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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)

PROPOSED SHARE PREMIUM REDUCTION

The Board intends to put forward for approval by the Shareholders at the AGM a proposal to reduce the share premium of the Company pursuant to the laws of Bermuda and the Bye-laws. The amount standing to the credit of the Share Premium Account of the Company as at 31 December 2018, based on the audited consolidated financial statement of the Company, was RMB85,163,000. It is proposed that the amount of RMB10,000,000 (equivalent to an amount between approximately USD1,426,000 and approximately USD1,576,000) standing to the credit of the Share Premium Account be cancelled and that the credit arising therefrom be transferred to the Contributed Surplus Account.

A circular containing, among other things, further details of the Share Premium Reduction together with a notice convening the AGM will be despatched to Shareholders as soon as practicable.

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Pursuant to the provisions of the Companies Act 1981 in Bermuda, the Company has to publish a notice of reduction of share premium, in which the amount proposed to be reduced has to be presented in USD given that the par value of the Shares is denominated in USD. Hence, based on a fluctuation in the exchange rate between USD and RMB, the range of USD equivalent amounts of the proposed reduction of RMB10,000,000 in share premium has been disclosed in this announcement.

Reasons for the Share Premium Reduction

The Directors consider that it is unnecessary to maintain the Share Premium Account at its current level. The Company is subject to the restrictions under the laws of Bermuda on the use of the funds standing to the credit of the Share Premium Account which, in summary, is limited to application towards crediting as fully paid bonus shares to be issued and paying the costs arising on the issue of shares. The Contributed Surplus Account is a distributable reserve which is available to be applied by the Company in a more general manner as the Board may think fit, including but not limited to, payment of dividends to Shareholders and elimination of accumulated losses, if any. Therefore, the proposed Share Premium Reduction and the subsequent transfer of the credit arising therefrom to the Contributed Surplus Account will increase the distributable reserve of the Company and give greater flexibility to the Company in making distributions to the Shareholders in the future and, in particular, distributing the final dividend for the year ended 31 December 2018. The Directors believe that the Share Premium Reduction is beneficial to the Company and its Shareholders as a whole.

Effects of the Share Premium Reduction

The implementation of the Share Premium Reduction does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or the trading arrangements concerning the Shares.

The implementation of the Share Premium Reduction will not affect the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, other than related expenses incurred which are immaterial. Save as the aforesaid expenses, the Directors consider that the Share Premium Reduction will not cause any loss in the Shareholders' funds of the Company and will not have material adverse effects on the financial position of the Company.

Conditions of the Share Premium Reduction

The Share Premium Reduction is conditional upon, inter alia, the following being fulfilled:—

- (i) the passing of a special resolution by the Shareholders to approve the Share Premium Reduction at the AGM;
- (ii) compliance with section 46(2) of the Companies Act 1981 of Bermuda, including the publication of a notice of the Share Premium Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the Effective Date; and

- (iii) the Director having satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the proposed Share Premium Reduction would be, unable to pay its liabilities as they become due.

Assuming that the above conditions are fulfilled, it is expected that the proposed Share Premium Reduction will become effective on the Effective Date.

GENERAL

A circular containing, among other things, further details of the Share Premium Reduction together with a notice convening the AGM will be despatched to the Shareholders as soon as practicable. No Shareholder is required to abstain from voting on the special resolution proposed at the AGM to consider and approve the Share Premium Reduction.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company to be convened and held at Unit 3108, 31/F China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Thursday, 9 May 2019 at 11:00 a.m., for approving, inter alia, the Share Premium Reduction and the transferring of the credit arising therefrom to the Contributed Surplus Account
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company and as amended from time to time
“Company”	China Singyes New Materials Holdings Limited (中國興業新材料控股有限公司), an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM (stock code: 8073)
“Contributed Surplus Account”	the contributed surplus account of the Company
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Share Premium Reduction shall become effective, being the next business day immediately following the date of the AGM at which the relevant special resolution approving the Share Premium Reduction will be considered and, it through fit, passed by the Shareholders

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed cancellation of the amount of RMB10,000,000 (equivalent to an amount between approximately USD1,426,000 and approximately USD1,576,000) standing to the credit of the Share Premium Account to be approved by the Shareholders at the AGM
“USD”	United States dollars, the lawful currency of the United States

By order of the Board
China Singyes New Materials Holdings Limited
Liu Hongwei
Chairman

Hong Kong, 29 March 2019

As at the date of this announcement, the non-executive director and the Chairman of the Company is Mr. Liu Hongwei; the executive directors of the Company are Mr. Sun Jinli, Mr. Zhao Feng, Mr. Zhang Chao and Mr. Tang Liwen; and the independent non-executive directors of the Company are Mr. Lee Kwok Tung Louis, Mr. Wei Junfeng and Dr. Li Ling.

This announcement, for which the Directors 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 of Hong Kong Limited 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company (www.syeamt.com).