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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)**

### **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2023**

#### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “Directors”) of China Singyes New Materials Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The board of Directors of the Company (the “Board”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2023 with the comparative figures for the corresponding period ended 31 March 2022.

## FINANCIAL HIGHLIGHTS

	<b>Three months ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Revenue	<b>16,573</b>	16,335
Gross profit	<b>2,743</b>	1,331
Loss before tax	<b>(2,914)</b>	(1,795)
Loss attributable to equity shareholders of the Company	<b>(3,005)</b>	(2,096)
Gross profit margin	<b>16.6%</b>	8.1%
Loss per share		
– Basic and diluted	<b><u><u>RMB(0.006)</u></u></b>	<b><u><u>RMB(0.004)</u></u></b>

# UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2023

	Notes	Three months ended 31 March	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>REVENUE</b>	4	16,573	16,335
Cost of sales		<u>(13,830)</u>	<u>(15,004)</u>
Gross profit		2,743	1,331
Other income and gains		180	3,593
Selling and distribution expenses		(948)	(1,636)
Administrative expenses		(3,932)	(4,358)
Interest on lease liabilities		(122)	(128)
Foreign exchange gain/(loss)		(61)	264
Other expenses		<u>(774)</u>	<u>(861)</u>
<b>LOSS BEFORE TAX</b>	5	<b>(2,914)</b>	<b>(1,795)</b>
Income tax credit/(expense)	6	<u>(3)</u>	<u>304</u>
<b>LOSS FOR THE PERIOD</b>		<b><u>(2,917)</u></b>	<b><u>(1,491)</u></b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		<u>—</u>	<u>806</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b><u>(2,917)</u></b>	<b><u>(685)</u></b>
(Loss)/income attributable to:			
Equity shareholders of the Company		<u>(3,005)</u>	<u>(2,096)</u>
Non-controlling interests		<u>88</u>	<u>605</u>
		<b><u>(2,917)</u></b>	<b><u>(1,491)</u></b>
Total comprehensive (loss)/income attributable to:			
Equity shareholders of the Company		<u>(3,005)</u>	<u>(1,290)</u>
Non-controlling interests		<u>88</u>	<u>605</u>
		<b><u>(2,917)</u></b>	<b><u>(685)</u></b>
<b>LOSS PER SHARE</b>			
Basic and diluted	7	<b><u>RMB (0.006)</u></b>	<b><u>RMB(0.004)</u></b>

# NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2023

## 1. CORPORATE INFORMATION

China Singyes New Materials Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Unit 3108, 31st Floor, China Merchants Tower, Shun Tak Center, 168–200 Connaught Road Central, Hong Kong.

During the three months ended 31 March 2022 (the “Period”), 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 Period.

In the opinion of the Directors, the parent company and the ultimate holding company are China Shuifa Singyes Energy Holdings Limited (“Shuifa Singyes”) and Shuifa Group Co., Ltd. (“Shuifa Group”), respectively. Shuifa Singyes was incorporated in Bermuda and its shares are listed on the Main Board of the Stock Exchange. Shuifa Group was incorporated in the PRC.

## 2. BASIS OF PREPARATION

This first quarter financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited. It was authorised for issue on 10 May 2023.

The first quarter financial information has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The financial information relating to the financial year ended 31 December 2022 that is included in this announcement of the first quarter results as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

## 3. CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board has issued several amendments to International Financial Reporting Standards that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s result and financial position for the current or prior periods have prepared or presented in this first quarter financial information.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### 4. REVENUE AND OPERATING SEGMENT INFORMATION

##### Operating segment information

The Group's revenue and contribution to consolidated results are mainly derived from its sale of ITO film, Smart 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:

##### *Information about major customers*

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

	<b>Three months ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Customer A	*	*
	<u><u>          </u></u>	<u><u>          </u></u>

\* Less than 10%

An analysis of revenue is as follows:

	<b>Three months ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue from contracts with customers	<b>16,573</b>	<b>16,335</b>
	<u><u>          </u></u>	<u><u>          </u></u>

Set out below is the disaggregation of the Group's revenue from contracts with customers:

##### *Type of goods or services*

	<b>Three months ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sales of ITO Film	<b>7,204</b>	8,079
Smart PDLC products	<b>6,471</b>	7,593
LED Display and Projection System	—	—
Sales of other products	<b>2,898</b>	663
	<u>          </u>	<u>          </u>
Total revenue from contracts with customers	<b>16,573</b>	<b>16,335</b>
	<u><u>          </u></u>	<u><u>          </u></u>

### *Geographical markets*

	<b>Three months ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Domestic – Mainland China*	<b>12,514</b>	12,244
Others	<b>4,059</b>	4,091
	<hr/>	<hr/>
Total revenue from contracts with customers	<b>16,573</b>	16,335
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\* 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*

	<b>Three months ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Goods transferred at a point in time	<b>16,356</b>	16,160
Services transferred over time	<b>217</b>	175
	<hr/>	<hr/>
Total revenue from contracts with customers	<b>16,573</b>	16,335
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## **5. LOSS BEFORE TAX**

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

	<b>Three months ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of inventories sold	<b>13,549</b>	14,848
Cost of installation services	<b>281</b>	156
	<hr/>	<hr/>
	<b>13,830</b>	15,004
	<hr/>	<hr/>
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	<b>3,484</b>	4,779
Pension scheme contributions	<b>92</b>	103
Equity-settled share option expense	<b>–</b>	91
	<hr/>	<hr/>
	<b>3,576</b>	4,973
	<hr/>	<hr/>
Depreciation of items of property, plant and equipment	<b>1,962</b>	1,997
Depreciation of right-of-use assets	<b>552</b>	552
Research costs	<b>555</b>	1,235
Interest on lease liabilities	<b>122</b>	128
Foreign exchange (gains)/losses, net	<b>61</b>	(264)
	<hr/> <hr/>	<hr/> <hr/>

## 6. INCOME TAX

The major components of income tax (credit)/expense were as follows:

	Three months ended 31 March	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
Provision for the Period	3	223
Deferred	–	(527)
	<hr/>	<hr/>
Total tax (credit)/charge for the Period	<u>3</u>	<u>(304)</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 Period mainly consist of remuneration of directors. These expenses are not expected to be tax deductible.
- (b) During the Period, Zhuhai Singyes New Materials Company Limited (“Zhuhai New Materials”) was entitled to a preferential PRC corporate income tax (“CIT”) rate of 15% as it was accredited as “High and New Technology Enterprise” (“HNTE”) from 28 November 2018 to 28 November 2021 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 was accredited as HNTE from 9 December 2022 to 9 December 2025.
- (c) The applicable CIT rate for the other PRC incorporated subsidiaries was 25% during the Period.
- (d) The applicable CIT rate for Hong Kong incorporated subsidiaries was 16.5% during the Period. No provision for Hong Kong profits tax has been made as these Hong Kong incorporated subsidiaries had tax losses during the Period.

## 7. LOSS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss (for the three months ended 31 March 2022: loss) per share amount is based on the loss attributable to equity shareholders of the Company for the Period of RMB3,005,000 (for the three months ended 31 March 2022: loss of RMB2,096,000), and the number of ordinary shares of 520,000,000 (for the three months ended 31 March 2022: 520,000,000) in issue during the Period.

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 share options was higher than the average market price of the Company’s shares for the three months ended 31 March 2023 and 2022.

## 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.

Because of the Chinese New Year’s effect, our results in first quarter has been largely rely on the sales performance in March. Since most of the coronavirus disease 2019 (“COVID-19”) measures have been relaxed by the end of 2022 and early 2023 in Hong Kong and Mainland China, overall economy is picking up. Hence, our sales slightly increased for the three months ended 31 March 2023 as compared to the same period in 2022.

***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 RMB7.2 million for the three months ended 31 March 2023, which represented a decrease of approximately RMB0.9 million or 10.8%, from approximately RMB8.1 million for the same period in 2022.

***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 RMB6.5 million for the three months ended 31 March 2023, which represented a decrease of approximately RMB1.1 million or 14.8%, from approximately RMB7.6 million for the same period in 2022.

***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. There was no revenue generated from LED Display and Projection System for the three months ended 31 March 2023 and the same period in 2022.

**Others** include sales of other materials and products. The revenue from sales of other products was approximately RMB2.9 million for the three months ended 31 March 2023, which represented an increase of approximately RMB2.2 million or 3.4 times, from approximately RMB0.7 million for the same period in 2022.

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 PDLC Products in the PRC in terms of market share by revenue. Since most of the coronavirus disease 2019 (“COVID-19”) measures have been relaxed by the end of 2022 and early 2023 in Hong Kong and Mainland China, overall economy is picking up. Our revenue and gross profit for the three months ended 31 March 2023 increased by 1.5% and 106.1% as compared to the same period in 2022, respectively. We recorded loss attributable to equity shareholders of the Company of approximately RMB3.0 million for the three months ended 31 March 2023, as compared with loss attributable to equity shareholders of the Company of approximately RMB 2.1 million for same period in 2022.

## **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. The market conditions of the Smart PDLC products have been rapidly changing in recent years, our Group are diversifying our product range in response to the challenges.

Looking into 2023, we are facing difficulties and Our Group will remain cautious in expanding its production lines and carrying out research and development projects to cater the expected demand in the future. In the meantime, our Directors will closely monitor the economic change, maintain a prudent and stable strategy and react proactively to the challenges and opportunities ahead.

## **FINANCIAL REVIEW**

### **Revenue**

Our revenue was approximately RMB16.5 million for the three months ended 31 March 2023, which represented an increase of RMB0.2 million or 1.5%, from approximately RMB16.3 million for the same period in 2022. The increase was attributable to the rise in sales volume as well as the increase in selling price.

### **Cost of sales and gross profit**

Our cost of sales was approximately RMB13.8 million for the three months ended 31 March 2023, which represented a slight decrease of RMB1.2 million or 7.8%, from approximately RMB15.0 million for the same period in 2022.

Our gross profit increased by RMB1.4 million or 106.1%, from approximately RMB1.3 million for the three months ended 31 March 2022 to approximately RMB2.7 million for the three months ended 31 March 2023. Our gross profit margin rose to 16.6% for the three months ended 31 March 2023 from 8.1% for the same period in 2022. The increase was mainly because of (i) the rise in selling price, and (ii) the lower pre-unit fixed costs charged to cost of sales as a result of the increase in production volume in the first quarter of 2023.

### **Selling and distribution expenses**

Our selling and distribution expenses were approximately RMB0.9 million for the three months ended 31 March 2023, which represented a decrease of approximately RMB0.7 million or 42.1%, from approximately RMB1.6 million for the same period in 2022. The expenses mainly included remuneration for sales and marketing employees based on sales performances and expenses relating to our marketing efforts in business promotion and participation in exhibitions. The selling and distribution expenses was 5.7% of the revenue for the three months ended 31 March 2023, as compared to 10.0% for same period in 2022.

### **Administrative expenses**

Our administration expenses were approximately RMB3.9 million for the three months ended 31 March 2023, which represented a decrease of approximately RMB0.5 million or 9.8%, from approximately RMB4.4 million for the same period in 2022. The expenses mainly included remuneration for administrative employees (including Directors' fee), depreciation and research costs. The administrative expenses was 23.7% of the revenue for the three months ended 31 March 2023, as compared to 26.7% for the same period in 2022.

### **Liquidity, financial resources and capital structure**

Our primary use of cash is to satisfy our working capital and capital expenditure needs. Historically, our Group's use of cash has mainly been financed through a combination of cash received from the sales of our products and financial support from our Group's related parties.

As at 31 March 2023, our Group have short term borrowings of RMB19.8 million and long term borrowings of RMB19.4 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 of the shares of the Company on GEM on 21 July 2017 (the "Listing"). Our Directors believe that in the long term, our Group's operation will be funded by internally generated cash flows and, if necessary, additional equity and/or debt financing.

### **Use of proceeds from the Listing**

The shares of the Company were listed on GEM on 21 July 2017 (the "Listing Date") with net proceeds received by the Company from the Share Offer in the amount of HK\$93,500,000 after deducting underwriting commission and all related listing expenses.

An analysis of the utilization of the net proceeds from the Listing Date up to 31 March 2023 is set out below:

<b>Business Strategy</b>	<b>Planned use of net proceeds as stated in the Prospectus up to 31 March 2023</b> <i>HK\$ million</i>	<b>Actual use of net proceeds up to 31 March 2023</b> <i>HK\$ million</i>	<b>Actual balances of proceeds up to 31 March 2023</b> <i>HK\$ million</i>	<b>Expected timeline for unutilized net proceeds</b>
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 of the Company dated 30 June 2017 (the “Prospectus”) were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds was applied in accordance with the actual development of the market.

As at 31 March 2023, 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. The Directors will constantly evaluate the Group’s business strategies and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

## **DIVIDEND**

The Board of Directors (the “Board”) did not recommend the payment of dividend for the three months ended 31 March 2023 (2022: 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 March 2023, we had a total headcount of 118 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 March 2023, so far as the Directors are aware, the following persons have or are deemed or taken to have an interest and/or short position in the shares of the Company (the “Shares”) or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance (the “SFO”) or which were recorded in the register of the Company required to be kept by the Company under Section 336 of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

### Long position in the Shares

Name of shareholders	Capacity/Nature of interests	Number of Shares held	Approximate percentage of shareholding (Note 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:*

1. 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 whollyowned 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.
2. 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.
3. The percentage is calculated on the basis of 520,000,000 Shares in issue as at 31 March 2023.

Save as disclosed above, as at 31 March 2023, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person or corporation other than the Directors and the Chief Executives whose interests are set out in the section “Directors’ and Chief Executives’ interests and short positions in Shares, underlying Shares and debenture of the Company and its associated corporations” below, had any interest or short position in the Shares or underlying Shares of the Company that was required to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO.

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

As at 31 March 2023, 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**

<b>Name of Director</b>	<b>Capacity/Nature of Interests</b>	<b>Number of share held</b>	<b>Approximate percentage of total registered share capital (Note 6)</b>
Mr. Zhou Qing	Beneficial Interest	<u>556,000</u>	<u>0.1%</u>

**Long positions in the shares of Shuifa Singyes (Note 1)**

<b>Name of Director(s)</b>	<b>Capacity/Nature of Interests</b>	<b>Number of Shares held</b>	<b>Approximate percentage of total registered share capital (Note 5)</b>
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 Ltd., 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 March 2023, 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 March 2023.
6. The percentage is calculated on the basis of 520,000,000 in issue of the Company as at 31 March 2023.

Save as disclosed above, as at 31 March 2023, 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 three months ended 31 March 2023 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 three months end 31 March 2023.

## **EVENTS AFTER THE REPORTING PERIOD**

The Board is not aware of any significant events affecting the Group, which have occurred subsequent to 31 March 2023 and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

### **OVERVIEW**

The Board recognises the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Directors consider that the Company has applied the principles and complied with all the applicable code provisions set out in the code provisions of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules during the three months ended 31 March 2023 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.

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

### **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 unaudited consolidated financial statements of the Group for the three months ended 31 March 2023. This announcement has been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting principles and practices adopted by the Group and that adequate disclosure has been made.

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

Hong Kong, 10 May 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](http://www.hkgem.com)) for at least 7 days from the date of its publication and on the website of the Company ([www.syeamt.com](http://www.syeamt.com)).*