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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 2021

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 2021 with the comparative figures for the corresponding year ended 31 December 2020.

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	131,279	100,529
Gross profit	25,037	23,622
Loss before tax	(20,870)	(506)
(Loss)/profit attributable to equity shareholders of the Company	(18,211)	584
Gross profit margin	19.1%	23.5%
(Loss)/earnings per share – Basic and diluted	<u>RMB(0.035)</u>	<u>RMB0.001</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
REVENUE	3	131,279	100,529
Cost of sales		<u>(106,242)</u>	<u>(76,907)</u>
Gross profit		25,037	23,622
Other income and gains	4	12,917	5,658
Selling and distribution expenses		(6,127)	(8,768)
Administrative expenses		(26,026)	(25,702)
(Impairment loss)/reversal of impairment loss on trade receivables		(25,208)	2,979
Interest on lease liabilities		(533)	(388)
Foreign exchange gain		1,510	3,506
Other expenses		<u>(2,440)</u>	<u>(1,413)</u>
LOSS BEFORE TAX	5	(20,870)	(506)
Income tax credit	6	<u>2,893</u>	<u>567</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(17,977)</u>	<u>61</u>
OTHER COMPREHENSIVE LOSS:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		<u>(1,275)</u>	<u>(3,496)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(19,252)</u>	<u>(3,435)</u>
(Loss)/profit attributable to:			
Equity shareholders of the Company		(18,211)	584
Non-controlling interests		<u>234</u>	<u>(523)</u>
		<u>(17,977)</u>	<u>61</u>
Total comprehensive (loss)/income attributable to:			
Equity shareholders of the Company		(19,486)	(2,912)
Non-controlling interests		<u>234</u>	<u>(523)</u>
		<u>(19,252)</u>	<u>(3,435)</u>
(LOSS)/EARNINGS PER SHARE			
Basic and diluted	8	<u>RMB(0.035)</u>	<u>RMB0.001</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

		2021	2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		70,314	73,074
Equity investments designated at fair value through other comprehensive income	9	5,000	5,000
Prepayments in advance	12	367	1,754
Deferred tax assets	10	6,902	3,762
Right-of-use assets		12,390	6,319
Goodwill		7,165	6,448
		<hr/>	<hr/>
Total non-current assets		102,138	96,357
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		24,048	26,479
Trade and bills receivables	11	138,987	145,146
Prepayments, deposits and other receivables	12	24,038	29,728
Pledged bank balances		297	10,054
Cash and cash equivalents		26,757	8,293
		<hr/>	<hr/>
Total current assets		214,127	219,700
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	13	40,084	22,909
Other payables and accruals	14	34,793	37,086
Lease liabilities		1,992	2,803
Tax payable		1,962	1,913
Provision for product warranties		1,169	737
		<hr/>	<hr/>
Total current liabilities		80,000	65,448
		<hr/>	<hr/>
NET CURRENT ASSETS		134,127	154,252
		<hr/>	<hr/>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		236,265	250,609
		<hr/>	<hr/>

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		10,997	4,922
Deferred income	15	3,029	4,235
Total non-current liabilities		14,026	9,157
NET ASSETS			
		222,239	241,452
Capital and reserves			
Issued capital	16	35,415	35,415
Reserves		182,281	201,093
Total equity attributable to equity shareholders of the Company		217,696	236,508
Non-controlling interests		4,543	4,944
TOTAL EQUITY		222,239	241,452

NOTES TO FINANCIAL STATEMENTS

31 December 2021

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.

During the year, the Company’s subsidiaries (collectively referred to as the “Group”) were principally engaged in the sale and installation of Indium Tin Oxide (“ITO”) film, and the research and development, production, sale and installation of Smart Polymer-Dispersed Liquid Crystals (“Smart PDLC”) products, Light Emitting Diode (“LED”) Display and Projection System in the People’s Republic of China (the “PRC”). There were no significant changes in the nature of the Group’s principal activities during the year.

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 all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and interpretations approved by the International Accounting Standards Board (the “IASB”), 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. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed in the annual report.

They have been prepared under the historical cost basis, except for 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

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 2
- Amendment to IFRS 16, Covid-19-related rent concessions beyond 30 June 2021

Other than the amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“IBOR reform”). The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to IFRS 16, Covid-19-related rent concessions beyond 30 June 2021 (2021 amendment)

The Group previously applied the practical expedient in IFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The amendment has no impact on these financial statements as the Group has no lease concession arising from by COVID-19.

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 PDLC products, LED Display and Projection System, 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

	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Mainland China	88,546	98.1	85,161	97.2
Hong Kong	1,690	1.9	2,434	2.8
	90,236	100.0	87,595	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

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Customer A	24,885	–

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue from contracts with customers	131,279	100,529

Revenue from contracts with customers

(i) *Disaggregated revenue information*

Types of goods or services

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Sales of ITO Film	47,843	43,130
Smart PDLC products	41,524	48,900
LED Display and Projection system	11,529	217
Sales of other products	30,383	8,282
Total revenue from contracts with customers	131,279	100,529

Geographical markets

Revenue from external customers

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Domestic – Mainland China*	123,538	95,096
Others	7,741	5,433
	<hr/>	<hr/>
Total revenue from contracts with customers	131,279	100,529
	<hr/> <hr/>	<hr/> <hr/>

* 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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Goods transferred at a point in time	116,629	100,529
Services transferred over time	14,650	–
	<hr/>	<hr/>
Total revenue from contracts with customers	131,279	100,529
	<hr/> <hr/>	<hr/> <hr/>

The amount of revenue from the sale of goods recognised in the current year that was included in the contract liabilities at the beginning of the year amounted to RMB840,000 (note 14).

(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 2021, the remaining performance obligations (unsatisfied or partially unsatisfied) were 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Written-off for trade payables	2,962	–
Rental income	2,938	1,120
Deferred income released to profit or loss (<i>note 15</i>):		
– related to assets	2,249	415
– related to expenses	1,720	3,265
Recovery of employee reimbursement expense	2,021	–
Government grants*	776	517
Bank interest income	141	173
Gain on disposal of property, plant and equipment	34	1
Others	76	167
	<u>12,917</u>	<u>5,658</u>

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

5. LOSS BEFORE TAX

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of inventories sold	<u>106,242</u>	<u>76,907</u>
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	15,353	13,656
Pension scheme contributions	412	140
Equity-settled share option expense, net of reversal	366	(497)
	<u>16,131</u>	<u>13,299</u>
Depreciation of property, plant and equipment	12,345	12,860
Depreciation of right-of-use assets	2,235	1,986
Research costs	8,361	9,844
Interest on lease liabilities	533	388
Equity-settled share option expense	–	211
Lease payments not included in the measurement of lease liabilities	41	–
Auditor's remuneration	1,340	1,400
Impairment loss/(reversal of impairment loss) on trade receivables, net	25,208	(2,979)
Gain on disposal of items of property, plant and equipment	(34)	(1)
Product warranty provision	1,841	543
Foreign exchange gains, net	<u>(1,510)</u>	<u>(3,506)</u>

6. INCOME TAX

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current – Mainland China		
Provision for the year	65	–
Under-provision in respect of prior years	182	–
Deferred (<i>note 10</i>)	<u>(3,140)</u>	<u>(567)</u>
Total tax credit for the year	<u><u>(2,893)</u></u>	<u><u>(567)</u></u>

A reconciliation of the tax expense applicable to 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:

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss before tax		(20,870)	(506)
Add: non-deductible expenses incurred by the Company	(a)	<u>2,254</u>	<u>1,984</u>
(Loss)/profit before tax generated by Hong Kong and PRC subsidiaries		<u><u>(18,616)</u></u>	<u><u>1,478</u></u>
Tax at the applicable tax rates		(2,639)	380
Tax losses utilised from previous year		(65)	–
Tax effect of additional tax deduction for motor vehicles purchased		–	14
Tax effect of additional tax deduction for research costs incurred		(1,176)	(1,107)
Expenses not deductible for tax		32	28
Tax losses where deferred tax assets not recognised		773	118
Under-provision in prior year		<u>182</u>	<u>–</u>
Tax credit at the Group's effective tax rate		<u><u>(2,893)</u></u>	<u><u>(567)</u></u>

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 and renewed on 20 December 2021 for a period of three years until 2024. 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 the other PRC incorporated subsidiaries was 25% during the year.
- (d) 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 21 March 2022, the directors did not recommend a final dividend for the year ended 31 December 2021 (2020 final dividend: Nil).

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss (2020: earnings) per share amount is based on the loss attributable to equity shareholders of the Company for the year of RMB18,211,000 (2020: profit of RMB584,000), and the number of ordinary shares of 520,000,000 (2020: number of ordinary shares of 520,000,000) in issue during the year.

No adjustment has been made to the basic (loss)/earnings per share amount in respect of a dilution as the exercise price of the Company’s outstanding share options 7,790,000 was higher than the average market price of the Company’s shares for the years ended 31 December 2021 and 2020.

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

	2021 <i>RMB’000</i>	2020 <i>RMB’000</i>
Unlisted equity investment, at fair value		
Xi’an Xingye Metro Media Co., Limited	<u>5,000</u>	<u>5,000</u>

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. The directors are considering to withdraw from this investment and expect to complete by 30 June 2022.

10. DEFERRED TAX

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

	Depreciation charge of right-of-use assets	Impairment on trade receivables	Deductible tax losses	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2020	–	2,090	–	1,105	3,195
Deferred tax (charged)/credited to profit or loss during the year (<i>note 6</i>)	<u>212</u>	<u>(462)</u>	<u>1,211</u>	<u>(394)</u>	<u>567</u>
At 31 December 2020	<u>212</u>	<u>1,628</u>	<u>1,211</u>	<u>711</u>	<u>3,762</u>
At 1 January 2021	212	1,628	1,211	711	3,762
Deferred tax (charged)/credited to profit or loss during the year (<i>note 6</i>)	<u>(117)</u>	<u>3,291</u>	<u>77</u>	<u>(111)</u>	<u>3,140</u>
At 31 December 2021	<u>95</u>	<u>4,919</u>	<u>1,288</u>	<u>600</u>	<u>6,902</u>

The Group has tax losses arising in Hong Kong of RMB778,000 (2020: RMB769,000) 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 RMB7,362,000 (2020: RMB9,695,000) that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

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, if applicable.

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 RMB82,441,000 as at 31 December 2021 (2020: RMB79,045,000).

11. TRADE AND BILLS RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	160,866	147,878
Less: Impairment	<u>(36,161)</u>	<u>(10,955)</u>
	124,705	136,923
Bills receivable	<u>14,282</u>	<u>8,223</u>
	<u>138,987</u>	<u>145,146</u>

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.

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 net of loss allowance, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	40,229	32,057
3 to 6 months	22,128	15,947
6 to 12 months	26,215	22,537
1 to 2 years	29,230	41,134
2 to 3 years	13,141	29,048
3 to 4 years	8,021	4,423
Over 4 years	<u>23</u>	<u>–</u>
	<u>138,987</u>	<u>145,146</u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At beginning of year	10,955	13,936
Impairment loss/(reversal of impairment loss), net (<i>note 5</i>)	25,208	(2,979)
Exchange realignment	<u>(2)</u>	<u>(2)</u>
At end of year	<u>36,161</u>	<u>10,955</u>

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 full provided if past due for more than four years.

The Group's exposure to credit risk arising from bills receivable is limited because the Group considers that there is no significant increase in credit risk. All bills receivables with maturities within 12 months (2020: 12 months).

Set out below is the information about default rates based on aging of the Group's trade receivables using a provision matrix:

As at 31 December 2021

	Ageing based on the billing date					Total
	Within 1 year	1–2 years	2–3 years	3–4 years	Over 4 years	
Expected credit loss rate	3.29%	5.84%	44.86%	63.48%	99.40%	
Gross carrying amount (RMB'000)	74,749	31,043	23,833	27,437	3,804	160,866
Expected credit losses (RMB'000)	<u>2,459</u>	<u>1,813</u>	<u>10,692</u>	<u>17,416</u>	<u>3,781</u>	<u>36,161</u>

As at 31 December 2020

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

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 RMB'000	2020 RMB'000
<i>Current portion:</i>		
Prepayments to suppliers	13,310	20,448
Deposits	2,213	1,862
Due from related parties	8,461	7,038
Other receivables	<u>54</u>	<u>380</u>
	24,038	29,728
<i>Non-current portion:</i>		
Prepayments for equipment*	<u>367</u>	<u>1,754</u>
Total	<u>24,405</u>	<u>31,482</u>

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

13. 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 6 months	32,241	14,632
6 to 12 months	3,037	1,031
1 to 2 years	2,633	3,703
2 to 3 years	2,131	2,180
Over 3 years	42	1,363
	<u>40,084</u>	<u>22,909</u>

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

14. OTHER PAYABLES AND ACCRUALS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Contract liabilities*	2,576	1,756
Accrued expenses	949	1,534
Payroll and welfare payable	1,056	2,163
Tax and surcharge payables	11,597	22,431
Payables related to property, plant and equipment	2,342	715
Due to related parties	11,252	6,925
Other payables	5,021	1,562
	<u>34,793</u>	<u>37,086</u>

* 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At 1 January	1,756	1,504
Revenue recognised that was included in the contract liabilities at the beginning of the year (<i>note 3</i>)	(840)	(520)
Net increase due to cash received, excluding amounts recognised as revenue during the year	<u>1,660</u>	<u>772</u>
At 31 December	<u>2,576</u>	<u>1,756</u>

15. DEFERRED INCOME

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At 1 January		4,235	6,869
Receipts of government grants related to:			
Property, plant and equipment	(i)	1,963	1,046
Research and development	(ii)	800	–
Released to profit or loss	4	<u>(3,969)</u>	<u>(3,680)</u>
At 31 December		<u>3,029</u>	<u>4,235</u>
Government grants related to:			
Property, plant and equipment		3,029	3,315
Research and development		<u>–</u>	<u>920</u>
		<u>3,029</u>	<u>4,235</u>

Notes:

- (i) The Group has received certain government grants in respect of the purchase of equipment and is released to profit or loss by annual instalments to match with the expected useful lives of the relevant assets.
- (ii) During 2021, the Group received government grant in relation to the research and development project of Polymer-stabilized metallurgical materials with electronically smart light-temperature controlled undertaking by the Group under the “2020 Zhuhai Industry-University-Research cooperation-funding programmes”. The grant is released to profit or loss as other income over the periods when the research costs, which the grant is intended to compensate, are expensed.

16. SHARE CAPITAL

Shares

	2021 <i>US\$'000</i>	2020 <i>US\$'000</i>
Authorised:		
10,000,000,000 ordinary shares of US\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
520,000,000 ordinary shares of US\$0.01 each	<u>5,200</u>	<u>5,200</u>
Equivalent to approximately RMB'000	<u>35,415</u>	<u>35,415</u>

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

17. SHARE OPTION SCHEME

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

- (i) (a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of; or
- (b) any individual for the time being seconded to work for, any member of the Group or any substantial shareholder or any company controlled by a substantial shareholder;
- (ii) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group; and
- (iii) for the purposes of the Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of participants.

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

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

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

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

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

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

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

The one-third of the share options vests 36 months after the date of grant and then exercisable on or after 31 January 2021; one-third of the share options granted vests on the fourth anniversary of the date of grant and then exercisable on or after 31 January 2022; remaining one-third of the share options vests on the fifth anniversary of the date of grant, and then exercisable on or after 31 January 2023. Outstanding and unexercised share options of each vesting period may be rolled over to the next vesting period(s) and exercisable during the relevant validity share option period.

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

	2021		2020	
	Exercise price <i>HK\$</i> <i>per share</i>	Number of options <i>'000</i>	Exercise price <i>HK\$</i> <i>per share</i>	Number of options <i>'000</i>
At 1 January	1.16	8,590	1.16	15,700
Forfeited during the year	1.16	(800)	1.16	(6,410)
Surrendered during the year		—	1.16	(700)
At 31 December	1.16	<u>7,790</u>	1.16	<u>8,590</u>

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

2021	2020	Exercise price	Exercise period
'000	'000	<i>HK\$ per share</i>	
2,597	2,863	1.16	31 January 2021 to 30 January 2028
2,596	2,863	1.16	31 January 2022 to 30 January 2028
2,597	2,864	1.16	31 January 2023 to 30 January 2028
<hr/> 7,790 <hr/>	<hr/> 8,590 <hr/>		

During the year ended 31 December 2021, a total of 800,000 options (2020: 6,410,000) were forfeited due to the resignation of grantees and no options (2020: 700,000) were surrendered by a grantee.

During the year, the Group recognised share option expenses of RMB1,620,000 and reversed share option expense of RMB1,254,000 due to the forfeiture of share options, resulting in the net charged of share option expenses of RMB366,000 during the year (2020: Net reversal of share option expenses to profit or loss of RMB286,000).

At the end of the reporting period, the Company had 7,790,000 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 7,790,000 additional ordinary shares of the Company and additional share capital of US\$77,900 (equivalent to approximately HK\$607,000, before issue expenses).

As at the date of approval of these financial statements, the Company had 7,790,000 share options outstanding under the Scheme, which represented approximately 1.498% of the Company's shares in issue as at that date.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group carries out research and development on, and manufactures and sells ITO film, Smart Polymer-Dispersed Liquid Crystals (“PDLC”) products, LED Display and Projection System. The Group uses ITO film as one of the main materials for the development of downstream products, namely: (i) PDLC film (i.e. Smart Light-adjusting Film); (ii) electronically switchable glass (i.e. Smart Light-adjusting Glass); and (iii) LED Display and 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.

For the year ended 31 December 2021, we faced keen competition in the saturated domestic market. Although we recorded growth in sales and gross profit as compared to the same period of 2020, our gross profit margin dropped because of the price competition.

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 approximately RMB47.8 million for the year ended 31 December 2021, which represented an increase of approximately RMB4.7 million or 10.9%, from approximately RMB43.1 million for the same period in 2020.

Smart PDLC products include Smart Light-adjusting Film and Smart Light-adjusting Glass. 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. 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 PDLC products customers are primarily construction companies and contractors of developers. Revenue from sales of Smart PDLC products was approximately RMB41.5 million for the year ended 31 December 2021, which represented a decrease of approximately RMB7.4 million or 15.1%, from approximately RMB48.9 million for the same period in 2020.

LED Display and Projection System has excellent brightness and energy-saving characteristics. Such display and projection screens are manufactured using Smart PDLC Products which can change from opaque for projection to transparent when switching the power source applied to it. Our LED Display and Projection System customers are commercial users, primarily media companies and transportation equipment companies. Revenue from sales of LED Display and Projection System was approximately RMB11.5 million for the year ended 31 December 2021, which represented a significant increase of approximately RMB11.3 million or 52 times, from approximately RMB0.2 million for the same period in 2020.

Others include sales of other materials and products. The revenue from other products was approximately RMB30.4 million for the year ended 31 December 2021, which represented a significant increase of approximately RMB22.1 million or 2.7 times, from approximately RMB8.3 million for the same period in 2020.

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. During the year ended 31 December 2021, our revenue has recorded growth of approximately 30.6% as compared to the same period in 2020. However, we recorded a loss attributable to owners of the Company of approximately RMB18.2 million for the year ended 31 December 2021, as compared with the profit attributable to owners of the Company of approximately RMB584,000 for same period in 2020. The turnaround was mainly attributable to the Coronavirus disease 2019 (COVID-19) outbreak and related measures imposed in China. As the overall business sentiment had yet to recover, trade receivables due from certain customers became overdue. Accordingly, impairment losses of trade receivables of approximately RMB25.2 million was recorded for the year ended 31 December 2021, while reversal of impairment loss on trade receivables of approximately RMB3.0 million was recorded for the same period in 2020.

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 PDLC products is testimonial of sufficient market demand for its products. In response to the rapidly changing market conditions of the Smart PDLC products, our Group has been diversifying our product range.

Looking into the future, we believe that the competition remains keen in the domestic market. While we are diversifying our business in response to the challenges, our Group will remain cautious in expanding our 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 economic change, maintain a prudent and stable strategy and react proactively to the challenges and opportunities ahead.

FINANCIAL REVIEW

Revenue

Our revenue was approximately RMB131.3 million for the year ended 31 December 2021, which represented an increase of approximately RMB30.8 million, or 30.6% from approximately RMB100.5 million for the same period in 2020. The increase was mainly attributable to the increase of sales volume of LED Display and Projection System as well as other products.

Cost of sales and gross profit

Our cost of sales was approximately RMB106.2 million for the year ended 31 December 2021, which represented an increase of approximately RMB29.3 million or 38.1%, from approximately RMB76.9 million for the same period in 2020. The increase in cost of sales mainly reflected the increase in sales.

Our gross profit increased by approximately RMB1.4 million or 6.0%, from approximately RMB23.6 million for the year ended 31 December 2020 to approximately RMB25.0 million for the year ended 31 December 2021. However, our gross profit margin decreased from approximately 23.5% for the year ended 31 December 2020 to approximately 19.1% for the same period in 2021. The decrease was mainly because the gross profit margin of LED Display and Projection System have dropped as a result of the decrease in selling price in response to the keen competition.

Selling and distribution expenses

Our selling and distribution expenses were approximately RMB6.1 million for the year ended 31 December 2021, which represented a decrease of approximately RMB2.7 million or 30.1%, from approximately RMB8.8 million for the same period in 2020. 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 approximately 4.7% of the revenue for the year ended 31 December 2021, as compared to approximately 8.7% for the same period in 2020.

Administrative expenses

Our administration expenses were approximately RMB26.0 million for the year ended 31 December 2021, which represented an increase of approximately RMB0.3 million or 1.2%, from approximately RMB25.7 million for the same period in 2020. These expenses mainly included employee wages and salaries, depreciation and research costs. The administrative expenses was approximately 19.8% of the revenue for the year ended 31 December 2021, as compared to approximately 25.6% for the same period in 2020.

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 2021, 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 2021 is set out below:

Business Strategy	Planned use of net proceeds as stated in the Prospectus up to 31 December 2021 <i>HK\$ million</i>	Actual use of net proceeds up to 31 December 2021 <i>HK\$ million</i>	Actual balances of proceeds up to 31 December 2021 <i>HK\$ million</i>	Expected timeline for unutilized net proceeds
Overseas business expansion	9.8	9.8	–	N/A
Research and development of new materials and products	21.1	21.1	–	N/A
Purchase of machinery and equipment for production of anti-ambient screen	6.8	6.8	–	N/A
Enhancement to wide ITO film	4.3	4.3	–	N/A
Sales and marketing effects in the PRC	8.7	8.7	–	N/A
Project for full automation of production line for Smart Light-adjusting Products	12.0	12.0	–	N/A
Establishment and mass production of domestic laser none cinema systems	3.0	3.0	–	N/A
Installation of extra-wide Production line for Smart Light-adjusting Products	11.5	0.6	10.9	by the end of 2022
Installation of fully automated production line for pressing of glass	9.0	4.1	4.9	by the end of 2022
Working capital	7.3	7.3	–	N/A

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 2021, approximately HK\$77.7 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 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 2021, our capital expenditure amounted to approximately RMB4.9 million (2020: approximately RMB19.0 million) 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 2021, our gearing ratio remained stable at approximately 42.3% (31 December 2020: approximately 30.9%).

Capital commitments

As at 31 December 2021, the Group had capital commitments amounting to approximately RMB4.5 million (2020: approximately RMB4.5 million) in respect of equity investments.

Contingent liabilities

As at 31 December 2021, the Group had no significant contingent liabilities.

Pledge of assets

As at 31 December 2021, the Group had no pledged deposits (2020: RMB20,000).

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

During the year ended 31 December 2021, the Group did not make any material acquisition or disposal of subsidiaries and associated companies and hold any significant investments nor does the Group 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 subsidiaries 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 Singyes New Materials Company Limited ("Zhuhai New Materials"). At 31 December 2021, Zhuhai New Materials recorded an amount due to the Company of approximately RMB33.5 million (2020: approximately RMB54.9 million) 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 RMB1.7 million (2020: approximately RMB2.7 million), correspondingly. As at 31 December 2021, the Group has not entered into any agreements or purchased any instruments to hedge the Group's exchange rate risks.

DIVIDEND

The Directors did not recommend a final dividend (2020: Nil). 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 2021, we had a total headcount of 149 (2020: 129) 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 2021, 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 (<i>Note 4</i>)
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 (<i>Note 1</i>)	324,324,325	62.37%
Water Development (HK) Holdings Co Limited (“Water Development (HK)”)	Interest in a controlled corporation (<i>Note 2</i>)	324,324,325	62.37%
Shuifa Energy Group Co., Ltd. (“Shuifa Energy”)	Interest in a controlled corporation (<i>Note 2</i>)	324,324,325	62.37%
Shuifa Group Co., Ltd (“Shuifa Group”)	Interest in a controlled corporation (<i>Note 2</i>)	324,324,325	62.37%
AMATA Limited	Beneficial owner	40,000,000	7.69%
Mr. Luo Jingxi	Interest in a controlled corporation (<i>Note 3</i>)	40,000,000	7.69%
Kunlun Holdings Group Limited	Beneficial owner	26,021,206	5.00%

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 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 2021.

Save as disclosed above, as at 31 December 2021, 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 2021, 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 <i>(Note 4)</i>
Mr. Liu Hongwei	Interest of a controlled corporation <i>(Note 2)</i>	202,038,750	8.01%
	Beneficial interest <i>(Note 3)</i>	<u>1,500,000</u>	<u>0.06%</u>
	Total	<u>203,538,750</u>	<u>8.07%</u>

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. 202,038,750 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. Such interest represents the shares awards of Shuifa Singyes granted to Mr. Liu Hongwei under a share award plan as announced by Shuifa Singyes on 29 December 2020. As at 31 December 2021, no share of Shuifa Singyes under the share award plan has been vested in Mr. Liu Hongwei.
4. The percentage is calculated on the basis of 2,521,081,780 shares in issue of Shuifa Singyes as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which was taken or deemed to have under such provisions of the SFO), or which was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations” above, at no time during the year ended 31 December 2021 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 2021 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 2021 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 2021.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant events affecting the Group, which have occurred subsequent to 31 December 2021 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 2021 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 period from 1 January 2021 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 CG 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.

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 2021. 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 2021, but represents an extract from the consolidated financial statements for the year ended 31 December 2021 which have been audited by the auditor of the Company, KPMG 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 2021 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, 21 March 2022

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 Listed Company Information" 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).