永盛新材料
YS Advanced Materials

Yongsheng Advanced Materials Company Limited
永盛新材料有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3608)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

	2020	2019	**Change**
	RMB Million	*RMB Million*	
	(Audited)	(Audited)	
Revenue	**361.9**	306.5	18.08%
Gross profit	**112.4**	102.5	9.66%
Profit for the year	**71.1**	135.0	(47.33%)
Profit for the year from continuing operations	**71.1**	51.0	39.41%
Profit for the year attributable to shareholders of the Company from continuing operations	**72.7**	51.0	42.55%
Basic earnings per share for the year	**RMB9.9 cents**	RMB16.4 cents	(39.63%)
Basic earnings per share for the year from continuing operations	**RMB9.9 cents**	RMB7.3 cents	(35.62%)

Proposed final dividend of HK$0.02 (2019: HK$0.03) per share.

The board (the "**Board**") of directors (the "**Directors**") of Yongsheng Advanced Materials Company Limited (the "**Company**") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2020 (the "**Year**" or "**Year under Review**"), together with the comparative figures in 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	Notes	**2020** *RMB'000*	2019 *RMB'000*
CONTINUING OPERATIONS			
REVENUE	*4*	**361,936**	306,539
Cost of sales		**(249,563)**	(204,085)
Gross profit		**112,373**	102,454
Other income and gains, net		**25,288**	15,382
Selling and distribution expenses		**(1,428)**	(3,881)
Administrative expenses		**(35,508)**	(41,150)
Impairment losses on financial and contract assets, net		**(10,366)**	(3,190)
Finance costs	*5*	**(1,785)**	(1,005)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*6*	**88,574**	68,610
Income tax expense	*7*	**(17,431)**	(17,597)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**71,143**	51,013
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations		**–**	84,035
PROFIT FOR THE YEAR		**71,143**	135,048

	Notes	2020 RMB'000	2019 RMB'000
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(19,363)**	9,187
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent period		**(19,363)**	9,187
Other comprehensive loss that will not be reclassified to profit or loss in subsequent period:			
Exchange differences on translation of foreign operations		**(368)**	–
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(368)**	–
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(19,731)**	9,187
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**51,412**	144,235
Profit attributable to:			
Shareholders of the Company		**72,685**	113,895
Non-controlling interests		**(1,542)**	21,153
		71,143	135,048
Total comprehensive income attributable to:			
Shareholders of the Company		**53,978**	123,082
Non-controlling interests		**(2,566)**	21,153
		51,412	144,235
EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY	*8*		
Basic			
– For profit for the year		**RMB9.9 cents**	RMB16.4 cents
– For profit from continuing operations		**RMB9.9 cents**	RMB7.3 cents
Diluted			
– For profit for the year		**RMB9.8 cents**	RMB16.2 cents
– For profit from continuing operations		**RMB9.8 cents**	RMB7.2 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2020

	Notes	**2020** **RMB'000**	2019 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**82,526**	81,615
Prepayments for property, plant and equipment		**330**	208
Investment properties	*10*	**755,323**	654,698
Right-of-use assets	*11*	**11,518**	11,408
Goodwill	*12*	**99,514**	105,923
Other intangible assets		**57,061**	66,261
Loan receivables	*17*	**9,501**	–
Deferred tax assets		**1,597**	536
Total non-current assets		**1,017,370**	920,649
CURRENT ASSETS			
Inventories	*13*	**4,793**	3,796
Properties under development	*14*	**223,025**	198,524
Trade and bills receivables	*15*	**74,819**	66,094
Contract assets		**30,274**	17,467
Prepayments, deposits and other receivables	*16*	**18,781**	16,365
Loan receivables	*17*	**107,040**	145,832
Bills receivable at fair value through other comprehensive income		**16,363**	–
Financial assets at fair value through profit or loss		**199,056**	100,696
Amounts due from related parties		**759**	43,259
Cash and cash equivalents		**89,718**	148,679
Total current assets		**764,628**	740,712
CURRENT LIABILITIES			
Trade payables	*18*	**123,913**	53,861
Other payables and accruals	*19*	**21,682**	28,475
Derivative financial instruments		**1,981**	–
Interest-bearing bank and other borrowings	*20*	**41,062**	25,840
Government grants		**387**	387
Income tax payable		**15,972**	24,209
Total current liabilities		**204,997**	132,772

	Notes	2020 RMB'000	2019 RMB'000
NET CURRENT ASSETS		**559,631**	607,940
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,577,001**	1,528,589
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*20*	**128,311**	70,355
Government grants		**6,902**	7,290
Deferred tax liabilities		**11,556**	13,904
Total non-current liabilities		**146,769**	91,549
Net assets		**1,430,232**	1,437,040
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		**6,054**	6,217
Share premium		**826,670**	886,872
Other reserves		**595,560**	543,951
		1,428,284	1,437,040
Non-controlling interests		**1,948**	–
Total equity		**1,430,232**	1,437,040

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE AND GROUP INFORMATION

Yongsheng Advanced Materials Company Limited (the "**Company**") was incorporated in the Cayman Islands on 19 April 2012 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company's registered office is P.O. Box 1008, Willow House, Cricket Square Grand Cayman KY1-1101, Cayman Islands.

During the Year, the Group was involved in the following principal activities:

- Provision of dyeing services of differentiated polyester filament fabric
- Properties investment
- Renovation, maintenance, alteration and additional services ("**RMAA Service**"); and
- Investment, development, construction, operation and management of renewable energy businesses, water treatment businesses and environmental protection businesses

In the opinion of directors, the holding company and the ultimate holding company of the Company is Ever Thrive Global Limited ("**Ever Thrive**"), a company incorporated in the British Virgin Islands (the "**BVI**") and controlled by Mr. Li Cheng (the "**Controlling Shareholder**").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, derivative financial instruments, bills receivable at fair value through other comprehensive income and investment properties which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[3]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[2]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
Amendment ot IFRS 16	*Covid-19-Related Rent Concessions*[1]
IFRS 17	*Insurance Contracts*[4]
Amendments to IFRS 17	*Insurance Contracts*[4, 6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[4]
Amendments to IAS 1	*Disclosure of Accounting policies*[4]
Amendments to IAS 8	*Definition of Accounting Estimates*[4]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[3]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[3]
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[3]

1 Effective for annual periods beginning on or after 1 June 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective for annual periods beginning on or after 1 January 2022

4 Effective for annual periods beginning on or after 1 January 2023

5 No mandatory effective date yet determined but available for adoption

6 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies* if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 *Levies* respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendments did not have any significant impact on the financial position and performance of the Group.

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

–	Processing:	Dyeing and processing of differentiated polyester filament fabric
–	Properties investment:	Investment, development and sale of properties
–	RMAA Service:	Provision of construction services in building construction, building maintenance and improvement works, renovation and decoration works
–	Environmental water project operation:	Consultancy services and sale of machineries related to environmental protection, including operation and maintenance services (new in 2020)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before tax without allocation of interest income/costs and other expenses which are not incurred directly for operating segments.

Segment assets exclude corporate cash and deferred tax assets as these assets are managed on a group basis.

Segment liabilities exclude corporate accruals, payroll payable, deferred tax liabilities and income tax payable as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Operating segments

	Continuing operations				
	Processing *RMB'000*	RMAA Service *RMB'000*	Properties investment *RMB'000*	Environmental water project operation *RMB'000*	Total *RMB'000*
Year ended 31 December 2020					
Segment revenue (note 4)					
Sales to external customers	**175,647**	**185,115**	**1,174**	**–**	**361,936**
Revenue					**361,936**
Segment results	**43,380**	**34,536**	**(208)**	**(3,848)**	**73,860**
Reconciliations:					
Corporate and other unallocated expenses					**(2,680)**
Interest income					**10,765**
Investment income					**8,414**
Finance costs					**(1,785)**
Profit before tax					**88,574**
Segment assets	**434,348**	**215,476**	**1,018,803**	**63,126**	**1,731,753**
Reconciliations:					
Elimination of intersegment receivables					**(25,250)**
Corporate and other unallocated assets					**75,495**
Total assets					**1,781,998**
Segment liabilities	**88,308**	**33,043**	**202,881**	**24,278**	**348,510**
Reconciliations:					
Elimination of intersegment payables					**(25,250)**
Corporate and other unallocated liabilities					**28,506**
Total liabilities					**351,766**
Other segment information					
Depreciation and amortisation	**6,265**	**5,427**	**96**	**–**	**11,788**
Impairment of trade receivables, contract assets and other receivables	**–**	**9,415**	**–**	**–**	**9,415**
Capital expenditure*	**1,063**	**10**	**104,957**	**–**	**106,030**

* *Capital expenditure consists of additions to property, plant and equipment and investment properties.*

	Continuing operations				Discontinued operations		
		RMAA	Properties				
	Processing	Service	investment	Sub-total	Production	Trading	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2019							
Segment revenue (note 4)							
Sales to external customers	198,545	107,570	424	306,539	593,132	82,505	982,176
Revenue				306,539			982,176
Segment results	43,100	23,067	6,287	72,454	96,186	12,904	181,544
Reconciliations:							
Corporate and other unallocated expenses							(7,007)
Interest income							4,245
Finance costs							(2,889)
Profit before tax							175,893
Segment assets	480,048	216,939	897,322	1,594,309	478,627	–	2,072,936
Reconciliations:							
Corporate and other unallocated assets				67,052			67,052
Total assets				1,661,361			2,139,988
Segment liabilities	72,133	26,067	81,091	179,291	267,532	–	446,823
Reconciliations:							
Corporate and other unallocated liabilities				45,030			45,030
Total liabilities				224,321			491,853
Other segment information							
Depreciation and amortisation	6,339	230	57	6,626	20,870	–	27,496
Impairment of trade receivables and contract assets	–	3,190	–	3,190	–	–	3,190
Capital expenditure*	3,512	65,105	685,735	754,352	11,349	–	765,701

* *Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, investment properties and other intangible assets including assets from acquisition of subsidiaries.*

No revenue from continuing operations with a single external customer accounted for 10% or more of the Group's revenue.

Geographical information

(a) Revenue from external customers

	Continuing operations		Discontinued operations	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	**RMB'000**	*RMB'000*
Hong Kong	**185,115**	107,570	**–**	–
Mainland China	**155,870**	176,078	**–**	625,877
Other	**20,951**	22,891	**–**	49,760
	361,936	306,539	**–**	675,637

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	Continuing operations		Discontinued operations	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	**RMB'000**	*RMB'000*
Hong Kong	**56,001**	63,949	**–**	–
Mainland China	**860,258**	750,241	**–**	184,373
	916,259	814,190	**–**	184,373

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets and goodwill.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from continuing operations is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers	**360,762**	306,115
Revenue from other sources		
Gross rental income from investment properties under operating leases:	**1,174**	424
	361,936	306,539

Revenue from contracts with customers

Disaggregated revenue information

	2020	2019
	RMB'000	*RMB'000*
Continuing operations:		
Types of goods or services		
Processing	**175,647**	198,545
RMAA Service	**185,115**	107,570
Total revenue from contracts with customers	**360,762**	306,115
Geographical markets		
Hong Kong	**185,115**	107,570
Mainland China	**154,696**	175,654
Other	**20,951**	22,891
Total revenue from contracts with customers	**360,762**	306,115
Timing of revenue recognition		
Goods or services transferred at a point in time	**175,647**	198,545
Services transferred over time	**185,115**	107,570
Total revenue from contracts with customers	**360,762**	306,115

An analysis of other income and gains from continuing operations is as follows:

	2020	2019
	RMB'000	*RMB'000*
Other income and gains, net		
Bank and other interest income	**10,765**	4,168
Investment income	**8,414**	–
Fair value gains on financial assets as at fair value through profit or loss	**3,556**	2,737
Fair value gains on investment properties *(note 10)*	**369**	6,905
Fair value changes on derivative financial instruments	**(1,981)**	–
Gross rental income from plants	**772**	628
Government grants	**3,403**	708
Foreign exchange differences, net	**(892)**	(159)
Others	**882**	395
	25,288	15,382

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2020	2019
	RMB'000	*RMB'000*
Interest on bank loans	**9,455**	2,515
Interest on lease liabilities	**45**	65
Total interest expense	**9,500**	2,580
Less: Interest capitalised	**(7,715)**	(1,575)
	1,785	1,005

6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	Notes	**2020**	2019
		RMB'000	*RMB'000*
Cost of services provided		**249,563**	204,085
Depreciation of property, plant and equipment*		**4,850**	4,490
Depreciation of right-of-use assets	*11*	**1,309**	1,379
Amortisation of other intangible assets*		**5,629**	757
Lease payments not included in the measurement of lease liabilities		**172**	156
Auditors' remuneration		**1,250**	1,250
Employee benefit expense (including directors' and chief executive's remuneration) *:			
Wages and salaries		**34,874**	38,433
Pension scheme contributions		**3,169**	4,958
Foreign exchange differences, net		**892**	159
Impairment of trade receivables	*15*	**3,708**	2,218
Impairment of contract assets		**2,830**	972
Write-off of amounts due from a related party		**2,877**	–
Impairment of loan receivables	*17*	**951**	–
Research and development costs		**4,046**	5,254
Fair value loss/(gains), net:			
Financial assets as at fair value through profit or loss		**(3,556)**	(2,737)
Fair value gains on investment properties	*10*	**(369)**	(6,905)
Fair value changes on derivative financial instruments		**1,981**	–
Bank and other interest income		**(10,765)**	(4,168)
Investment income		**(8,414)**	–
Loss on disposal of items of property, plant and equipment, net		**–**	172

* *Part of the depreciation, amortisation of other intangible assets and prepaid land lease payments and employee benefit expense for the year are included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.*

7. INCOME TAX EXPENSE

Pursuant to the applicable rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

All of the Group's subsidiaries incorporated in Hong Kong are subject to profits tax at a rate of 16.5% (2019:16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2019: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2019: 8.25%) and the remaining assessable profits are taxed at 16.5% (2019: 16.5%).

A subsidiary of the Group incorporated in Malaysia is subject to profits tax at a rate of 24%. No provision for taxation in Malaysia has been made, as the subsidiary did not generate any assessable profits arising in Malaysia for the year ended 31 December 2020.

A subsidiary of the Group incorporated in Cambodia is subject to profits tax at a rate of 20%. No provision for taxation in Cambodia has been made, as the subsidiary did not generate any assessable profits arising in Cambodia for the year ended 31 December 2020.

A subsidiary of the Group incorporated in Myanmar is subject to profits tax at a rate of 25%. No provision for taxation in Myanmar has been made, as the subsidiary did not generate any assessable profits arising in Myanmar for the year ended 31 December 2020.

All of the Group's subsidiaries registered in the PRC having operations only in Mainland China are subject to the PRC enterprise income tax on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws. The PRC Enterprise Income Tax Law introduced a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%.

Pursuant to the relevant laws and regulations in the PRC and with the approval from the tax authorities in charge, one of the Group's subsidiaries, Yongsheng Dyeing, qualified as a High and New Technology Enterprise, is entitled to the preferential enterprise income tax rate of 15% for three years from 2018 to 2020.

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on the dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable to 5% withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of their earnings generated from 1 January 2008. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB96,720,000 at 31 December 2020 (2019: RMB96,720,000). In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

	2020	2019
	RMB'000	*RMB'000*
Current tax	**16,143**	37,632
Deferred tax	**1,288**	3,213
Total tax charge for the year	**17,431**	40,845
from continuing operations	**17,431**	17,597
from discontinuing operations	**–**	23,248

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, plus the weighted average number of ordinary shares that would be issued on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2020	2019
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to shareholders of the Company		
– basic and diluted		
From continuing operations	**72,685**	51,013
From discontinued operations	**–**	62,882
	72,685	113,895

	Number of shares	
	2020	2019
Shares:		
Weighted average number of ordinary shares for basic earnings per share calculation	**735,805,931**	696,415,013
Effect of dilution – weighted average number of ordinary shares:		
Share options	**7,029,580**	8,310,605
Weighted average number of ordinary shares adjusted for the effect of dilution	**742,835,511**	704,725,618

9. DIVIDENDS

	2020	2019
	RMB'000	*RMB'000*
Interim – HK$0.015 (equivalent to RMB0.0134) (2019: HK$0.02 (equivalent to RMB0.0181)) per ordinary share	**9,797**	13,530
Proposed final – HK$0.02 (equivalent to RMB0.0168) (2019: HK$0.03 (equivalent to RMB0.0274)) per ordinary share	**12,330**	20,235
	22,127	33,765

The Board resolved to propose a final dividend of HK$0.02 (2019: HK$0.03) per ordinary share, amounting to a total of RMB12,330,000 (2019: RMB20,235,000). The proposed dividend is based on 732,207,090 (2019: 738,191,890) issued shares as at 29 March 2021.

The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. INVESTMENT PROPERTIES

	Under construction	**Completed**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January 2019	–	–	–
Acquisition of assets and liabilities through acquisition of subsidiaries	558,320	38,800	597,120
Additions	50,673	–	50,673
Changes in fair value recognised in profit or loss	5,305	1,600	6,905
Carrying amount at 31 December 2019 and 1 January 2020	614,298	40,400	654,698
Additions	100,256	–	100,256
Changes in fair value recognised in profit or loss	4,769	(4,400)	369
Carrying amount at 31 December 2020	719,323	36,000	755,323

The Group's investment properties consist of two commercial properties in Hangzhou, the PRC. The Group's investment properties were revalued on 31 December 2020 based on valuations performed by Avista Valuation Advisory Limited ("**Avista**"), an independent professionally qualified valuer, at RMB755,323,000. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

The completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 11 to the financial statements.

As at 31 December 2020, the Group's investment properties with a carrying value of RMB719,323,000 (2019: RMB614,298,000) were pledged to secure long-term loan facilities granted to the Group by a bank.

11. LEASES

Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land *RMB'000*	**Buildings** *RMB'000*	**Total** *RMB'000*
As at 1 January 2019	27,121	1,024	28,145
Additions	–	950	950
Depreciation charge	(766)	(1,108)	(1,874)
Exchange realignment	–	22	22
Disposal of subsidiaries	(15,609)	(226)	(15,835)
As at 31 December 2019 and 1 January 2020	10,746	662	11,408
Additions	–	1,479	1,479
Depreciation charge	(315)	(994)	(1,309)
Exchange realignment	–	(60)	(60)
As at 31 December 2020	10,431	1,087	11,518

The Group's land use rights are corresponding to the lands located in Hangzhou of the PRC and the remaining lease periods were 33 years as at 31 December 2020.

At 31 December 2020, certain of the Group's land use rights with a net carrying amount of approximately RMB4,017,000 (2019: RMB4,139,000) were pledged to secure short-term loan facilities granted to the Group by a bank.

12. GOODWILL

	RMB'000
Cost and carrying amount at 1 January 2019	–
Acquisition of subsidiaries not under common control	101,181
Exchange realignment	4,742
Cost and carrying amount at 31 December 2019	105,923
At 31 December 2019	
Cost	105,923
Accumulated impairment	–
Net carrying amount	105,923
Cost and carrying amount at 1 January 2020	105,923
Exchange realignment	(6,409)
Cost and carrying amount at 31 December 2020	99,514
At 31 December 2020	
Cost	99,514
Accumulated impairment	–
Net carrying amount	99,514

13. INVENTORIES

	2020	2019
	RMB'000	*RMB'000*
Raw materials	**3,380**	2,564
Work in progress	**450**	622
Finished goods	**963**	610
	4,793	3,796

14. PROPERTIES UNDER DEVELOPMENT

	2020	2019
	RMB'000	*RMB'000*
Carrying amount at 1 January 2020	**198,524**	–
Acquisition of assets and liabilities through acquisition of subsidiaries	**–**	186,140
Additions	**24,501**	12,384
Carrying amount at 31 December 2020	**223,025**	198,524

The Group's properties under development are situated on leasehold lands in Mainland China.

At 31 December 2020, the Group's properties under development with a carrying amount of approximately RMB223,025,000 (2019: RMB198,524,000) were pledged to secure long-term loan facilities granted to the Group by a bank (note 20). The value of properties under development was assessed at the end of the reporting period. There was no impairment and the realisable value of the properties under development exceeded their carrying value.

15. TRADE AND BILLS RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**42,425**	38,859
Bills receivable	**38,116**	29,582
	80,541	68,441
Impairment	**(5,722)**	(2,347)
Net trade and bills receivable	**74,819**	66,094

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 3 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**28,502**	30,502
3 to 6 months	**1,272**	1,921
6 months to 1 year	**8,656**	4,160
1 to 2 years	**3,497**	652
More than 2 years	**498**	1,624
	42,425	38,859

16. Prepayments, deposits and other receivables

	2020	2019
	RMB'000	*RMB'000*
Prepayments to suppliers	**1,515**	50
Deposits and other receivables	**1,942**	2,860
Prepaid expenses	**169**	193
Interest receivables	**2,298**	710
Value-added tax recoverable	**12,857**	12,552
	18,781	16,365

The above balances are unsecured and interest-free. The carrying amounts of deposits and other receivables approximate to their fair values.

17. Loan receivables

	2020	2019
	RMB'000	*RMB'000*
Loan receivables – current	**107,518**	145,832
Loan receivables – non-current	**9,950**	–
	117,468	145,832
Impairment	**(927)**	–
	116,541	145,832

18. TRADE PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**123,913**	53,861

An ageing analysis of the trade payables as at the end of the year, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 6 months	**117,388**	50,525
6 months to 1 year	**5,804**	1,939
1 to 2 years	**212**	1,177
More than 2 years	**509**	220
	123,913	53,861

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

19. OTHER PAYABLES AND ACCRUALS

	2020	2019
	RMB'000	*RMB'000*
Contract liabilities	**549**	5,717
Accrued payroll	**7,643**	13,213
Accruals	**2,575**	1,883
Interest payable	**409**	454
Value-added and other taxes payable	**7,186**	4,959
Payables for purchase of property, plant and equipment	**323**	285
Others	**2,997**	1,964
	21,682	28,475

All the amounts of interest payable, value-added and other taxes payable, payables for purchase of property, plant and equipment and other payables are non-interest-bearing and have an average term of three months.

20. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2020			2019		
	Effective interest rate *(%)*	**Maturity**	***RMB'000***	Effective interest rate *(%)*	Maturity	*RMB'000*
Current						
Lease liabilities *(note 11)*	**4.75%**	**31-Dec-21**	**803**	4.75%	31-Dec-20	577
Bank loans – secured	**4.57%**	**13-May-21**	**15,000**	4.57%	04-Dec-20	15,000
Bank loans – secured	**4.57%**	**28-Jun-21**	**10,000**	4.75%	22-Jun-20	10,000
Bank loans – secured	**4.79%**	**03-Dec-21**	**15,000**			
Current portion of long-term bank loans – secured	**4.25%**	**31-Dec-21**	**259**	4.25%	31-Dec-20	263
			41,062			25,840
Non-current						
Lease liabilities *(note 11)*	**4.75%**	**2022**	**303**	4.75%	2022	69
Bank loans – secured	**4.25%**	**09-May-23**	**386**	4.25%	09-May-23	686
Bank loans – secured	**6.60%**	**31-July-25**	**39,600**	6.60%	31-Jul-25	39,600
Bank loans – secured	**6.60%**	**31-July-25**	**30,000**	6.60%	31-Jul-25	30,000
Bank loans – secured	**6.60%**	**2024-2025**	**58,022**			
			128,311			70,355

The Group's bank loans are secured by:

(i) mortgages over the Group's buildings, which had an aggregate carrying value at the end of the reporting period of approximately RMB21,646,000 (2019: RMB22,597,000);

(ii) mortgages over the Group's land use rights, which had a net carrying value at the end of the reporting period of approximately RMB4,017,000 (2019: RMB4,139,000);

(iii) mortgages over the Group's properties under development with a carrying amount of approximately RMB223,025,000 (2019: RMB198,524,000) to secure long-term loan facilities granted to the Group by a bank;

(iv) mortgages over the Group's investment properties with a carrying value of RMB719,323,000 (2019: RMB614,298,000) to secure long-term loan facilities granted to the Group by a bank; and

(v) mortgages over the Group's construction in progress with a net carrying amount of approximately RMB26,055,000 (2019: RMB21,355,000) to secure long-term loan facilities granted to the Group by a bank.

BUSINESS REVIEW

Market review

Looking back to the first half of 2020, the demand for textile in domestic downstream market was suppressed under the impact of the COVID-19 epidemic, and overseas export markets also came to a standstill due to the epidemic. Therefore, global conventional demand in textiles and garment had decreased significantly. However, since the second quarter of 2020, with domestic economic activities gradually resuming in an orderly manner due to China's effective prevention and control on the epidemic, the demand in textile has improved and commodity prices in the textile industry has also recovered rapidly. According to the survey of China National Textile and Apparel Council, since the second quarter of 2020, the climate index of the textile industry rebounded to above 50, above average level over recent years. Demand in the European market and United States market also gradually recovered, which resulted in the exports of the household textile products recovered rapidly in the second half of 2020. In addition, the renovation, maintenance, alteration and addition projects in Hong Kong have not been affected by the epidemic due to its nature of rigid demand. With its own technological advantages, rich product portfolio and diversified development of business segments, the Group can maintain sound operation in any market environment.

Business performance

The Group is principally engaged in: (1) dyeing and processing of differentiated polyester filament fabric; (2) provision of renovation, maintenance, alteration and addition services ("**RMAA Service**"); (3) properties investment; and (4) resources recycling and environmental protection project. In 2019, the Group restructured its business by disposing of the business segments of production of differentiated polyester filament yarn ("**PFY**") and trading of PFY in order to enhance technical capacities in dyeing and processing of differentiated polyester filament fabric in an all-round manner, grasp the market trend and move towards the high-added value market for grasping growth opportunities and satisfying customers' demand on products, thereby creating greater value for shareholders of the Company ("Shareholders").

Continuing operations

During the Year under Review, the Group recorded a turnover from continuing operations of approximately RMB361.9 million, representing an increase of approximately 18.1%, as compared to approximately RMB306.5 million in 2019. The gross profit was approximately RMB112.4 million, representing an increase of approximately 9.7% as compared to approximately RMB102.5 million in 2019. The gross profit margin decreased to approximately 31.0% from approximately 33.4%, which was mainly due to the significant growth of RMAA Service which has lower gross profit margin (approximately 26% for the year ended 31 December 2020) despite the epidemic, effectively offsetted the slight decline of textile business which has relatively higher gross profit margin (approximately 36% for the ended 31 December 2020) under the COVID-19 epidemic. The profit attributable to shareholders from continuing operations was approximately RMB72.7 million, representing an increase of approximately 42.6% as compared to approximately RMB51.0 million in 2019, and the relevant basic earnings per share from continuing operations was RMB0.099 (2019: RMB0.073).

During the Year under Review, the revenue derived from dyeing and processing of differentiated polyester filament fabric, provision of RMAA Service, property investment and environmental protection accounted for approximately 48.5%, 51.1%, 0.4% and 0.0% of the turnover from continuing operations of the Group, respectively; while the operating profit of such four business segments accounted for approximately 58.7%, 46.8%, -0.3% and -5.2% of the aggregate operating profit of the Group, respectively.

Dyeing and processing

Hangzhou Huvis Yongsheng Dyeing and Finishing Co. Limited ("**Yongsheng Dyeing**"), a subsidiary of the Company, located in Hangzhou, is principally engaged in polyester filament fabric dyeing and processing and has been certified as a High and New Technology Enterprise by the People's Republic of China ("**PRC**") government and is further recognised as a Provincial Level Research and Development Center.

In the first half of 2020, affected by the epidemic, demand and supply from domestic and foreign market for polyester filament fabric dyeing and processing were both stricken to a certain extent. In the second half of the year, with the successful prevention and control measures taken in China, the outbreak of epidemic was obtained, and therefore the Group's resumption of production and work progressed well, while the supply and domestic orders both gradually recovered. In addition, due to the normalisation of the anti-epidemic and the implementation of the home isolation order, the development of the Stay-at-Home economy in overseas markets has driven the growth of the Group's textile and home furnishing business in the next half year of 2020, offsetting the short-term negative impact in the first half of the year. Gross profit margins for the year remained solid as compared to last year, despite the industry-wide impact of the epidemic. During the Year under Review, segment revenue was approximately RMB175.6 million, representing a decrease of approximately 11.5% as compared to approximately RMB198.5 million in 2019, while gross profit margin decreased by 0.4 percentage points to 36.0%. The Group launched a new variety of dyeing products in 2020, which have met the quality requirements of customers. Going forward, the Group will actively conduct promotion in the market, so as to increase sales and diversify its product portfolio as well as cope with the impact of market changes.

Provision of RMAA Service

The Group is principally engaged in the provision of two categories of RMAA Service in Hong Kong, namely (1) renovation and maintenance works; and (2) alteration and additional works and fitting-out works. The Group has obtained ISO 9001 and ISO 14001 certifications in quality and environment management and has extensive experience in building maintenance, renovation, waterproofing, additions, alterations and building improvement in the sector of RMAA and fitting-out works in Hong Kong. On 30 June 2020, the Urban Renewal Authority of Hong Kong ("**URA**") announced "Operation Building Bright 2.0" ("**OBB 2.0**") and "Fire Safety Improvement Works Subsidy Scheme" ("**FSW Scheme**") to increase efforts to subsidize the rehabilitation of buildings (including buildings aged 40 or above), so as to improve buildings safety and living conditions. During the Year under Review, we obtained 16 new projects which were not affected by the epidemic. The Group recorded the segment revenue of approximately RMB185.1 million, with a gross profit margin of approximately 26.0% and had approximately 44 projects on hand with a total contract sum of over HK$389 million.

In February 2019, the Group completed the acquisition of 100% issued share capital of Summer Power International Inc. ("**Summer Power**"). Widely Construction & Engineering Limited ("**Widely**") is wholly owned by Summer Power. Pursuant to the relevant agreement in relation to the acquisition, the vendor provided a profit guarantee that the audited consolidated net profit after tax of Widely as shown in the audited consolidated accounts of the Group for the financial year ended 31 March 2019 shall not be less than HK$23,000,000. As disclosed in the announcement of the Company dated 29 November 2019, such profit guarantee has been fulfilled.

Properties investment

The property assets held by the Group include:

(1) Yongsheng Plaza, a building under construction located at Xiaoshan Economic and Technological Development Zone, Hangzhou City, Zhejiang Province, the PRC with an aggregate gross floor area of approximately 64,547.20 square meters with 24 storeys above the ground and 3 storeys under the ground. Due to the outbreak of COVID-19 and unstable weather conditions, the schedule for roofing was affected. During the Year under Review, construction of the main building was completed. The interior decoration will commence soon and is expected to be completed in the first half year of 2021. The Group has been proactively attracting tenants and have successfully entered into several tenancy agreements up to the date of this announcement. Yongsheng Plaza, positioned as a high-end commercial office building and apartment, is expected to solicit long-term tenancies. With the advent of connection of the rail transportation and the 2022 Asian Games, Yongsheng Plaza is expected to become one of the symbolic buildings in Xiaoshan District or even Hangzhou; and

(2) eight office units on two floors for commercial uses in a building located at Zhejiang Private Enterprise Development Building*（浙江民營企业發展大厦）, Xiaoshan Economic and Technological Development Zone, Hangzhou City, Zhejiang Province, the PRC, with an aggregate gross floor area of approximately 2,648.78 square meters. All the office units have been leased out and will bring a stable and sustainable income for the Group, generating a rental income of approximately RMB1.2 million during the Year under Review.

The property investment is a stable and resilient business of the Group with limited exposure to the epidemic and uncertainties. Xiaoshan District is a key development region with promising prospects in Zhejiang Province. The investment properties of the Group have the potential to increase in value, which is beneficial to the asset structure and sustainable development of the Group in the long run.

Environment protection business development

Driven by the "Belt and Road Initiative", the urbanisation and industrialisation of Southeast Asian countries have been improved. However, water supply and wastewater treatment infrastructure in certain Southeast Asia countries, including Vietnam, Cambodia, Myanmar and Indonesia, are in short supply and relatively backward. Under such situation, numerous potential investment and development opportunities are expected. During the Year, the Group cooperated with Bagan Investment Limited ("Bagan") to form a subsidiary company, which is owned as to 60% and 40% by the Group and Bagan, respectively. The subsidiary company is an investment holding company, the subsidiaries of which are principally engaged in the development, investment, operation and management of hydra-related projects, in particular regarding water supply and wastewater treatment, in China and Southeast Asia. Considering the fact that the outbreak of epidemic dragged down businesses in the Southeast Asia, the Group explored the domestic wastewater treatment market simultaneously and actively seek to build small-scale wastewater treatment project in Binjiang District, Hangzhou to perform the work of community wastewater treatment for purpose of being the demonstration base of the local region.

Prospects

In 2021, the domestic new development pattern of "dual circulation" will give space for development and abundant drive force for innovation to the textile industry, and become the core engine for the continuous recovery of the textile industry. The dyeing and processing of differentiated polyester fabrics remain to be the development priority of the Group. As the global vaccination campaign begins, the overseas economy is expected to recover gradually. Thus, it is also expected that global demand for China's textile will remain stable. It is expected that the demand for household textile will maintain and the export of apparel will improve step by step. The Group plans to expand its dying production capacity, increase business volume and focus on developing high value orders with high gross profit at home and abroad, while retain the possibility of increasing its market share by acquisition and merger during the market consolidation period.

FINANCIAL REVIEW

Revenue and gross profit

The following table sets forth a breakdown of the Group's revenue and gross profit by the Group's continuing operations for the year ended 31 December 2020:

Revenue	2020	2019	Revenue change between 2020 and 2019
	RMB'000	*RMB'000*	
1. Dyeing and processing	**175,647**	198,545	(11.53%)
2. RMAA Service	**185,115**	107,570	72.09%
3. Property investment	**1,174**	424	176.89%
	361,936	306,539	18.07%

Revenue of the Group in 2020 was approximately RMB361.9 million, representing an increase of approximately 18.08% from approximately RMB306.5 million as compared with last year. The increase in revenue of the Group was mainly due to the increase in the revenue derived from the RMAA Service and property investment.

Gross profit	2020	2019	Gross profit change between 2020 and 2019
	RMB'000	*RMB'000*	
1. Dyeing and processing	**63,257**	72,359	(12.58%)
2. RMAA Service	**48,080**	29,700	61.89%
3. Property investment	**1,036**	394	162.94%
	112,373	102,453	9.68%

Gross profit of the Group in 2020 was approximately RMB112.4 million, representing an increase of approximately 9.7% as compared with the same last year. The increase in gross profit of the Group was mainly due to increase in revenue from property investment and RMAA services, resulting an increase in their contribution to the Group's overall revenue, offsetted by the significant decrease of the Group's unit price of dyeing and processing service resulted from the outbreak of COVID-19 and increasing industry competition.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately RMB2.45 million, representing a decrease of approximately 63.21% for the Year under Review. The decrease was mainly due to the decrease in marketing activities and staff costs resulted from the outbreak of COVID-19.

Administrative expenses

Administrative expenses (including impairment losses on financial and contract assets) is around RMB45.9 million, which is similar as 2019.

Finance costs

Finance costs increased by approximately 77.61% to RMB1.8 million, primarily due to the increase of bank borrowings during the Year.

Profit attributable to shareholders

The profit attributable to shareholders from the continuing operations in 2019 and 2020 was about RMB51.0 million and RMB72.7 million respectively, with an increase of about 42.55%.

Cash flows

	2020	2019
	RMB'000	*RMB'000*
Net cash flows from operating activities	**2,047**	163,426
Net cash flows used in investing activities	**(66,130)**	(237,787)
Net cash flows from financing activities	**11,801**	78,045
Cash and cash equivalents at the end of the year	**89,718**	148,679

For the year under Review, net cash generated from operating activities was approximately RMB2.0 million, representing a significant decrease as compared with 2019, mainly due to the decrease in operating profit as a result of the disposal of the PFY business in 2019.

Compared with 2019, the cash flow used in investing activities was approximately RMB66.1 million for the year ended 31 December 2020, which was mainly due to Yongsheng Plaza towards completion stage in 2020.

Net cash generated from financing activities was approximately RMB11.8 million for the year ended 31 December 2020, mainly due to the increase of bank borrowings during the Year.

Liquidity and financial resources

As at 31 December 2020, the Group's cash and bank balances, including pledged deposits amounted to approximately RMB89.7 million (31 December 2019: approximately RMB148.7 million).

As at 31 December 2020, the total bank borrowings of the Group was approximately RMB168.3 million (31 December 2019: approximately RMB95.5 million).

As at 31 December 2020 and 2019, the Group's key financial ratio reflecting its liquidity and gearing level, were as follows:

	2020	2019
	RMB'000	*RMB'000*
Current ratio	**3.73**	5.58
Debt to equity ratio	**0.12**	0.07

Exposure to fluctuations in exchange rates and related hedge

The Group mainly operates in the Mainland China with most of the transactions settled in Renminbi ("**RMB**"), except for the business of provision of RMAA service as it is conducted in Hong Kong with the transaction settled in Hong Kong Dollars (HK$). The reporting currency of the Group is RMB.

The Group is exposed to minimal foreign currency exchange risk.

The Group's cash and bank deposits are predominantly in RMB. The Company will pay dividends in Hong Kong Dollars if any dividends are declared.

Employee benefits and remuneration policies

As at 31 December 2020, the Group had a total workforce of 308 employees (31 December 2019: 325 employees). The employees of the Group were remunerated based on their experience, qualifications, the Group's performance and the prevailing market conditions.

During the Year under Review, staff costs (including Directors' remunerations and the salary of the employees) amounted to approximately RMB38.0 million (31 December 2019: RMB89.3 million).

The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options may be granted to eligible staff based on individual's and the Group's performance.

The Group participated in the social insurance schemes operated by the relevant local government authorities, which include retirement pension, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance.

The Group emphasizes on team building and the Group's success is dependent on the contribution of all employees.

Significant investments held as at 31 December 2020

Assets Manager **2020**	**Custodian**	**Investment amount** *RMB'000*	**Agreement date**	**Fair value at Year end** *RMB'000*	**Type of investment**
Minsheng Wealth Management Co., Ltd.	China Merchants Securities Co., Ltd.	30,000	24 Jun 20	31,120	2
Liangke Investment Management Co., Ltd.	China Merchants Securities Co., Ltd.	30,000	14 Dec 20	32,213	2
CITIC Securities Co., Ltd.	CITIC Securities Co., Ltd.	20,000	4 Sep 20	20,223	2
Agricultural Bank of China	Agricultural Bank of China	15,000	24 Dec 20	15,000	1
Agricultural Bank of China	Agricultural Bank of China	50,000	25 Dec 20	50,000	1
Agricultural Bank of China	Agricultural Bank of China	20,000	28 Dec 20	20,000	1
Agricultural Bank of China	Agricultural Bank of China	20,000	30 Dec 20	20,000	1
Agricultural Bank of China	Agricultural Bank of China	4,000	30 Dec 20	4,000	1
Agricultural Bank of China	Agricultural Bank of China	5,500	31 Dec 20	5,500	1
Agricultural Bank of China	Agricultural Bank of China	1,000	31 Dec 20	1,000	1
		195,500		199,056	

Note:

Type 1 investment refers to (i) money market funds; (ii) bank deposits; (iii) money market wealth management products; (iv) money market trust plan; and (v) money market asset management products, etc..

Type 2 investment refers to (i) money market trusts; (ii) private investment funds; (iii) money market asset management products; (iv) bond repurchase; (v) money market funds; and (vi) bank deposits, etc..

Save as disclosed above, there were no significant investments held by the Group as at 31 December 2020.

DIVIDEND

Based on the Group's operating performance in 2020 and taking into consideration of its long-term future development, the Board recommended the payment of a final dividend of HK$0.02 per share of the Company (the "**Final Dividend**") for the financial year ended 31 December 2020. Together with the interim dividend paid of HK$0.015 per share for the six months ended 30 June 2020, the total dividend per share for the financial year ended 31 December 2020 is HK$0.035 per share, representing a dividend payout ratio of approximately 30.4%. The Board believes that the Group's sound financial condition will enable the Group to provide sufficient support to its future development, while providing the Shareholders with a favourable return.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 24 May 2021 to Thursday, 27 May 2021, both days inclusive, for the purpose of determining the Shareholders' entitlement to attend the forthcoming annual general meeting, which shall be held on 27 May 2021 (the "**Annual General Meeting**"), during such period no transfer of shares of the Company will be registered. In order to qualify for attending the Annual General Meeting, the Shareholders should ensure that all transfers accompanied by the relevant share certificates and transfer forms are lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 21 May 2021.

The Board recommended the payment of the Final Dividend to the Shareholders whose names appear on the register of members of the Company on Friday, 4 June 2021. The payment of the proposed Final Dividend is subject to approval by the Shareholders at the Annual General Meeting. If the resolution for the proposed Final Dividend is passed at the Annual General Meeting, the register of members will be closed from Thursday, 3 June 2021 to Friday, 4 June 2021, both days inclusive, and the proposed Final Dividend is expected to be paid on Tuesday, 29 June 2021. In order to qualify for the proposed Final Dividend, the Shareholders should ensure that all transfers accompanied by the relevant share certificates and transfer forms are lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 2 June 2021.

PURCHASE, SALE OR REDEMPTION OF SHARES

Save as disclosed below, during the Year under Review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

During the Year under Review, the Company has repurchased a total of 19,800,000 ordinary shares of HK$0.01 each ("**Shares**") of the Company on the Stock Exchange at aggregate consideration (before expenses) of HK$38,863,850. All the repurchased Shares were cancelled during the year ended 31 December 2020.

Date	Number of Shares repurchased	Purchased price		Aggregate consideration (before expenses)
		Highest	Lowest	*(HKD)*
7 February 2020	6,000,000	1.9	1.9	11,400,000
19 February 2020	2,000,000	1.93	1.93	3,860,000
20 February 2020	4,000,000	1.94	1.91	7,710,000
14 May 2020	2,500,000	1.96	1.95	4,884,500
15 May 2020	2,500,000	1.97	1.95	4,887,350
13 July 2020	1,300,000	1.99	1.98	2,582,000
28 August 2020	1,500,000	2.36	2.36	3,540,000
	19,800,000			38,863,850

CORPORATE GOVERNANCE CODE

The Company was committed to achieving and maintaining high standards of corporate governance, the principles of which serve to uphold transparency, accountability and independence in all aspects of business and endeavours to ensure that affairs are conducted in accordance with applicable laws and regulations. The Board comprises four executive Directors and three independent non-executive Directors. The Group's corporate governance practices are based on the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the Year, the Board considered that the Company had complied with the Code.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Specific enquiry has been made to all Directors and the Directors have confirmed that they had complied with the Model Code during the Year under Review.

AUDIT COMMITTEE

The Company established an audit committee under the Board (the "**Audit Committee**") on 7 November 2013 with written terms of reference in compliance with the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, namely Ms. Wong Wai Ling (Chairlady), Mr. Shiping James Wang and Dr. Wang Huaping. The primary duties of the Audit Committee are to review the Company's financial information, review and supervise the Company's financial reporting process and internal control procedures, nominate and monitor external auditors and provide advice and comments to the Board.

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2020 before such documents were tabled for the Board's review and approval, and is of the opinion that the audited financial statements of the Group for the year ended 31 December 2020 complied with the applicable accounting standards, the Listing Rules and other applicable legal requirements and adequate disclosures have been made.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is published on the websites of the Company (www.chinaysgroup.com) and the Stock Exchange (www.hkexnews.hk). An annual report for the year ended 31 December 2020 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the websites of the Company and the Stock Exchange in due course.

By order of the Board
Yongsheng Advanced Materials Company Limited
Li Cheng
Chairman and Executive Director

Hong Kong, 29 March 2021

As at the date of this announcement, the executive Directors are Mr. Li Cheng, Mr. Li Conghua, Mr. Ma Qinghai and Mr. Xu Wenshing; and the independent non-executive Directors are Ms. Wong Wai Ling, Mr. Shiping James Wang and Dr. Wang Huaping.

* *For identification purposes only*