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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 2022

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 2022 with the comparative figures for the corresponding year ended 31 December 2021.

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	78,057	131,279
Gross profit	11,891	25,037
Loss before tax	(14,824)	(20,870)
Loss attributable to equity shareholders of the Company	(13,098)	(18,211)
Gross profit margin	15.2%	19.1%
Loss per share – Basic and diluted	<u><u>RMB (0.025)</u></u>	<u><u>RMB(0.035)</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
REVENUE	3	78,057	131,279
Cost of sales		<u>(66,166)</u>	<u>(106,242)</u>
Gross profit		11,891	25,037
Other income and gains, net		10,355	12,917
Selling and distribution expenses		(4,920)	(6,127)
Administrative expenses		(22,675)	(26,026)
Impairment loss on trade receivables		(831)	(25,208)
Impairment loss on prepayments, deposits and other receivables		(4,330)	—
Impairment loss on goodwill		(717)	—
Finance costs		(1,453)	(533)
Foreign exchange gains, net		127	1,510
Other expenses		<u>(2,271)</u>	<u>(2,440)</u>
LOSS BEFORE TAX		(14,824)	(20,870)
Income tax credit	4	<u>1,313</u>	<u>2,893</u>
LOSS FOR THE YEAR		<u>(13,511)</u>	<u>(17,977)</u>
OTHER COMPREHENSIVE LOSS:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		466	(1,275)
Items that will not be reclassified to profit or loss in subsequent periods:			
Fair value change of equity investments designated at fair value through other comprehensive income		<u>(3,000)</u>	—
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(16,045)</u>	<u>(19,252)</u>
Loss attributable to:			
Equity shareholders of the Company		(13,098)	(18,211)
Non-controlling interests		<u>(413)</u>	<u>234</u>
		<u>(13,511)</u>	<u>(17,977)</u>
Total comprehensive loss attributable to:			
Equity shareholders of the Company		(15,632)	(19,486)
Non-controlling interests		<u>(413)</u>	<u>234</u>
		<u>(16,045)</u>	<u>(19,252)</u>
LOSS PER SHARE			
Basic and diluted	6	<u>RMB(0.025)</u>	<u>RMB(0.035)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		69,458	70,314
Equity investments designated at fair value through other comprehensive income (“FVTOCI”)		—	5,000
Prepayments in advance		—	367
Deferred tax assets		8,215	6,902
Right-of-use assets		10,144	12,390
Intangible assets		6,475	7,165
		94,292	102,138
CURRENT ASSETS			
Inventories		22,453	24,048
Trade and bills receivables	7	123,723	138,987
Prepayments, deposits and other receivables		13,602	24,038
Pledged deposits		—	297
Cash and cash equivalents		59,535	26,757
		219,313	214,127
CURRENT LIABILITIES			
Trade payables	8	29,030	40,084
Other payables and accruals		22,332	34,793
Short-term borrowings		20,646	—
Lease liabilities		2,091	1,992
Tax payable		1,960	1,962
Provision for product warranties		1,200	1,169
		77,259	80,000
NET CURRENT ASSETS		142,054	134,127
TOTAL ASSETS LESS CURRENT LIABILITIES		236,346	236,265

<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Long-term borrowings	18,800	—
Lease liabilities	8,906	10,997
Deferred income	2,331	3,029
	<u>30,037</u>	<u>14,026</u>
NET ASSETS	<u>206,309</u>	<u>222,239</u>
CAPITAL AND RESERVES		
Issued capital	35,415	35,415
Reserves	165,591	182,281
Total equity attributable to equity shareholders of the Company	201,006	217,696
Non-controlling interests	5,303	4,543
TOTAL EQUITY	<u>206,309</u>	<u>222,239</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2022

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), whose 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. Significant accounting policies adopted by the Group are disclosed in the annual report.

These financial statements have been prepared under the historical cost basis, except for 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. CHANGES IN ACCOUNTING POLICIES

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

Reference to the Conceptual Framework – Amendments to IFRS 3

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter

IFRS 9 *Financial Instruments* – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

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.

Disaggregated revenue information:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Type of goods or services		
Sales of ITO Film	35,738	47,843
Smart PDLC products	35,399	41,524
LED Display and Projection system	31	11,529
Sales of other products	6,889	30,383
	<hr/>	<hr/>
Total revenue from contracts with customers	78,057	131,279
	<hr/> <hr/>	<hr/> <hr/>

4. INCOME TAX

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current – Mainland China		
Provision for the year	–	65
Under-provision in respect of prior years	–	182
Deferred	(1,313)	(3,140)
	<hr/>	<hr/>
Total tax credit for the year	(1,313)	(2,893)
	<hr/> <hr/>	<hr/> <hr/>

5. DIVIDEND

At a meeting of the directors held on 22 March 2023, the directors did not recommend a final dividend for the year ended 31 December 2022 (2021 final dividend: Nil).

6. LOSS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss attributable to equity shareholders of the Company for the year of RMB13,098,000 (2021: RMB18,211,000), and the number of ordinary shares of 520,000,000 (2021: number of ordinary shares of 520,000,000) in issue during the year.

No adjustment has been made to the basic loss per share amount in respect of a dilution as the exercise price of the Company's outstanding 5,100,000 share options was higher than the average market price of the Company's shares for the year ended 31 December 2022 (2021: 7,790,000 share options).

7. TRADE AND BILLS RECEIVABLES

An ageing analysis of the trade and bills receivables as at the end of the reporting period net of loss allowance, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 3 months	20,439	40,229
3 to 6 months	11,375	20,128
6 to 12 months	18,091	26,215
1 to 2 years	35,050	29,230
2 to 3 years	19,160	13,141
Over 3 years	19,608	10,044
	<hr/> 123,723 <hr/>	<hr/> 138,987 <hr/>

8. 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 6 months	18,446	32,241
6 to 12 months	3,021	3,037
1 to 2 years	3,154	2,633
2 to 3 years	2,425	2,131
Over 3 years	1,984	42
	<hr/> 29,030 <hr/>	<hr/> 40,084 <hr/>

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 2022, we faced keen competition in the saturated domestic market and we recorded a decrease in both the revenue and the gross profit margin as compared to the same period 2021.

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 RMB35.7 million for the year ended 31 December 2022, which represented a decrease of approximately RMB12.1 million or 25.3%, from approximately RMB47.8 million for the same period in 2021.

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 RMB35.4 million for the year ended 31 December 2022, which represented a decrease of approximately RMB6.1 million or 14.7%, from approximately RMB41.5 million for the same period in 2021.

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 RMB31,000 for the year ended 31 December 2022, which represented a significant decrease compared to the same period in 2021.

Others include sales of other materials and products. The revenue from other products was approximately RMB6.9 million for the year ended 31 December 2022, which represented a decrease of approximately RMB23.5 million, from approximately RMB30.4 million for the same period in 2021.

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 2022, our revenue has dropped of approximately 40.5% as compared to the same period in 2021. We recorded a loss attributable to owners of the Company of approximately RMB13.1 million for the year ended 31 December 2022, as compared with the loss attributable to owners of the Company of approximately RMB18.2 million for same period in 2021. The recurring loss 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.

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 RMB78.1 million for the year ended 31 December 2022, which represented a decrease of approximately RMB53.2 million, or 40.5% from approximately RMB131.3 million for the same period in 2021. The decrease was mainly attributable to the decrease 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 RMB66.2 million for the year ended 31 December 2022, which represented a decrease of approximately RMB40.0 million or 37.7%, from approximately RMB106.2 million for the same period in 2021. The decrease in cost of sales mainly reflected the decrease in sales.

Our gross profit decreased by approximately RMB13.1 million or 52.4%, from approximately RMB25.0 million for the year ended 31 December 2021 to approximately RMB11.9 million for the year ended 31 December 2022. Our gross profit margin decreased from approximately 19.1% for the year ended 31 December 2021 to approximately 15.2% for the same period in 2022. 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 RMB4.9 million for the year ended 31 December 2022, which represented a decrease of approximately RMB1.2 million or 19.7%, from approximately RMB6.1 million for the same period in 2021. 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 6.3% of the revenue for the year ended 31 December 2022, as compared to approximately 4.7% for the same period in 2021.

Administrative expenses

Our administration expenses were approximately RMB22.7 million for the year ended 31 December 2022, which represented a decrease of approximately RMB3.3 million or 12.7%, from approximately RMB26.0 million for the same period in 2021. These expenses mainly included employee wages and salaries, depreciation and research costs. The administrative expenses was approximately 29.0% of the revenue for the year ended 31 December 2022, as compared to approximately 19.8% for the same period in 2021.

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 2022, our Group have short term borrowings of RMB20.6 million and long term borrowings of RMB18.8 million. Going forward, we believe our liquidity requirements will be satisfied using a combination of cash generated from operating activities, bank borrowings and proceeds from the Listing. Our Directors believe that in the long term, our Group's operation will be funded by internally generated cash flows and, if necessary, additional equity and/or debt financing.

Capital expenditure

For the year ended 31 December 2022, our capital expenditure amounted to approximately RMB10.6 million (2021: approximately RMB4.9 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 2022, our gearing ratio remained stable at approximately 52.0% (31 December 2021: approximately 42.3%).

Capital commitments

As at 31 December 2022, the Group had capital commitments amounting to approximately RMB4.5 million (2021: approximately RMB4.5 million) in respect of equity investments.

Contingent liabilities

As at 31 December 2022, the Group had no significant contingent liabilities (2021: Nil).

Pledge of assets

As at 31 December 2022, the Group had no pledged deposits (2021: RMB297,000).

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 2022 is set out below:

Business Strategy	Planned use of net proceeds as stated in the Prospectus up to 31 December 2022 <i>HK\$ million</i>	Actual use of net proceeds up to 31 December 2022 <i>HK\$ million</i>	Actual balances of proceeds up to 31 December 2022 <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	21.2	21.2	–	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 home 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 2023
Installation of fully automated production line for pressing of glass	9.0	4.1	4.9	by the end of 2023
Working capital	7.3	7.3	–	N/A

The business strategies as set out in 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 2022, 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.

DIVIDEND

The Directors did not recommend a final dividend (2021: Nil). The actual dividend payout ratio in each year will depend on the actual performance of the Group, the general industry and economic environment.

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

As at 31 December 2022, 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 3)
China Shuifa Singyes Energy Holdings Limited ("Shuifa Singyes")	Beneficial owner	324,324,325	62.37%
Water Development (HK) Holdings Co Limited ("Water Development (HK)")	Interest in a controlled corporation (Note 1)	324,324,325	62.37%
Shuifa Energy Group Co., Ltd. ("Shuifa Energy")	Interest in a controlled corporation (Note 1)	324,324,325	62.37%
Shuifa Group Co., Ltd ("Shuifa Group")	Interest in a controlled corporation (Note 1)	324,324,325	62.37%
AMATA Limited	Beneficial owner	40,000,000	7.69%
Mr. Luo Jingxi	Interest in a controlled corporation (Note 2)	40,000,000	7.69%
Kunlun Holdings Group Limited	Beneficial owner	26,021,206	5.00%

Notes:

- 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 holds under Part XV of the SFO.
- 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.
- The percentage is calculated on the basis of 520,000,000 Shares in issue as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, 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 2022, 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 position in the Shares

Name of Director	Capacity/Nature of Interests	Number of share held	Approximate percentage of total registered share capital (Note 5)
Mr. Zhou Qing	Beneficial Interest	<u>556,000</u>	<u>0.1%</u>

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 5)
Mr. Liu Hongwei (Note 4)	Interest of a controlled corporation (Note 2)	202,038,750	8.01%
	Beneficial interest (Note 3)	<u>1,500,000</u>	<u>0.06%</u>
	Total	<u>203,538,750</u>	<u>8.07%</u>
Mr. Zhou Qing	Beneficial interest	<u>229,000</u>	<u>0.009%</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 2022, no share of Shuifa Singyes under the share award plan has been vested in Mr. Liu Hongwei.
4. Mr. Liu Hongwei resigned as a non-executive Director with effect from 11 April 2022.
5. The percentage is calculated on the basis of 2,521,081,780 shares in issue of Shuifa Singyes as at 31 December 2022.
6. The percentage is calculated on the basis of 520,000,000 in issue of the Company as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, 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 2022 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.

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 2022.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant events affecting the Group, which have occurred subsequent to 31 December 2022 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 2022 and up to the date of this announcement (the “Relevant Period”), except for the deviation from paragraph C.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 C.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 2022. 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 2022, but represents an extract from the consolidated financial statements for the year ended 31 December 2022 which have been audited by the auditor of the Company, Rongchuang CPA Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The financial information has been reviewed by the Audit Committee and approved by the Board.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is available for viewing on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company's website at <http://www.syeamt.com> and the 2022 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 in due course.

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

Hong Kong, 22 March 2023

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. Zhou Qing; 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).