
SUMMARY

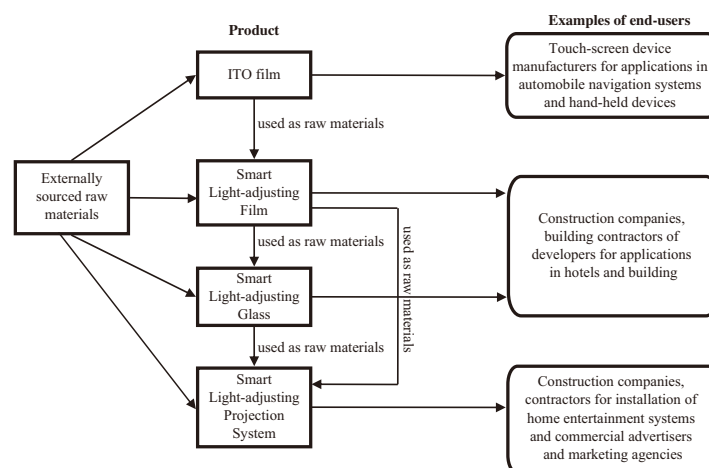
This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment in companies listed on GEM. Some of the particular risks relating to investing in the Offer Shares are set out in the section headed "Risk factors". You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary" of this prospectus.

BUSINESS MODEL

We established Singyes Applicable Materials, our key operating subsidiary in the PRC, in 2010 and commenced our operations in 2011. We:

- (i) manufacture and sell **ITO film** which can be applied for use in a variety of products including smart phones, GPS systems and other touch-screen devices and equipment; and
- (ii) carry out the research and development, production and sale of:
 - **Smart Light-adjusting Film**, which 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**, which permits a user to control the permeability of light through the glass by adjusting the voltage of electricity applied to the Smart Light-adjusting Film fixed therein; and
 - **Smart Light-adjusting Projection System**, which projects visual images onto projection screen made using Smart Light-adjusting Products which is opaque when power source is not applied to it.

Our business model is summarised in the following flow chart:



Our market share in the ITO film market in the PRC in terms of revenues was approximately 2.1% for the year ended 31 December 2015 while we were the leading manufacturer of Smart Light-adjusting Products (namely, Smart Light-adjusting Film and Smart Light-adjusting Glass) and Smart Light-adjusting Projection System products in the PRC, with a market share of 20.4% and 51.2% in the respective markets in terms of revenue for the year ended 31 December 2015.

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To maintain a cost-efficient operating structure, we have adopted a vertically integrated business model that gives us more control over our production. We are the only manufacturer in the PRC which is capable of complete vertical integration, relying on our own supply of ITO film for the production of downstream products (such as Smart Light-adjusting Products and Smart Light-adjusting Projection Systems).

The table below sets out the breakdown of our revenues by product type over the Track Record Period:

Product type	Year ended 31 December 2014		Year ended 31 December 2015		Year ended 31 December 2016				
	Average selling price		Average selling price		Average selling price				
	RMB'000	%	RMB'000	RMB'000	%	RMB'000			
ITO film	18,159	40.5	0.1	18,354	30.4	0.1	13,729	15.1	0.1
Smart Light-adjusting Film	7,200	16.1	1.0	18,621	30.8	0.8	18,882	20.8	0.7
Smart Light-adjusting Glass	18,566	41.4	1.7	8,360	13.8	1.3	26,492	29.1	1.2
Smart Light-adjusting Projection System	—	—	—	13,621	22.5	61.9	23,788	26.2	50.5
Other (Note)	880	2.0	N/A	1,521	2.5	N/A	7,996	8.8	N/A
Total	44,805	100		60,477	100		90,887	100	

Note: Other revenues include sales generated from the sale and resale of components, semi-finished goods and accessories relating to our key products such as projectors, glass panels and power switches. The average selling price of other products is not indicative.

The following table sets out the breakdown of production volume of our products by external sales and internal use over the Track Record Period:

	For the year ended 31 December 2014				For the year ended 31 December 2015				For the year ended 31 December 2016			
	Purchase from third parties	Production volume	Volume by external sales	Volume by internal use	Purchase from third parties	Production volume	Volume by external sales	Volume by internal use	Purchase from third parties	Production volume	Volume by external sales	Volume by internal use
	(sq.m./set)	(sq.m./set) (Note 2)	(sq.m./set)	(sq.m./set)	(sq.m./set)	(sq.m./set) (Note 2)	(sq.m./set)	(sq.m./set)	(sq.m./set)	(sq.m./set) (Note 2)	(sq.m./set)	(sq.m./set) (Note 1)
ITO film	0.0	193,865.2	138,529.0	48,098.2	1,581.6	223,335.2	162,138.0	70,381.6	812.8	285,037.6	129,866.6	124,479.9
Smart Light-adjusting Film (Note 3)	542.0	20,008.7	6,984.0	12,280.1	0.0	33,621.0	24,500.0	7,601.2	8,980.7	40,527.2	28,471.6	19,369.2
Smart Light-adjusting Glass	0.0	12,405.2	11,062.0	0.0	16.9	7,629.7	6,220.0	641.9	2.7	21,242.5	22,196.1	143.0
Smart Light-adjusting Projection System	Our Company has not commenced production				0.0	220.0	220.0	0.0	0.0	471.0	471.0	0.0

Notes:

- Use of "sq.m." if referring to ITO film, Smart Light-adjusting Film and Smart Light-adjusting Glass; use of "set" if referring to Smart Light-adjusting Projection System.
- "Production volume" includes production for internal use and external uses as well as production for inventory (used for external sales; as samples; for research and development; or scrapped).
- Actual production volume is calculated based on product size reduced to the measurement required by customers.

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The following table set forth our sales volume and average selling price by product type during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	Sales volume	Average selling price RMB	Sales volume	Average selling price RMB	Sales volume	Average selling price RMB
ITO film (sq.m.)	138,529	131	162,138	113	129,867	106
Smart Light-adjusting Film (sq.m.)	6,984	1,031	24,500	760	28,472	663
Smart Light-adjusting Glass (sq.m.)	11,062	1,678	6,220	1,344	22,196	1,194
Smart Light-adjusting Projection System (set)	—	—	220	61,914	471	50,505
Other (Note 1)	N/A	N/A	N/A	N/A	N/A	N/A

Notes: The sales volume and average selling price of other products is not indicative.

The decrease in average selling price of ITO film over the Track Record Period was driven by our price adjustment to accommodate for prevailing market conditions (including mass production, technological advances, decreasing price of raw materials). Similar factors have led to downward pressure on downstream products such as Smart Light-adjusting Projects and Smart Light-adjusting Projection Systems.

The decrease in sales volume of ITO film in the year ended 31 December 2016 was mainly due to a change in our business strategy (whereby we adopted a vertical integrated model of production; relying on our own supply of ITO film for production of downstream products which we experienced an increase in demand). As such, the sales and production volume of Smart Light-adjusting Products and Smart Light-adjusting Projection Systems had correspondingly increase during the year ended 31 December 2016.

For further details of fluctuation of our sales volume and average selling price, please refer to the section headed “Financial information — Revenue” in this prospectus.

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The following table sets out the breakdown of the average self-produced cost and purchase cost over the Track Record Period:

	For the year ended 31 December 2014		For the year ended 31 December 2015		For the year ended 31 December 2016	
	Average production cost (RMB)	Average purchase cost (RMB)	Average production cost (RMB)	Average purchase cost (RMB)	Average production cost (RMB)	Average purchase cost (RMB)
ITO film	76.3/sq.m.	N/A	52.7/sq.m.	89.7/sq.m.	39.8/sq.m.	65.8/sq.m.
Smart Light-adjusting Film	579.4/sq.m.	1,449.4/sq.m.	337.0/sq.m.	N/A	278.3/sq.m.	755.4/sq.m.
Smart Light-adjusting Glass	822.9/sq.m.	1,376.0/sq.m.	771.9/sq.m.	921.3/sq.m.	738.4/sq.m.	1,456.3/sq.m.
Smart Light-adjusting Projection System	Our Company has not commenced production		24,004.3/set	N/A	17,374.6/set	N/A

Note: “N/A” denotes our Company did not purchase that particular item during the relevant period.

To ensure the quality of our products, we have a quality control department which consists of ten members. Quality control is carried out along the production process from procurement of raw materials to packaging and inspection of finished products.

Our customers

Over the Track Record Period, we primarily sold our products to customers in the PRC which included (i) mainly touch-screen device manufacturers in respect of ITO film for application in automobile navigation systems, smart phones and industrial equipment; (ii) mainly construction companies and building contractors of developers in respect of Smart Light-adjusting Products; and (iii) mainly construction companies and users for commercial (including advertising and marketing) purposes in respect of Smart Light-adjusting Projection Systems.

Our sales to our five largest customers represented approximately 43.3%, 33.0% and 36.0% of our total revenues for the years ended 31 December 2014, 2015 and 2016. The duration of our relationship with our five largest customers over the Track Record Period spanned from less than one year to five and a half years. Over the Track Record Period, our products were sold to our customers through direct sales as well as the entering of supply framework agreements and distribution agency agreements. The following is a breakdown of our sales through these sales channels:

	2014		Year ended 31 December 2015		2016	
	RMB'000	%	RMB'000	%	RMB'000	%
Direct sales (<i>Note</i>)	44,320	98.9	59,829	98.9	86,539	95.2
Distribution sales	485	1.1	648	1.1	4,348	4.8
Total	<u>44,805</u>	<u>100</u>	<u>60,477</u>	<u>100</u>	<u>90,887</u>	<u>100</u>

Note: Direct sales includes sales pursuant to supply framework agreements amounting to RMB4.9 million for the year ended 31 December 2016.

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Our suppliers

We rely on raw materials for the production of our products. The cost of raw materials for the years ended 31 December 2014, 2015 and 2016 amounted to approximately RMB25.7 million, RMB30.9 million and RMB47.5 million respectively, accounting for approximately 84.3%, 84.6% and 84.8% of our total cost of sales respectively. We source the majority of our raw materials (including PET film) from third party suppliers based in the PRC who are agents of overseas manufacturers, while we also procure certain raw materials (including ITO Target, protective film, PDLC and projectors) from PRC manufacturers. We have not entered into any long-term supply contracts with our suppliers.

For the years ended 31 December 2014, 2015 and 2016, our purchases from (i) our top five suppliers amounted to approximately RMB24.6 million, RMB16.1 million and RMB20.4 million respectively, which accounted for 69.0%, 59.7% and 34.6% of our total purchases respectively; and (ii) our largest supplier amounted to approximately RMB11.8 million, RMB7.0 million and RMB4.9 million respectively, which accounted for 33.2%, 25.9% and 8.3% of our total purchases respectively.

Our production facilities and machinery

We carry out the entire production process of our products at our production base situated at Levels 1 and 2 of Factory Building No.7 of Zhuhai Xingye New Energy and Industrial Park, 9 Jinzhu Road, Gaoxin district, Zhuhai city, Guangdong province of the PRC. Our production facilities comprise offices and factories with a gross floor area of approximately 5,740 sq.m., and are equipped with machinery and equipment used for production of products. The designated production capacity, actual production volume and utilisation rate of machinery used in our production lines for each of our key products are set out below:

	Year ended 31 December		
	2014	2015	2016
ITO film			
— Designed production capacity	203,372 sq.m.	307,847 sq.m.	621,271 sq.m.
— Actual production volume	193,800 sq.m.	223,000 sq.m.	285,000 sq.m.
— Utilisation rate of production capacity	95.3%	72.4%	45.9%
Smart Light-adjusting Film			
— Designed production capacity	449,176 sq.m.	584,471 sq.m.	584,471 sq.m.
— Actual production volume <i>(Note)</i>	36,900 sq.m.	32,800 sq.m.	51,465 sq.m.
— Utilisation rate of production capacity	8.2%	5.6%	8.8%
Smart Light-adjusting Glass			
— Designed production capacity	46,000 sq.m.	46,000 sq.m.	46,000 sq.m.
— Actual production volume	12,400 sq.m.	7,600 sq.m.	21,242 sq.m.
— Utilisation rate of production capacity	27.0%	16.5%	46.2%

Note: Actual production volume has been calculated based on the product size before reducing to the measurement as required by our customers.

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Our research and development

As at 31 December 2016, our research and development team consisted of 14 full-time engineers and technicians. Our research efforts have led to (i) our recognition as a high-tech enterprise by PRC government authorities; (ii) publication of industry-related periodicals; (iii) our subsidiary being a leading drafting party of national and regional industry standards of Smart Light-adjusting Products; (iv) the successful registration of 32 patents (five applications pending) with intellectual property offices in the PRC; and (v) our receipt of various subsidies and grants from the PRC government.

Over the Track Record Period, we have (i) commenced the production and sale of Smart Light-adjusting Projection Systems mainly for indoor home entertainment purposes of our customers; and (ii) entered into agreements for the supply of Smart Light-adjusting Projection Systems for commercial advertising and marketing purposes of our customers. Our Directors believe, as confirmed by the F&S Report, that the Smart Light-adjusting Projection System market has substantial potential for growth, and therefore, we intend to invest in production lines for mass production and to devote resources on further research and development.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths, including the following, details of which are set out in the section headed “Business — Our competitive strengths” in this prospectus, contribute to our success:

- we are the only manufacturer in the PRC capable of producing ultra-wide ITO films with a roll width of up to 2,100mm; and
- we have a professional research and development team which enables us to develop industry-leading technologies and know-how, some of which are patented.

BUSINESS STRATEGIES

Our business objectives are to enhance our production efficiency and product quality, maintain and/or consolidate our market position and improve our brand recognition. To achieve these objectives (details of which are set out in the section headed “Business — Our business strategies” in this prospectus), we intend to pursue the following principal strategies:

- increase our production efficiency and product quality in order to maintain our market position in the PRC through the implementation of various enhancement and improvement projects;
- continue to devote resources on research and development to improve our production process, explore and test new materials for use, broaden our product range and applications as well as realise our potential in the Smart Light-adjusting Projection System market;
- continue to develop our business in line with PRC government’s policy incentives for high-tech and eco-friendly enterprises; and
- expand our presence in overseas market through increasing our sales and marketing efforts and increasing our overseas sales through cooperation with overseas agencies.

KEY OPERATIONAL AND FINANCIAL DATA

The table below sets forth a summary of the consolidated results of our Group during the Track Record Period, which have been extracted from, and should be read in conjunction with, the accountants’ report set out in Appendix I to this prospectus.

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Highlights of our consolidated statements of profit or loss and other comprehensive income

	Year ended 31 December		
	2014 (RMB '000)	2015 (RMB '000)	2016 (RMB '000)
Revenue	44,805	60,477	90,887
Cost of sales	(30,524)	(36,581)	(56,084)
Gross profit	14,281	23,896	34,803
Other income and gains	14	1,089	1,065
Selling and distribution expenses	(5,211)	(5,633)	(8,107)
Administrative expenses	(6,758)	(7,771)	(17,932)
Other expenses	(1,518)	(1,968)	(1,000)
Finance costs	(106)	(205)	—
Profit before tax	702	9,408	8,829
Income tax expense	(313)	(1,712)	(2,448)
Profit for the year	<u>389</u>	<u>7,696</u>	<u>6,381</u>

Highlights of consolidated statements of financial position

	As at 31 December		
	2014 (RMB '000)	2015 (RMB '000)	2016 (RMB '000)
ASSETS AND LIABILITIES			
Non-current assets	38,223	46,203	40,551
Current assets	50,334	43,550	85,933
Current liabilities	(37,778)	(31,269)	(48,045)
Non-current liabilities	—	—	(812)
Net current assets	12,556	12,281	37,888
NET ASSETS	50,779	58,484	77,627

Highlight of consolidated statement of cash flows

	Year ended 31 December		
	2014 (RMB '000)	2015 (RMB '000)	2016 (RMB '000)
Cash flow generated from operating activities before changes in working capital and tax paid	5,316	14,954	14,863
Net cash flows from/(used in) operating activities	9,718	20,232	(12,750)
Net cash flows used in investing activities	(5,368)	(11,212)	(1,306)
Net cash flows from/(used in) financing activities	(2,592)	(4,525)	14,547
Net increase in cash and cash equivalents	1,758	4,495	491
Cash and cash equivalents at the beginning of the year	904	2,662	7,166
Cash and cash equivalents at the end of the year	<u>2,662</u>	<u>7,166</u>	<u>7,523</u>

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Net cash flows used in operating activities amounted to RMB12.8 million for the year ended 31 December 2016, and consisted primarily RMB14.9 million of cash generated from operations before working capital adjustments and net working capital adjustments of RMB25.6 million. Our negative net working capital adjustments were primarily attributable to (i) an increase in trade and bills receivables which resulted from substantial amount of sales being recorded on credit over the period between October and December of 2016 in the amount of approximately RMB30.3 million; and (ii) the deferred Listing fees of approximately RMB3.1 million, which was partially offset by (i) an increase in trade payables which resulted from the purchase of raw materials in the amount of approximately RMB8.6 million; and (ii) an increase in other payables and accruals mainly due to increased tax and surcharges payables.

Cost of sales

	2014		Year ended 31 December			
	RMB'000	%	2015		2016	
			RMB'000	%	RMB'000	%
Raw materials	25,721	84.3	30,932	84.6	47,532	84.8
Manufacturing overheads (Note)	2,994	9.8	3,467	9.5	6,228	11.1
Direct labor	1,809	5.9	2,182	5.9	2,324	4.1
Total	30,524	100	36,581	100	56,084	100

Note: Manufacturing overheads primarily include depreciation of our property, plant and equipment and other manufacturing costs.

Gross profit and gross profit margin of our products

	2014		Year ended 31 December				2016		
	Gross profit		Gross profit	Gross profit	Gross profit	Gross profit	Gross profit		
	RMB'000	%	RMB'000	%	%	RMB'000	%	%	
ITO film	3,115	21.8	17.2	3,663	15.3	20.0	3,222	9.3	23.5
Smart Light-adjusting Film	3,993	28.0	55.5	9,685	40.5	52.0	10,713	30.7	56.7
Smart Light-adjusting Glass	7,282	51.0	39.2	2,271	9.5	27.2	7,902	22.7	29.8
Smart Light-adjusting Projection System	—	—	—	7,907	33.1	58.1	10,673	30.7	44.9
Other (Note)	(109)	(0.8)	(12.4)	370	1.6	24.3	2,293	6.6	28.7
Total	14,281	100	31.9	23,896	100	39.5	34,803	100	38.3

Note: Other profits include profits resulting from revenues from the sale and resale of components, semi-finished goods and accessories relating to and/or used in our key products such as projectors, glass panels and power switches.

SUMMARY

KEY FINANCIAL RATIOS

	As of/for the year ended		
	31 December		
	2014	2015	2016
Net profit margin (%)	0.9	12.7	17.7 (Note 1)
Gross profit margin (%)	31.9	39.5	38.3
Return on equity (%)	0.8	13.2	20.7 (Note 2)
Return on total assets (%)	0.4	8.6	12.7 (Note 2)
Interest coverage (times)	7.6	46.9	N/A
Current ratio (times)	1.3	1.4	1.8
Gearing ratio (%)	67.9	39.9	50.6 (Note 3)
Inventory turnover days	111.0	110.9	66.8
Trade and bills receivable turnover days	195.7	160.1	170.7
Trade payable turnover days	76.2	106.6	122.3

Notes:

1. Our net profit would be approximately RMB16.1 million for the year ended 31 December 2016 if the non-recurring Listing expenses of approximately RMB9.7 million attributable to that period were to be excluded.
2. Using our net profit for the year ended 31 December 2016 excluding the non-recurring Listing expenses of approximately RMB9.7 million.
3. Gearing ratio is calculated based on net debt at the end of the respective year divided by total equity, multiplied by 100%. Net debt comprises trade payables, interest-bearing bank loans, other payables and accruals, and tax payable, less cash and cash equivalents and pledged deposits.

LISTING EXPENSES

Our expenses in relation to the Listing (including underwriting commission) are expected to be approximately RMB23.1 million (equivalent to approximately HK\$26.5 million) (at a Offer Price of HK\$1.0 per Offer Share and assuming that the Offer Size Adjustment Option is not exercised), of which (i) approximately RMB8.1 million (equivalent to approximately HK\$9.3 million) is directly attributable to the issue of the Offer Shares under the Share Offer and are expected to be accounted for as a reduction from equity; and (ii) the remaining amount of approximately RMB15.0 million (equivalent to approximately HK\$17.2 million) has been or will be charged to and reflected in the consolidated statements of profit or loss and other comprehensive income, of which (a) approximately RMB9.7 million (equivalent to approximately HK\$11.1 million) was charged for the year ended 31 December 2016; and (ii) the remainder of approximately RMB5.3 million (equivalent to approximately HK\$6.1 million) is expected to be recognised in the period subsequent to the Track Record Period. The impact of the Listing expenses on the profit and loss accounts has affected our financial performance and conditions and results of operation for the year ended 31 December 2016.

Our Directors would like to emphasise that the Listing expenses stated above are our current estimations only for reference purpose. The actual amount to be recognised is subject to adjustments based on audit and the then changes in variables and assumptions. Nonetheless, we expect that these non-recurring Listing expenses will materially and adversely affect our Group's financial performance and condition and results of operations for the year ending 31 December 2017.

REASONS FOR THE SHARE OFFER AND USE OF PROCEEDS

Our Directors estimate that the aggregate net proceeds from the Share Offer (after deducting underwriting commission and other estimated expenses payable by us in connection with the Share Offer), based on Offer Price of HK\$1.0 per Offer Share, will be approximately HK\$93.5 million, assuming the Offer Size Adjustment Option is not exercised.

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Our Directors believe that the Share Offer and the net proceeds therefrom will enhance our profits, assist us to maintain and/or consolidate our market position as well as provide us with additional capital to implement our future plans. In terms of implementation of our future plans, we intend to apply the proceeds from the Share Offer in the following manner:

- (i) approximately 43.1% of the total estimated net proceeds, or approximately HK\$40.6 million, will be used for purchase of machinery and equipment, including for enhancement and automation projects as well as establish new production lines;
- (ii) approximately 28.8% of the total estimated net proceeds, or approximately HK\$27.1 million, will be used to research and development of new materials and products;
- (iii) approximately 10.4% of the total estimated net proceeds, or approximately HK\$9.8 million, will be used for the purpose of overseas business expansion;
- (iv) approximately 9.3% of the total estimated net proceeds, or approximately HK\$8.7 million, will be used for sales and marketing purposes; and
- (v) approximately 7.8% of the total estimated net proceeds, or approximately HK\$7.3 million, will be used for general working capital and other general corporate purposes.

Our Directors believe the successful implementation of our future plans would be conducive to increasing our competitiveness in the market in which we operate which will assist us in securing more customers and in turn assist us in achieving our goal of increasing our market presence and geographical reach both in the PRC and abroad. For details of the reasons of the Share Offer, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

DIVIDEND

Our Group did not declare or pay any dividends during the Track Record Period. As such, there is no reference or basis to determine the level of dividends that may be declared and paid to our Shareholders after Listing.

After the completion of the Share Offer, our Shareholders will be entitled to receive dividends only when declared by our Directors. Our Company does not have any pre-determined dividend policy or dividend distribution ratio. The payment and the amount of any future dividends will be at the discretion of our Directors, and will depend on our future operations and earnings, capital requirements and surplus, cash flow, future prospects, general financial condition and other factors that our Directors may consider relevant. As these factors and the payment of dividends are at the discretion of our Board, there can be no assurance that any particular dividend amount, or any dividend at all, will be declared or paid in the future. Further, any dividend distribution is subject to our compliance with the Companies Act and our Memorandum of Association and Bye-laws.

SHAREHOLDER INFORMATION

Controlling Shareholders

Immediately following the Capitalisation Issue and Share Offer, each of Mr. Liu, Strong Eagle, Top Access and Singyes Solar will directly or indirectly control more than 30% of the issued share capital of our Company, and will be a Controlling Shareholder of our Company.

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Pre-IPO investors

On 1 March 2016, our Company entered into subscription agreements with each of Kunlun Holdings Group Limited and Raton Race Investments Limited, Independent Third Parties, pursuant to which they agreed to subscribe for approximately 6.0% and 4.0% respectively of the then issued share capital of our Company at a discount of approximately 57.0% to the Offer Price. The respective interests of Kunlun Holdings Group Limited and Raton Race Investments Limited will be diluted to 4.4% and 3.0% respectively upon Listing (assuming the Offer Size Adjustment Option is not exercised) and the relevant Shares will be subject to a lock-up period of six months from the Listing Date. For further details of our Controlling Shareholders and these pre-IPO investors, please refer to the section headed “History, reorganisation and group structure” in this prospectus.

SHARE OFFER STATISTICS

Market capitalisation upon Listing (<i>Note 1</i>)	HK\$480,000,000
Offer size	HK\$120,000,000
Offer price per Offer Share	HK\$1.0
Number of Offer Shares	120,000,000
Board lot	4,000 Shares
Unaudited pro forma adjusted consolidated net tangible assets per Share (<i>Note 2</i>)	HK\$0.41

Notes:

- (1) The calculation of market capitalisation is based on 480,000,000 Shares in issue or expected to be in issue immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option) and the Offer Price of HK\$1.0 per Offer Share.
- (2) The unaudited pro forma adjusted consolidated net tangible assets per Share has been arrived at after the adjustments as referred to under the paragraph headed “Unaudited pro forma statement of adjusted net tangible assets” in Appendix II to this prospectus and on the basis of 480,000,000 Shares in issue at the Offer Price of HK\$1.0 per Offer Share immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option). The unaudited pro forma adjusted consolidated net tangible assets per Share is converted to Hong Kong dollars from Renminbi at an exchange rate which set forth in the paragraph headed “Exchange rate conversion” of the section headed “Information about this prospectus and Share Offer” in this prospectus. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that date.

PRINCIPAL RISK FACTORS

Any of the risks below and other risks set out in the “Risk Factors” section of this prospectus may materially and adversely affect our business, financial conditions and/or results of operations:

- competition in the ITO film and Smart Light-adjusting Products industry could materially and adversely affect our financial performance;
- failure to protect our intellectual property rights and/or any claims of infringement of intellectual property by third parties may potentially harm our business and competitive position or materially affect our results of operation;
- our inability to attract and retain key personnel may materially and adversely affect our business;
- our Group relies on a single production base to manufacture our products and therefore any disruption at the production base could materially and adversely affect our business and operations;
- our financial performance and results of operations for the year ending 31 December 2017 will be affected by expenses incurred in respect of the Listing; and
- we may be exposed to delays and/or defaults on payments from our customers, while remaining obligated to satisfying payment obligations to our suppliers, which would materially and adversely affect our cash flows or financial results.

SUMMARY

LEGAL COMPLIANCE AND PROCEEDINGS

Our PRC legal advisers have confirmed that our Group has obtained all necessary licences, permits, approvals and certificates required for the carrying on of our business operations, and that such licences, permits, approvals and certificates are valid and subsisting.

Over the Track Record Period, Singyes Applicable Materials, our operating subsidiary, has failed to make adequate social security and housing provident fund payments for its employees in full compliance with applicable PRC laws and regulations. Please refer to the section headed “Business — Non-compliance” of this prospectus for further details. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties were imposed on any member of our Group for any non-compliance. Our Group has not been and were not a party to any material legal, arbitral or administrative proceedings over the Track Record Period and up to the Latest Practicable Date.

MATERIAL ADVERSE CHANGE

Other than the non-recurring Listing expenses disclosed above, our Directors confirmed that, up to the date of this prospectus, there had been no material adverse change in the financial or trading position of our Group since 31 December 2016 (being the date the latest audited consolidated financial statements of our Group were made up), and there had been no event since 31 December 2016 which would materially affect the information shown in the accountants’ report set out in Appendix I to this prospectus.

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have continued to focus on developing our business and sales of our products. In particular, during this period:

- (i) we have received new domestic sales orders for approximately 53,427.2 sq.m., 9,477.9 sq.m., 17,736.4 sq.m. of ITO film, Smart Light-adjusting Film and Smart Light-adjust Glass respectively as well as 256 sets of Smart Light-adjusting Projection Systems, with total order sum of approximately RMB57.7 million;
- (ii) we have received new overseas sales orders for approximately 1,140.0 sq.m., 5,922.7 sq.m., 907.3 sq.m. of ITO film, Smart Light-adjusting Film and Smart Light-adjusting Glass respectively, with total order sum of approximately RMB5.5 million;
- (iii) as at the Latest Practicable Date, we had successfully collected approximately RMB36.3 million, or 60.4%, of the outstanding balance of our trade receivables as of 31 December 2016; and
- (iv) as at the Latest Practicable Date, approximately RMB14.5 million, or 62.6%, of our trade payables outstanding as of 31 December 2016 were paid.

There had not been, as far as we are aware, any material change in the general economic and market conditions in the industry in which we operate that have had a material and adverse impact on our business operations and financial conditions since 31 December 2016 and as of the Latest Practicable Date.