 31 December 2020 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 2020 and up to the date of this announcement (the "Relevant Period"), except for the deviation from paragraph A.2.1 of the Code as described below.

During the year ended 31 December 2020 and up to 25 January 2021, the positions of Chairman of the Board ("Chairman") and Chief Executive Officer were held by Mr. Liu Hongwei and Mr. Sun Jinli respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally. Their respective responsibilities are clearly defined and set out in writing.

With effect from 25 January 2021, Mr. Sun Jinli resigned as an executive Director and Chief Executive Officer, Mr. Liu Hongwei ceased to be the Chairman, and Mr. Zhang Chao has been appointed as the Chairman and Chief Executive Officer. The Company is aware of the requirement under paragraph A.2.1 of the Code that the roles of chairman and Chief Executive Officer should be separated and should not be performed by the same individual. Nevertheless, the Board considers that the combination of the roles of Chairman and Chief Executive Officer will not impair the balance of power and authority between the Board and the management of the Company as the Company has built up a structure of the Board and has developed a set of procedural rules for the meeting of the Board to consider major matters affecting the operations of the Group. The Board is of the view that this structure provides the Group with strong and consistent leadership, which can facilitate the formulation and implementation of its strategies and decisions and enable it to grasp business opportunities and react to changes efficiently. Moreover, the Board considers that the sufficient measures have been taken and it will not impair the balance of power and authority between the Board and the management. As such, it is beneficial to the business prospects of the Group. Therefore, Mr. Zhang Chao is performing the roles of both Chairman and Chief Executive Officer.

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.

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

(a) develop and 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. 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 audited consolidated financial statements of the Group for the year ended 31 December 2020. 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 2020, but represents an extract from the consolidated financial statements for the year ended 31 December 2020 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 of Hong Kong Limited at http://www.hkexnews.hk and the Company's website at http://www.syeamt.com and the 2020 annual report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders and published on the respective websites of the Company and the Stock Exchange of Hong Kong Limited in due course.

By order of the Board
China Singyes New Materials Holdings Limited
Zhang Chao
Chairman

Hong Kong, 24 March 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Chao (Chairman), Mr. Du Peng and Mr. Nie Yuanzhou; the non-executive Director of the Company is Mr. Liu Hongwei; 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).