2024
ANNUAL REPORT

XINYI ELECTRIC STORAGE HOLDINGS LIMITED
信義儲電控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 08328

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CONTENTS

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Mr. LEE Shing Kan, M.H.ø

Independent non-executive Directors

Mr. WANG Guisheng* ø <
Mr. NG Wai Hung# <
Mr. CHAN Hak Kan, S.B.S., J.P.# +

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#	Members of audit committee
+	Chairman of remuneration committee
ø	Members of remuneration committee
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SHARE INFORMATION

Place of listing: GEM of the Stock Exchange
Stock code: 08328
Listing date: 11 July 2016
Board lot: 4,000 ordinary shares
Financial year end date: 31 December
Share price as of the date of this annual report: HK$0.82
Market capitalisation as of the date of this annual report: Approximately HK$644.1 million

CHAIRMAN'S STATEMENT

On behalf of the board of Directors (the "**Board**") of the Company, I am pleased to present the annual consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024.

For the year ended 31 December 2024, the Group recorded a 11.4% decrease in revenue from HK$1,392.0 million in 2023 to HK$1,233.9 million in 2024, mainly attributable to the decrease in the average selling price of each principal business product as a result of the imbalance between the supply and demand in the market.

In 2024, the loss attributable to owners of the Company amounted to HK$197.1 million, representing a significant decrease as compared to the profit attributable to owners of the Company of HK$83.1 million in 2023, which was mainly due to (i) the loss arising from the disposal of the battery production lines and the amount of provision for the impairment of the intangible assets in relation to the capitalised development costs for the lithium battery products and (ii) the amount of provision for the impairment of (a) the value of the production facilities and (b) the intangible assets in relation to the capitalised development costs for the renewable energy products as a result of the decreases in the market prices and the accelerated technical development in 2024.

I present below an overview of the business of the Group during 2024 and key development highlights for the coming year.

BUSINESS REVIEW

Electric storage business – Disposal of the lithium battery production lines to safeguard the future profitability of the business

The Group is dedicated to the development and application of different types of battery pack, energy storage system products and residential "photovoltaic, storage and charging" products, and is engaged in the integrated research and development (R&D), design, production, system integration and service function with lithium batteries as the core to further develop into different types of lithium battery products and energy storage products, which have become the core business activities of the Group. The Group has always adhered to the scientific and technological innovation, and the Directors believe that R&D is the key to success of the Group's long-term development. Therefore, the Group has provided strong support to the investment in R&D and has strengthened continuously the investment in R&D. In response to the customers' demands and the market changes, R&D and production of energy storage system products and other associated products have been strengthened for the purpose of offering customers a wider range of energy storage products, technical services and comprehensive system solutions.

The Directors are of the view that the demand for the industrial and commercial energy storage products and the residential "photovoltaic, storage and charging" products will serve as the growth drivers in the future, thus active deployment is being carried out for the dual development in these business activities. The Group's industrial and commercial energy storage products are part of the Group's comprehensive product solutions, with products including air cooling energy storage system and liquid cooling energy storage system, and are suitable for different applications, such as power generation, power supply and user-side. In 2024, the variety of the Group's industrial and commercial energy storage products has been further expanded with the commencement of shipment and delivery of its industrial and commercial outdoor energy storage containers.

The lithium battery production lines of the Group primarily served the purpose of producing lithium batteries for its own consumption to further process into products including battery packs and energy storage systems. With the increase in the overall supply and the improvement in production technology, the average selling prices of lithium battery products continue to decrease. The production capacity of the Group's lithium battery production lines was not comparable to that of other specialised large-scale battery manufacturers who can benefit from the economies of scale in production. With the imbalance in supply and demand, industry peers have been scrambling orders at low prices in order to maintain their market share and production rate. The Directors consider that it would be more commercially viable for the Group to purchase the lithium batteries from other manufacturers instead of producing the lithium batteries by the Group. Due to the severe market competition, the market price level of storage batteries and the situation of the Group, the Directors made a decisive decision to cease the lithium battery production lines during the year and then took active parts in identifying a buyer to dispose the lithium battery production lines. The disposal of the lithium battery production lines was completed in December 2024, thereby incurring a disposal loss of HK$95.6 million. Even though there was a large one-time loss incurred from the disposal of the lithium battery production lines, the decision was targeted to discontinue the loss led by the lithium battery production so that the Group could better utilise its resources in the integration of energy storage systems. The Directors considered that the disposal will benefit the Group in the long run mainly because it will (i) release the working capital required for maintaining the raw materials for the lithium battery products as well as the utensils and manpower required for operating the battery production lines, including the quality control costs arising from inspecting enormous raw materials for the lithium battery production as well as the costs incurred for any substandard or non-conforming products produced in the process; (ii) reduce the R&D costs for lithium battery products; and (iii) decrease the expenditure on maintenance and continuous upgrading of capital assets required for manufacturing lithium battery products. With the disposal of the lithium battery production lines, the provision for impairment was also made for the capitalised development costs relating to the lithium battery technology.

In addition, regarding the residential "photovoltaic, storage and charging" products, the R&D team of the Group is dedicated to the development of a product development roadmap for the integration and serialisation of "photovoltaic, storage and charging". These products mainly comprise three major series, namely (i) residential energy storage; (ii) electric vehicle ("**EV**") charger; and (iii) portable energy storage. The residential energy storage products mainly include residential energy storage battery packs. The Group has formed strategic cooperation with inverter manufacturers to support the supply of residential energy storage products, among which the delivery of 13.5 kilowatt-hour (kWh) residential energy storage battery pack, the new product, commenced in 2024. Furthermore, the delivery of the EV charger series is stable with products available at leading e-commerce and home appliance retailers. The Group also conducts the R&D and certification on various types of EV chargers. However, as the sales and promotion of the EV chargers are more difficult than the original expectation, a provision for impairment for the equipment and capitalised development costs was made. In terms of the portable energy storage series, despite the R&D of various portable energy storage products of the Group is almost completed, the Group has decided to suspend the R&D and sales of the portable energy storage series of products around the end of 2024 in view of factors including their product specifications, market prices, sales channels and future resource allocation, with a full provision for impairment made for the assets including the equipment and capitalised development costs.

As the Group ceased the lithium battery production during the year, corresponding adjustments were needed for the R&D of its energy storage system products, aiming at assessing and improving the impact of using different lithium batteries on such products, while appropriate R&D and switching were required subsequently in terms of the technology of the energy storage system products. Upon such adjustments, several industrial and commercial energy storage system projects undertook by the Group in the fourth quarter of 2024 have been delivered in 2024 when part of which are expected to be delivered in the first quarter of 2025.

Engineering, procurement and construction ("EPC") service business for photovoltaic power stations – Growth in revenue and gross profit and expansion of business into Indonesia

Because of the rapid development in the distributed photovoltaic field, the Group has formed a professional and efficient photovoltaic EPC team and has commenced the EPC service business in the PRC, Canada and Indonesia. Under the realisation of "carbon emission peak and carbon neutrality (碳達峰、碳中和)" goal actively promoted by the PRC government, the applications of the photovoltaics are increasing in all scenarios. The distributed photovoltaic power stations are built on roofs for achieving energy-saving and carbon dioxide emission reduction, which provided an enormous market for the photovoltaic business. The Group is also engaged in the provision of photovoltaic EPC services for residential users in Canada in the form of one-stop energy solution covering the design and development, financial planning, installation and the post-completion maintenance.

Among the several principal businesses of the Group, the photovoltaic EPC service business performed relatively satisfactory in 2024, recording a growth of 7.0% in its revenue as compared to 2023. Meanwhile, with the benefit arising from the recent decrease in the price of key materials such as photovoltaic modules, the photovoltaic EPC service business recorded a high gross profit margin of 25.7%, representing an increase as compared to 24.5% in 2023.

Due to the Canadian government's suspension of subsidy applications at the national level in 2024, the Canadian photovoltaic EPC service business of the Group has been affected to a certain extent in terms of the number of orders signed. However, the solid and reliable foundation still placed the photovoltaic EPC service business of the Group in Canada in a leading position in the Canadian market. From 2024, the Canadian photovoltaic EPC service business has also diversified into the commercial photovoltaic EPC market to further expand its business presence in Canada.

In addition, the Group has established a joint venture in Indonesia with a well-known local enterprise in 2024 for the purpose of providing photovoltaic EPC services to the domestic users in Indonesia to further expand the photovoltaic EPC services business overseas. The first photovoltaic EPC project in Indonesia is currently under installation. Meanwhile, the Group has also established a subsidiary in South Africa to develop its photovoltaic and energy storage business.

Photovoltaic films ("PV Films") business – Increase in sales volume and reduction in production cost

The Group is actively exploring the manufacturing business on PV Films for the purpose of aligning with Xinyi's strategic goal of becoming a major supplier of key components of photovoltaic modules. The Group's PV Films products are mainly ethylene vinyl acetate ("**EVA**") films, polyolefin elastomer ("**POE**") films and co-extruded POE ("**EPE**") films, which are developed according to the customers' demands for the type and technical requirements of photovoltaic modules, so as to provide them with PV Films products that meet their requirements. The Group's PV Films production lines are located in Wuhu City, Anhui Province, which have completed the construction of 45 gigawatts ("**GW**") of production capacity for the encapsulant films. Moreover, the Group has set up production lines in Malacca, Malaysia, with a production capacity of 5GW for the encapsulant films, for the continuously growing needs of the photovoltaic module markets in Southeast Asia.

As the certification and product introduction work with multiple module manufacturers have been completed, the sales volume of the PV Films products of the Group increased significantly in 2024, representing a growth of 37% as compared to last year. As the overall production capacity of the PV Films industry increased with the market capacity higher than the demand, the selling price of PV Films products decreased as a result of the imbalance between supply and demand. Despite the increase in sales volume of the PV Films business, its revenue decreased slightly by 6.1% as compared to last year. Through increased sales volume and reduced unit costs, the Group's PV Films business achieved a gross profit in 2024.

With cyclical adjustments from changes in supply and demand in the photovoltaic industry, the photovoltaic industry is facing severe challenges and intensified competition which has put enormous pressure on its overall profitability. Under such difficult operating environment, the Group, while actively promoting the sales volume increase, shall also consider factors including profit of orders and recoverability risk of receivables. Taking more prudent sales strategies and controlling the order scale when appropriate, the Group will develop the PV Films business with certain profitability to protect the long-term healthy development of this business.

BUSINESS OUTLOOK

The Group's principal business has been transformed from the provision of the automobile glass and repair services business in Hong Kong to a comprehensive solution provider of a wide range of electric storage products, EPC services and PV Films. The Group has a clear development direction on its current business activities. The Group currently focuses on a diversified approach of "3E" renewable energy business, namely Energy storage, EPC services and EVA Films.

A series of government policies has been implemented by the PRC government and in other foreign countries which are beneficial to the development of a sustainable and comprehensive business model of energy storage business. In addition to the driving force brought by the renewable energy, such as photovoltaics combined with energy storage, several factors, including the widening gap between the peak-trough tariff, the continuous decreases in the costs of the energy storage system and the ever-advancing technology in the field of energy storage, also contribute to the improvement in the investment returns on the energy storage for the users and reduce the payback period, thus driving a swift development in the industrial and commercial energy storage on user-side. It is expected that the installation for energy storage in the future will be benefitted significantly.

The Group has accumulated years of R&D and operation experience in the electric storage business and will continue to leverage such experience to capture the opportunities arising from the booming industry. After the disposal of the lithium battery production lines in December 2024, the capital assets of the Group for the electric storage business, mainly consisting of land, plants and battery pack production lines, will be in a more light-asset position from 2025 onwards. With the significant reduction in various expenses and costs in the future, including labor costs, depreciation charge, R&D expenses, it is expected that the operation of the electric storage business in a light-asset approach enables the improvement of the profitability in a more efficient manner. Furthermore, the Group will pay more attention to the integration of battery end-products henceforward to improve the industrial, commercial and residential energy storage systems. With efforts to make such integration more precise by applying its experience, the Group strives to maintain its market competitiveness with a clearer positioning and more efficient execution though the energy storage industry is undergoing difficulties in terms of the operating environment. The Group will continue to focus on the market development, strengthen the R&D and optimise the product standards, while focusing on the development of overseas markets, in which resources will be deployed to strengthen and accelerate the product R&D and certification applicable to overseas markets.

In order to address the climate change, the concept of "sustainable development" has received much attention in recent years. Its key is to promote green and environmental-friendly development. The use of photovoltaic has experienced continuous enhancement in standards and continuous expansion in scale. With the recent significant decreases in the installation cost for photovoltaic, the global installation for photovoltaic maintains a faster pace in its growth. The PV Films produced by the Group are an important encapsulant material for photovoltaic modules. The demand for PV Films is expected to grow rapidly as the demand for photovoltaic power generation continues to increase. The Group's primary goal is to complete the certification work with the top module manufacturers in the PRC, while actively securing the supply share of the customers which have already completed the product introduction. In addition, with the swift development in photovoltaic, there is a change in the technology and requirement for the photovoltaic modules from the industry, therefore R&D for the upgrade and iteration of encapsulant technology and product types is a key to the sustainable development for the PV Films enterprises. The Group will make efforts on R&D of the PV Films through deploying its resources, and strengthen the establishment of its R&D team in order to improve the quality and performance of the PV Films in accordance with technological changes in photovoltaic modules and customer needs. Meanwhile, the Group will deploy resources in the R&D in the new generation of the PV Films in order to establish a long-term collaboration with its customers by providing products and service standards with better quality to increase the influence of the Group in the PV Films market. In respect of the investment in R&D, the Group is committed to investing in the leading-edge or promising encapsulant technology, including in zero busbar (0BB) module encapsulant material technology and development of the encapsulant films for perovskite cells. The modification of the PV Films production lines of the Group is also in progress to further increase its speed, thereby achieving the effect of reducing costs, increasing efficiency as well as increasing production capacity. The current low market price of the PV Films drives necessity for the Group to maintain the profit of orders and healthy cash flow along with strict control over the scale of order acceptance and continuous assessment of recoverability risk of receivables while actively expanding the PV Films business. The goal is to ensure the healthy development of the PV Films business of the Group during the challenging environment of the industry.

In addition, the Group is also actively exploring and deploying to seek the production and sales of other types of film products through the interlink of the resin melt co-extrusion technique and compatibility of the production lines.

Similar to the energy storage above, the continuous decline in price of photovoltaic products forced the unceasing fall in the investment cost of distributed photovoltaic power stations. The investment return rate for the installation of the distributed photovoltaic power stations is further improved and more industrial and commercial distributed rooftop resources that meet the profit conditions are released. Apart from the domestic market, overseas photovoltaic EPC markets also own huge potential. In the future, the Group will actively build up overseas project development teams for photovoltaic EPC business to fully develop its photovoltaic EPC business in South Africa and Indonesia. With the recent integrated development of the renewable energy and energy storage markets, enterprises with the ability to combine the two would become more competitive in the market. Leveraging on its extensive experience in the photovoltaic and energy storage industries, the Group will apply the relevant experience to the development of derivation from photovoltaic EPC to photovoltaic and energy storage EPC to provide total solutions of photovoltaic systems and energy storage systems to customers.

In the future, exploring overseas markets will be a key focus of the Group in terms of development. The Group will increase its resources for the investment in overseas photovoltaic and energy storage EPC business and actively explore other development opportunities in overseas markets. The Group has already developed business in some overseas countries, including Canada, South Africa, Indonesia, the Philippines, Pakistan, Poland and Ukraine. Noting the demand for supporting production of photovoltaic modules in Indonesia, the Group has now laid out plans to set up production bases for the PV Films in Indonesia with the view to further develop the related business. In addition to meeting the demand for the PV Films in Indonesia and neighboring countries, this move can also address the risks brought by the international trade barriers.

Looking forward, the Group will continue to focus on the further development of the selected sector in renewable energy, such as energy storage, EPC services and PV Films and expand its market share and position in the increasingly competitive renewable energy market, so as to further improve the Group's profitability. Faced with certain difficulties in the short term, the prospects are still favorable for developing energy storage and photovoltaic industries. The Group will certainly rise to the challenge when adopting a flexible and adaptive management strategy to address the demand on the renewable energy industry from, and the changes in, the market, targeting to stand out in the renewable energy industry with both opportunities and crises. In the long run, the Directors believe that these business directions will deliver satisfactory returns to the shareholders and contribute to the global green energy transformation.

Tan Sri Datuk TUNG Ching Sai ***P.S.M, D.M.S.M, J.P.***
Chairman

19 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a decrease in revenue by 11.4% from HK$1,392.0 million in 2023 to HK$1,233.9 million in 2024, mainly attributable to the decrease in the average selling price of each principal business product as a result of the imbalance between supply and demand in the market. Loss attributable to owners of the Company amounted to HK$197.1 million in 2024 which was mainly attributable to (i) the loss arising from the disposal of the battery production lines and the amount of provision for the impairment of the intangible assets in relation to the capitalised development costs for the lithium battery products and (ii) the amount of provision for the impairment of (a) the value of the production facilities and (b) the intangible assets in relation to the capitalised development costs for the renewable energy products as a result of the decreases in the market prices and the accelerated technical development in 2024.

Renewable Energy – Electric Storage Business

The Group has production facilities in Zhangjiagang, Jiangsu Province for the manufacturing and sales of electric storage products and is engaged in the integrated R&D, design, production, system integration and service function with lithium batteries as the core to further develop into different types of lithium battery products and energy storage products, which have become the core business activities of the Group. The electric storage business of the Group mainly focuses on the development and sales of the industrial and commercial energy storage products as well as the residential energy storage products. The Group's products are mainly sold and installed in integrated systems comprising lithium batteries, battery management systems and other components (such as energy management systems and power conversion systems). The Group's electric storage products for industrial and commercial use are mainly being used as energy storage systems to facilitate load shifting and power stabilisation, and also being used as uninterruptible power supply. The Group's electric storage products for residential use mainly include micro energy storage products and portable EV chargers.

Renewable Energy – EPC services for photovoltaic power stations (the "EPC Services")

The Group is engaged in the EPC Services to customers in the PRC for the installation of distributed photovoltaic power stations in their premises.

In addition to the domestic market in the PRC, the Group has a subsidiary in Canada and a joint venture in Indonesia, for the provision of EPC Services in Canada and Indonesia, respectively.

Renewable Energy – PV Films

The Group is engaged in the production and sales of PV Films, which are used as encapsulant materials for solar modules. The Group has a PV Films plant in Wuhu City, Anhui Province, the PRC for the production and sales of PV Films. Also, the Group has PV Films production lines in Malaysia.

Automobile Glass Repair and Replacement Services

The Group operates service centres and a motorcade service team for the automobile glass repair and replacement services in Hong Kong.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group's revenue was HK$1,233.9 million (2023: HK$1,392.0 million), representing a decrease by 11.4% mainly attributable to the change in revenue contributed by business segments analysed as follows:

Revenue — by segment

	Year Ended 31 December					
	2024		2023		Increase/(decrease)	
	HK$'million	***%***	*HK$'million*	*%*	*HK$'million*	*%*
Electric storage business	**172.4**	**14.0**	356.1	25.6	(183.7)	(51.6)
EPC Services	**611.8**	**49.6**	572.0	41.1	39.8	7.0
PV Films	**341.5**	**27.7**	363.5	26.1	(22.0)	(6.1)
Automobile glass repair and replacement services	**57.4**	**4.6**	50.2	3.6	7.2	14.3
Others (Trading of forklift and wind farm related business)	**50.8**	**4.1**	50.2	3.6	0.6	1.2
Total revenue	**1,233.9**	**100.0**	1,392.0	100.0	(158.1)	(11.4)

Revenue — by geographical area

	Year Ended 31 December					
	2024		2023		Increase/(decrease)	
	HK$'million	***%***	*HK$'million*	*%*	*HK$'million*	*%*
The PRC	**723.5**	**58.6**	962.3	69.1	(238.8)	(24.8)
Canada	**430.5**	**34.9**	376.0	27.0	54.5	14.5
Hong Kong	**57.4**	**4.7**	50.2	3.6	7.2	14.3
Others	**22.5**	**1.8**	3.5	0.3	19.0	542.9
Total revenue	**1,233.9**	**100.0**	1,392.0	100.0	(158.1)	(11.4)

For the year ended 31 December 2024, the Group's revenue from the sales of electric storage products decreased from HK$356.1 million for the year ended 31 December 2023 to HK$172.4 million for the year ended 31 December 2024. The decrease in revenue was mainly due to the change of using self-produced lithium batteries to lithium batteries procured from third party manufacturers for further processing to energy storage products, which the Group accepted fewer orders of industrial and commercial energy storage products during the year as corresponding adjustments were needed for R&D of its energy storage system products. The acceptance of orders gradually resumed to normal in the fourth quarter of 2024.

The imbalance between the market supply and demand of lithium batteries and the improvement of production technology drove the drop in the market price of lithium battery products and energy storage products in the PRC during the year, which also attributed to the decrease in revenue from the sales of electric storage products.

Revenue from the EPC Services increased from HK$572.0 million for the year ended 31 December 2023 to HK$611.8 million for the year ended 31 December 2024. The revenue contributed from the EPC Services in the PRC and Canada remained stable during the year.

Revenue from the PV Films slightly decreased from HK$363.5 million for the year ended 31 December 2023 to HK$341.5 million for the year ended 31 December 2024. The decrease in revenue was mainly due to the drop in average selling price of the PV Films products during the year. Similar to the electric storage business, the imbalance between the market supply and demand of PV Films products caused the drop in the market price of PV Films products. Despite the drop in average selling price, the Group maintained a similar level of revenue from the PV Films for the year due to the increase in sales volume.

Revenue from the automobile glass repair and replacement services increased from HK$50.2 million for the year ended 31 December 2023 to HK$57.4 million for the year ended 31 December 2024. The increase in revenue was mainly due to the increase in average selling price as more customers opted to choose automobile glasses with value-added functions and features for the replacement.

Cost of revenue and gross profit

Cost of revenue comprised of HK$164.0 million (2023: HK$325.0 million) arising from the electric storage business, HK$454.3 million (2023: HK$432.1 million) arising from the EPC Services, HK$333.0 million (2023: HK$367.2 million) arising from the PV Films, HK$39.1 million (2023: HK$36.1 million) arising from the automobile glass repair and replacement services, and HK$40.3 million (2023: HK$36.2 million) arising from others (trading of forklift and wind farm related business).

Cost of revenue for the electric storage business of HK$164.0 million (2023: HK$325.0 million) mainly comprised of the material cost, labour cost and depreciation charge of property, plant and equipment. The gross profit of the electric storage business decreased from HK$31.0 million for the year ended 31 December 2023 to HK$8.4 million for the year ended 31 December 2024. The decrease in gross profit was mainly due to the decrease in revenue during the year.

Cost of revenue for the EPC Services of HK$454.3 million (2023: HK$432.1 million) mainly comprised of the material cost, installation cost and other subcontracting costs. The gross profit of the EPC Services increased from HK$139.9 million for the year ended 31 December 2023 to HK$157.5 million for the year ended 31 December 2024 mainly due to the increase in revenue during the year.

Cost of revenue for the PV Films of HK$333.0 million (2023: HK$367.2 million) mainly comprised of material cost, labour cost and depreciation charge of property, plant and equipment. The gross profit of the PV Films increased from a gross loss of HK$3.7 million for the year ended 31 December 2023 to a gross profit of HK$8.6 million for the year ended 31 December 2024 mainly due to the increase in sales volume and the implementation of cost saving measures during the year.

Cost of revenue for the automobile glass repair and replacement services of HK$39.1 million (2023: HK$36.1 million) mainly comprised of labour costs and depreciation charge of property, plant and equipment (including the depreciation charge of right-of-use assets of lease contracts). The gross profit of the automobile glass repair and replacement services increased from HK$14.1 million for the year ended 31 December 2023 to HK$18.3 million for the year ended 31 December 2024 mainly because the depreciation charge and other overhead expenses (including labour costs) were generally stable, while revenue increased.

Cost of revenue of others mainly comprised of the purchase cost of electric forklifts and the staff costs for the wind farm related business.

The gross profit increased by HK$7.8 million from HK$195.3 million for the year ended 31 December 2023 to HK$203.1 million for the year ended 31 December 2024. The gross profit margin increased from 14.0% for the year ended 31 December 2023 to 16.5% for the year ended 31 December 2024, which was mainly due to the increase in revenue attributable to the EPC Services which had a relatively higher gross profit margin than other businesses of the Group.

Other income

Other income for the year ended 31 December 2024 mainly represented the tax subsidy, additional deduction of input value-added tax and income from sale of electricity generated from the Group's distributed photovoltaic power generation facilities and energy storage facilities.

Other income for the year ended 31 December 2023 mainly represented the government grants from the PRC government which were recognised based on the operating costs of the Group in connection with the production and sales of the PV Films in the PRC.

The decrease in other income for year ended 31 December 2024 as compared to the year ended 31 December 2023 was mainly due to the absence of government grants recognised based on the operating costs in connection with the production and sales of the PV Films.

Other (losses)/gains, net

Other losses, net for the year ended 31 December 2024 mainly included the loss on disposal of the battery production lines amounting to HK$95.6 million. As the average selling prices of lithium battery products in the PRC continue to decrease with the increase in the overall supply and the improvement in production technology, the Directors consider that it would be more cost efficient for the Group to outsource the lithium battery products from large-scale and specialised manufacturers. The Group disposed the battery production lines to an independent third party in December 2024 at a consideration of RMB26.2 million (equivalent to HK$28.1 million). Loss on disposal of HK$95.6 million was recognised during the year ended 31 December 2024, representing the difference between the carrying amount of the battery production lines and the consideration. Details of the disposal of battery production lines are set forth in the announcements of the Company dated 6 December and 18 December 2024.

Other gains, net for the year ended 31 December 2023 mainly included the gains on disposal of scrapped materials arising from the production during the years and the net exchange gains.

Impairment losses on property, plant and equipment and intangible assets

The details of the impairment losses on property, plant and equipment and intangible assets are as follows:

PV Films business

In view of the imbalance between the market demand and supply of the PV Films products, the market prices of the PV Films products decreased significantly during the year. The Directors concluded there was an impairment indicator and carried out an impairment assessment and a review of the recoverable amount of the PV Films business. The recoverable amount of the PV Films business was determined using the value in use calculation based on the cash flow projections covering a five-year period. In respect of the determination of the value in use of the cash-generating unit of PV Films business for financial reporting purpose, the Group has engaged an independent valuer to assist the Company in the relevant calculation of the value in use. The carrying amount of the assets of the PV Films business was written down to its recoverable amount. As a result, impairment losses on property, plant and equipment of HK$41.4 million and intangible assets of HK$4.4 million were recognised for the year ended 31 December 2024.

Portable energy storage business

In view of the intense competition of the portable energy storage products in the market and the accelerated technical development, the Directors decided to suspend the subsequent R&D and promotion of the project. The Directors concluded there was an impairment indicator and carried out an impairment assessment and a review of the recoverable amount of the portable energy storage business. The Directors are of the view that the carrying amount of the assets of the portable energy storage business was with a minimal recoverable amount. As a result, impairment losses on property, plant and equipment of HK$2.0 million and intangible assets of HK$25.5 million were recognised for the year ended 31 December 2024.

EV charger business

In view of the intense competition of the EV charger products in the market and the accelerated technical development, the sales and marketing of the EV charger products of the Group were not as good as expected. The Directors concluded there was an impairment indicator and carried out an impairment assessment and a review of the recoverable amount of the EV charger business. The recoverable amount of the EV charger business was determined using the value in use calculation based on the cash flow projections covering a five-year period. In respect of the determination of the value in use of the cash-generating unit of the EV charger business for financial reporting purpose, the Group has engaged an independent valuer to assist the Company in the relevant calculation of the value in use. The carrying amount of the assets of the EV charger business was written down to its recoverable amount. As a result, impairment losses on property, plant and equipment of HK$3.1 million and intangible assets of HK$14.9 million were recognised for the year ended 31 December 2024.

Others

The remaining balances of the impairment losses on property, plant and equipment and intangible assets amounting to HK$3.0 million and HK$15.8 million, respectively, represented (i) the impairment of an equipment which was individually assessed as non-functional and (ii) the impairment of the capitalised development costs as a result of the suspension of R&D for lithium battery products following the disposal of the lithium battery production lines, respectively.

Selling and marketing costs

Selling and marketing costs decreased by HK$2.4 million from HK$35.6 million for the year ended 31 December 2023 to HK$33.2 million for the year ended 31 December 2024, which was mainly due to the decrease in after-sales service expenses, partially offset by the increase in advertising expenses.

Administrative expenses

Administrative expenses increased by HK$36.9 million from HK$120.7 million for the year ended 31 December 2023 to HK$157.6 million for the year ended 31 December 2024, primarily due to (i) the increase in employee benefit expense as a result of the increase in average number of employees for administrative duties during the year; (ii) the increase in the expenditure for R&D; and (iii) the increase in depreciation charge of property, plant and equipment.

Share of results of joint ventures

Share of results of joint ventures was mainly contributed from the Company's joint venture in Indonesia, namely PT Xinkai Solar Indonesia, which was incorporated and commenced operation during the year. PT Xinkai Solar Indonesia is principally engaged in the EPC Services in Indonesia.

Finance costs

Finance costs increased by HK$2.7 million from HK$15.0 million (or HK$30.9 million before capitalisation) for the year ended 31 December 2023 to HK$17.7 million (or HK$20.9 million before capitalisation) for the year ended 31 December 2024. The decrease in finance costs before capitalisation was due to the re-finance of the Hong Kong dollars ("**HK$**") bank borrowings by Renminbi ("**RMB**") bank borrowings, taking advantage of the lower RMB borrowing rates as compared to those of HK$. The increase in finance costs after capitalisation was mainly attributable to the decrease in amounts eligible for capitalisation as a result of the decrease in qualifying assets during the year ended 31 December 2024. During the year, interest expense of HK$3.2 million (2023: HK$15.9 million) was mainly capitalised into the property, plant and equipment of the PV Films production facilities. The capitalised amounts will depreciate together with the relevant assets over their estimated useful lives.

Income tax expense

The Group incurred income tax expense of HK$18.3 million for the year ended 31 December 2024 (2023: HK$17.5 million), which comprised of Hong Kong profits tax, PRC corporate income tax and Canadian corporate income tax. Income tax expense mainly represented the income tax attributable from the EPC Services in Canada. Three (2023: Four) of the PRC subsidiaries, being qualified as New and High Technology Enterprise, were entitled to a preferential corporate income tax rate of 15% and tax incentives for research and development tax credit.

(Loss)/profit attributable to owners of the Company

Loss attributable to owners of the Company for the year ended 31 December 2024 amounted to HK$197.1 million (2023: profit of HK$83.1 million). The decrease in the profitability was mainly due to (i) the loss arising from the disposal of the battery production lines and the amount of provision for the impairment of the intangible assets in relation to the capitalised development costs for the lithium battery products and (ii) the amount of provision for the impairment of (a) the value of the production facilities and (b) the intangible assets in relation to the capitalised development costs for the renewable energy products as a result of the decreases in the market prices and the accelerated technical development in 2024.

FINANCIAL RESOURCES AND LIQUIDITY

For the year ended 31 December 2024, the Group's primary sources of funding included its own working capital, the net proceeds from the rights issue in December 2021 and September 2022 and bank borrowings. As of 31 December 2024, the Group had net current assets of HK$70.5 million (31 December 2023: HK$213.0 million) and cash and cash equivalents of HK$111.7 million (31 December 2023: HK$206.5 million) which were mainly placed with major banks in Hong Kong, the PRC and Canada. As of 31 December 2024, the Group had bank borrowings of HK$467.8 million (31 December 2023: HK$532.2 million) and had unutilised banking facilities of HK$1,136.6 million (31 December 2023: HK$974.9 million).

As of 31 December 2024, the Group's gearing ratio calculated based on net debt (bank borrowings less cash and cash equivalents) divided by the total equity of the Group was 36.9% (31 December 2023: 26.6%). The change in the Group's gearing level was primarily due to the decrease in cash and cash equivalents and the decrease in total equity.

CAPITAL STRUCTURE

There has been no material change in the capital structure of the Company during the year. The capital of the Group comprises only ordinary shares.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of HK$50.8 million for the year ended 31 December 2024 (2023: HK$131.5 million), which was mainly related to the acquisition of new equipment for the PV Films and the EPC Services.

Capital commitments contracted but not provided for by the Group as of 31 December 2024 amounted to HK$12.8 million (31 December 2023: HK$14.6 million), which were mainly related to the purchase of various production plants and machinery for the PV Films production facilities in the PRC from independent third parties under different independent contracts.

PLEDGE OF ASSETS

As of 31 December 2024, a bank balance of HK$2.9 million was pledged to secure for the Group's bills payables. No assets of the Group were pledged as security as of 31 December 2023.

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2024, the Group had 445 (31 December 2023: 597) full-time employees, of whom 298 (31 December 2023: 438) were based in the PRC, 64 (31 December 2023: 57) were based in Hong Kong and 83 (31 December 2023: 102) were based in Malaysia and Canada. The total staff costs, including the emoluments of the Directors, amounted to HK$135.9 million (2023: HK$144.4 million) for the year ended 31 December 2024. The Group maintains good relationships with all of its employees and provides the employees with sufficient training in business and professional knowledge, including information about the applications of the Group's products and skills in maintaining good customer relationships. Remuneration packages offered to the Group's employees have been consistent with the prevailing market terms and are reviewed on a regular basis. Discretionary bonuses may be awarded to employees taking into consideration the Group's performance and that of the individual employee.

Pursuant to the applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administrated by the responsible government authorities in the PRC for its employees in the PRC. For the Group's employees in Hong Kong, all the arrangements pursuant to the mandatory provident fund requirements prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) have been duly implemented. The Group's employees in Canada are members of the Canada Pension Plan operated by the Canadian government.

FINAL DIVIDEND

The Directors did not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group mainly operates in Hong Kong, the PRC and Canada with most of the transactions denominated and settled in HK$, RMB and Canadian Dollar ("**CAD**"). Exchange rate fluctuations between RMB and HK$ or CAD and HK$ could affect the Group's performance and asset value.

The presentation currency of the Group's consolidated financial statements is HK$. Amid the depreciation of RMB against HK$ in 2024, the Group reported non-cash translation loss – a decrease in the exchange reserve of its consolidated statement of financial position of HK$66.2 million (2023: HK$28.1 million), when converting RMB-denominated assets and liabilities into HK$ at 31 December 2024. As a result, the Group's consolidated exchange reserve recorded a debit balance of HK$142.1 million as of 31 December 2024, as compared to a debit balance of HK$75.9 million as of 31 December 2023.

The Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations. The Group may use financial instruments for hedging purposes as and when required. During the year ended 31 December 2024, the Group did not use any financial instrument for hedging purpose.

USE OF THE NET PROCEEDS FROM RIGHTS ISSUE

In September 2022, the Company raised the net proceeds of HK$393.2 million by way of rights issue of 71,367,861 rights shares. The net proceeds from the rights issue have been fully utilised during the year. The table below sets forth the proposed applications of the net proceeds and the actual utilisation up to 31 December 2024:

	Proposed applications of the net proceeds *HK$'million*	Remaining balance as of 31 December 2023 *HK$'million*	**Amount utilised up to 31 December 2024** ***HK$'million***	**Remaining balance as of 31 December 2024** ***HK$'million***
Additional working capital for the development of the PV Films business	393.2	59.8	**59.8**	**—**

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITIONS OF CAPITAL ASSETS

During the year ended 31 December 2024, the Company has completed the disposal of the battery production lines to an independent third party. Details of which are disclosed in the announcements of the Company dated 6 December and 18 December 2024.

Save as disclosed above, there were no significant investments held which exceed 5% of the total assets of the Group as of 31 December 2024. There were no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2024. There were no other plans authorised by the Board for any material investments or additions of capital assets as of the date of this report.

CONTINGENT LIABILITIES

As of 31 December 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.* (董清世), aged 59, is a non-executive Director and the Chairman of the Board and is responsible for the formulation of the Group's overall business strategy. Tan Sri Datuk TUNG Ching Sai, J.P. has joined the Group since December 1996. Tan Sri Datuk TUNG Ching Sai, J.P. has been working with Xinyi Glass Holdings Limited ("**Xinyi Glass**"), a company listed on the main board of the Stock Exchange (stock code: 00868), and its subsidiaries (collectively, "**Xinyi Glass Group**") for 36 years since its inception and is currently an executive director and the chief executive officer of Xinyi Glass, the vice chairman and non-executive director of Xinyi Solar Holdings Limited ("**Xinyi Solar**") (stock code: 00968), and the vice chairman and executive director of Xinyi Energy Holdings Limited ("**Xinyi Energy**") (stock code: 03868), all of them are listed on the main board of the Stock Exchange. Tan Sri Datuk TUNG Ching Sai, J.P. is a member of the National Committee of the Chinese People's Political Consultative Conference, a standing committee member of the Guangxi Zhuang Autonomous Regional Committee of the Chinese People's Political Consultative Conference, a member of the executive committee of All-China Federation of Industry and Commerce, chairman of the Happy Hong Kong Foundation, president of Hong Kong Industrial & Commercial Association, and vice chairman of the China Architectural and Industrial Glass Association. Tan Sri Datuk TUNG Ching Sai, J.P. obtained the Third Shenzhen Municipal Ten Outstanding Young Entrepreneur award in September 2001 and was awarded the "Young Industrialist Awards of Hong Kong 2006". Tan Sri Datuk TUNG Ching Sai, J.P. graduated from the Sun Yat-Sen University with a senior executive master degree in business administration. Tan Sri Datuk TUNG Ching Sai, J.P. is the uncle of Ms. LI Pik Yung, an executive Director, and Mr. LEE Shing Kan, M.H., a non-executive Director. Tan Sri Datuk TUNG Ching Sai, J.P. is the brother-in-law of Dr. LEE Yin Yee, S.B.S., one of the controlling shareholders (the "**Controlling Shareholders**") of the Company, and brother of Datuk Wira TUNG Ching Bor *D.C.S.M*, one of the Controlling Shareholders.

EXECUTIVE DIRECTORS

Mr. NG Ngan Ho (吳銀河), aged 60, is an executive Director. Mr. NG is responsible for overseeing the daily operations and management of the Group. Mr. NG has joined the Group since July 2016 and was the chief executive officer of the Company from 14 November 2018 to 26 February 2021. Mr. NG was appointed as the executive Director since May 2020. Mr. NG joined Xinyi Glass in August 2003 and was responsible for overseeing the finance and procurement of the industrial park in Dongguan, the PRC of Xinyi Glass. Mr. NG was appointed as an executive director of Xinyi Glass on 25 June 2004 and has been re-designated as a non-executive director of Xinyi Glass since 1 July 2007.

Ms. LI Pik Yung (李碧蓉), aged 52, is an executive Director and the chief operation officer of the Company. Ms. LI is responsible for overseeing the daily management, sales and marketing activities and human resources matters of the Group, as well as the daily operations of the Group's automobile glass repair and replacement services business. Ms. LI has been working for the Group for over 20 years and was promoted as an executive Director since December 2015. Ms. LI is a niece of Tan Sri Datuk TUNG Ching Sai, J.P., a non-executive Director and the Chairman and one of the Controlling Shareholders and a cousin of Mr. LEE Shing Kan, M.H., the non-executive Director.

Mr. WANG Mohan (王墨涵), aged 39, is an executive Director and the Chief Executive Officer of the Company. Mr. WANG was appointed as the Chief Executive Officer of the Company since 4 August 2022 and the executive Director since 5 June 2023. Mr. WANG is also currently the president of Polaron Energy Corp. ("**PEC**"), a company established in Canada and a non-wholly subsidiary of the Company. Mr. WANG is also interested in 6.0% of the issued share capital of PEC. Mr. WANG graduated from Goodman School of Business of Brock University with a bachelor's degree of accounting in 2009 and a master's degree of accountancy in 2011. Mr. WANG is a non-practising certified public accountant and certified management accountant in Canada. Mr. WANG has over 10 years of experience in the solar photovoltaic industry operations focusing on the sales and production, project management and financial management.

NON-EXECUTIVE DIRECTOR

Mr. LEE Shing Kan, M.H. (李聖根), aged 45, is a non-executive Director. Mr. LEE has joined the Group since April 2004. Mr. LEE has been working in Xinyi Glass for over 19 years. Mr. LEE is currently an executive director of Xinyi Glass and is responsible for overseeing the automobile glass business segment of Xinyi Glass. Mr. LEE holds a bachelor's degree in commerce from the University of Melbourne, Australia and a master's degree in applied finance from Monash University, Australia. Mr. LEE is the standing member of the Sichuan Provincial Committee of the Chinese People's Political Consultative Conference and the chief supervisor of the Federation of HK Sichuan Community Organisations. Mr. LEE was a director of Tung Wah Group of Hospitals from 2012 to 2014. Mr. LEE has been the executive committee member and was the chairman of the Lok Sin Tong Benevolent Society, Kowloon since April 2018 and from April 2023 to March 2024, respectively. Mr. LEE is a nephew of Tan Sri Datuk TUNG Ching Sai, J.P., a non-executive Director and the Chairman and one of the Controlling Shareholders, and a cousin of Ms. LI Pik Yung, an executive Director. Mr. LEE is the son of Dr. LEE Yin Yee, S.B.S., one of the Controlling Shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WANG Guisheng (王貴升), aged 55, is an independent non-executive Director since June 2016. Mr. WANG obtained a master's degree in business administration from China Europe International Business School in August 2014. Mr. WANG is qualified as Certified Public Accountant with the Chinese Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and has been a member of the Association of Chartered Certified Accountants of England since April 2003. Currently, Mr. WANG is an executive director, chief financial officer and joint company secretary of Smoore International Holdings Limited (stock code: 06969), a company listed on the main board of the Stock Exchange.

Mr. NG Wai Hung (吳偉雄), aged 61, is an independent non-executive Director since June 2016. Mr. NG graduated from the University of Hong Kong with a bachelor's degree in laws in 1987. Mr. NG is a practising solicitor and a partner in Iu, Lai & Li, a Hong Kong firm of solicitors. Mr. NG practices in the areas of securities law, corporate law and commercial law in Hong Kong. Mr. NG was an independent non-executive director of 1957 & Co. (Hospitality) Limited (stock code: 08495), a company listed on the GEM of the Stock Exchange, from November 2017 to August 2022, and Winshine Science Company Limited (stock code: 00209), a company listed on the main board of the Stock Exchange, from May 2019 to June 2023, and a non-executive director of Allegro Culture Limited (formerly known as Kingkey Intelligence Culture Holdings Limited) (stock code: 00550), a company listed on the main board of the Stock Exchange, from September 2023 to July 2024. Currently, Mr. NG is an independent non-executive director of Lajin Entertainment Network Group Limited (stock code: 08172), a company listed on the GEM of the Stock Exchange, New Sparkle Roll International Group Limited (stock code: 00970), a company listed on the main board of the Stock Exchange, and MediNet Group Limited (stock code: 08161), a company listed on GEM of the Stock Exchange, and a non-executive director of Coolpad Group Limited (stock code: 02369), a company listed on the main board of the Stock Exchange.

Mr. CHAN Hak Kan, S.B.S., J.P. (陳克勤), aged 48, is an independent non-executive Director since June 2016. Mr. CHAN graduated from The Chinese University of Hong Kong, obtained a bachelor's degree in social science in December 1997, and further obtained a master's degree in social science in December 2003. From January 2000 to December 2003, Mr. CHAN served as an elected member of the Sha Tin District Council. From October 2008 to October 2011, July 2012 to June 2018, October 2016 to December 2021, January 2017 to December 2022 and January 2019 to December 2024, Mr. CHAN served as a member of the Council of The Chinese University of Hong Kong, Beat Drugs Fund Association Governing Committee, Tung Wah Group of Hospitals Advisory Board, ICAC Advisory Committee on Corruption and Witness Protection Review Board, respectively. Mr. CHAN has been a member of the HKSAR Legislative Council, Po Leung Kuk Advisory Board, and the HKSAR Executive Council since October 2008, March 2022 and July 2022, respectively. In June 2012, Mr. CHAN was appointed as the Justice of the Peace by the Chief Executive of Hong Kong. Currently, Mr. CHAN is an independent non-executive director of Oshidori International Holdings Limited (stock code: 00622), Imagi International Holdings Limited (stock code: 00585) and China Resources Power Holdings Company Limited (stock code: 00836), all of them are listed on the main board of the Stock Exchange.

SENIOR MANAGEMENT

Mr. CHEUNG Siu On Victor (張兆安), aged 37, is the financial controller and company secretary of the Company and is responsible for the overall financial and company secretarial matters of the Group. Mr. CHEUNG joined the Group in April 2020. Mr. CHEUNG obtained a Bachelor's Degree in Business Administration (Honours) in Accountancy from The Hong Kong Polytechnic University. Mr. CHEUNG has over 10 years of experience in auditing and prior to joining the Group, Mr. CHEUNG worked for Xinyi Glass. Mr. CHEUNG is a fellow member of the HKICPA.

CORPORATE GOVERNANCE REPORT

The Board recognises the importance of good corporate governance in the management structure and internal control procedures of the Group for the purpose of ensuring that all business activities of the Group and the decision-making process are properly regulated and are in full compliance with the applicable laws and regulations. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the "**CG Code**") set forth in Part 2 of Appendix C1 of the GEM Listing Rules throughout the year of 2024.

In the opinion of the Board, the Company has complied with the applicable principles and code provisions of the CG Code for the year ended 31 December 2024.

The Board is collectively responsible for the long-term success of the Company. Its key responsibilities include providing leadership and supervision to the management with a view to protecting the interests of the shareholders of the Company (the "**Shareholders**") and enhancing Shareholders' long-term value.

The Board has established the Group's purpose, values and strategies and was satisfied that they are aligned with the Group's culture. All Directors must act with integrity, lead by example, and promote the desired culture. The Board should instil and continually reinforce across the Company's values of "acting lawfully, ethically and responsibly".

During the year ended 31 December 2024, the Board closely monitored the implementation of corporate governance practice, risk management and internal control systems to ensure the corporate value and the Company's culture are aligned.

BOARD OF DIRECTORS

One of the responsibilities of the Board is to prevent fraud and non-compliance issues, safeguard the assets of the Group and formulate the overall business strategies for the Group. The Board currently comprises three executive Directors, two non-executive Directors and three independent non-executive Directors, and Tan Sri Datuk TUNG Ching Sai, J.P. is the Chairman of the Board.

The three executive Directors are Mr. NG Ngan Ho, Ms. LI Pik Yung and Mr. WANG Mohan. Ms. LI Pik Yung is a niece of Tan Sri Datuk TUNG Ching Sai, J.P. and a cousin of Mr. LEE Shing Kan, M.H..

The two non-executive Directors are Tan Sri Datuk TUNG Ching Sai, J.P. and Mr. LEE Shing Kan, M.H.. Mr. LEE Shing Kan, M.H. is a nephew of Tan Sri Datuk TUNG Ching Sai, J.P. and a cousin of Ms. LI Pik Yung.

The three independent non-executive Directors are Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, S.B.S., J.P..

The independent non-executive Directors have brought in a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all independent non-executive Directors will continue to make various contributions to the Company.

The Company has complied with rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors, one independent non-executive director of which has the appropriate professional qualifications or accounting or related finance management expertise and the independent non-executive directors represent at least one-third of the Board.

Tan Sri Datuk TUNG Ching Sai, J.P. is the Chairman of the Board and Mr. WANG Mohan is the Chief Executive Officer of the Company. The Chairman is responsible for managing and providing leadership to the Board. Tan Sri Datuk TUNG Ching Sai, J.P. is responsible for ensuring that the Group has maintained strong and effective corporate governance practices and procedures.

The Chief Executive Officer is responsible for the day-to-day management of the business of the Group. With the assistance of other members of the Board and other senior management, Mr. WANG closely monitors the operating and financial results of the Group, identifies any weakness in the operation and takes all necessary and appropriate steps to remedy such weakness. Mr. WANG is also responsible for formulating the future business plans and strategies of the Group for the Board's approval.

The articles of association (the "**Articles**") of the Company provide that at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall subject to retirement by rotation at least once every three years. Where there is any casual vacancy in the Board, candidates will be proposed and put forward to the Board for consideration and approval, with a view to appointing to the Board individuals with the appropriate capabilities to fill the casual vacancy.

Each of the two non-executive Directors and the three independent non-executive Directors were appointed for a term of three years commenced from 12 July 2022.

The Company has received written confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines pursuant to rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors have fulfilled the independence guidelines set forth under rule 5.09 of the GEM Listing Rules.

Attendance records of the Directors at board meetings, board committee meetings and general meetings in 2024 are as follows:

	Number of meetings attended/eligible to attend				
Directors	**Board meetings**	**Audit committee meetings**	**Nomination committee meetings**	**Remuneration committee meetings**	**General meetings**
Tan Sri Datuk TUNG Ching Sai, J.P.	4/4	N/A	1/1	N/A	1/1
Mr. NG Ngan Ho	4/4	N/A	N/A	N/A	1/1
Ms. LI Pik Yung	4/4	N/A	N/A	N/A	1/1
Mr. WANG Mohan	4/4	N/A	N/A	N/A	1/1
Mr. LEE Shing Kan, M.H.	4/4	N/A	N/A	1/1	1/1
Mr. WANG Guisheng	4/4	2/2	1/1	1/1	1/1
Mr. NG Wai Hung	4/4	2/2	1/1	N/A	1/1
Mr. CHAN Hak Kan, S.B.S., J.P.	4/4	2/2	N/A	1/1	1/1

The Board is responsible for the formulation of the overall strategies and objectives of the Group, monitoring and evaluating the operating and financial performance, the review of the corporate governance measures and supervision of the overall management of the Group. The senior management of the Group is responsible for the implementation of the business strategies and the day-to-day operations of the Group under the leadership of the Chief Executive Officer. The Directors have full access to all the information of the Group in relation to the business operation and financial performance of the Group. Senior management of the Group also provides the Directors from time to time with information on the business operation of the Group.

MECHANISM REGARDING INDEPENDENT VIEWS TO THE BOARD

The Board has implemented different ways to ensure independent views and input are available to the Board (the "**Mechanism**"). The Board will conduct annual review on the implementation and effectiveness of the Mechanism and the results will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2024, the Board reviewed the implementation and effectiveness of the Mechanism and the results were satisfactory.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding securities transactions by the Directors (the "**Model Code**") on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set forth in rules 5.48 to 5.67 of the GEM Listing Rules. Directors are reminded of their obligations under the Model Code on a regular basis. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with such required standard of dealings and its code of conduct regarding securities transactions set forth in the Model Code for the year ended 31 December 2024.

REMUNERATION COMMITTEE

The remuneration committee (the "**Remuneration Committee**") of the Board comprises three members, namely Mr. CHAN Hak Kan, S.B.S., J.P., Mr. LEE Shing Kan, M.H. and Mr. WANG Guisheng. The chairman of the Remuneration Committee is Mr. CHAN Hak Kan, S.B.S., J.P..

The Remuneration Committee was established on 25 June 2016 and its terms of reference are posted on the websites of the Company and the Stock Exchange. The primary duties of the Remuneration Committee include reviewing the terms of the remuneration packages of the Directors, making recommendations to the Board on the remuneration packages of the Directors and senior management and reviewing and approving matters related to share schemes. During the year ended 31 December 2024, one meeting of the Remuneration Committee was held to discuss and review such matters.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors and the chief executive of the Company) by band for the year ended 31 December 2024 is set forth below:

In the band of:	Number of individuals
HK$1,000,001 to HK$1,500,000	1

Details of remuneration of the Directors and the chief executive is set forth in Note 9 to the consolidated financial statements in this annual report.

AUDIT COMMITTEE

The audit committee (the "**Audit Committee**") of the Board comprises three independent non-executive Directors, namely Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, S.B.S., J.P.. Mr. WANG Guisheng is the chairman of the Audit Committee. The audited consolidated financial statements of the Group for the year ended 31 December 2024 has been reviewed by the Audit Committee.

The Audit Committee was established on 25 June 2016 and its terms of reference are posted on the websites of the Company and the Stock Exchange. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group, nominate and monitor external auditor and provide advice and comments to the Board on matters related to corporate governance. During the year ended 31 December 2024, the Audit Committee held two meetings for reviewing the interim and annual financial results and reports as well as the financial reporting and compliance procedures, internal control and risk management systems and the effectiveness of the internal audit function, scope of work and appointment of external auditor.

NOMINATION COMMITTEE

The nomination committee (the "**Nomination Committee**") of the Board consists of three members, namely Tan Sri Datuk TUNG Ching Sai, J.P., Mr. WANG Guisheng and Mr. NG Wai Hung. The chairman of the Nomination Committee is Tan Sri Datuk TUNG Ching Sai, J.P..

The Nomination Committee was established on 25 June 2016 and its terms of reference are posted on the websites of the Company and the Stock Exchange. The primary duties of the Nomination Committee are to review the structure, size and diversity of the Board on a regular basis, assess the independence of independent non-executive Directors of the Company, and make recommendations to the Board regarding the appointment, retirement and re-election of Directors. During the year ended 31 December 2024, one meeting of the Nomination Committee was held to discuss, review and assess such matters.

NOMINATION POLICY

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

— Reputation for integrity;

— Achieve board diversity, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

— Merit and contribution that candidate will bring to the Board;

— Compliance with the criteria of independence as prescribed under the GEM Listing Rules for the appointment of an independent non-executive Director if the proposed candidate will be nominated as an independent non-executive Director; and

— Able to devote sufficient time and attention to the Company's business.

The Nomination Committee may propose to the Board a candidate recommended or offered for nomination by a Shareholder as a nominee for election to the Board and the appointment or re-appointment of Directors and succession planning for Directors is subject to the approval of the Board.

Procedures for Shareholders' nomination of any proposed candidate for election as a Director are stated in "Procedures for Shareholders to Propose a Director" and disclosed in the Company's website.

BOARD DIVERSITY

The Board considers that its diversity is a vital asset to the business and has adopted a board diversity policy for better transparency and governance. Board appointments are based on merit and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption, as set forth in the board diversity policy of the Company.

The members of the Board, who come from a variety of different backgrounds, have a diverse range of business, and professional expertise. A majority of the Directors have more than 8 years' experience serving as an executive officer or a director of a company in the renewable energy industry. Additionally, the Board comprises members of different age groups (i.e. (a) 30-39 years old: 1 Director; (b) 40-49 years old: 2 Directors; (c) 50-59 years old: 4 Directors; and (d) 60-69 years old: 1 Director) and different places of residences (i.e. (a) PRC: 5 Directors and (b) Hong Kong: 3 Directors). Based on the foregoing, the composition and diversity of the Board enable the management to benefit from a diverse and objective external perspective, on issues raised before the Board.

Brief biographical particulars of the Directors, together with information relating to the relationship among them, are set forth on pages 18 to 20 in this annual report.

The Board has one female Director. The Board will endeavour to at least maintain female representation on the Board and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. As of 31 December 2024, among 445 employees (including senior management) of the Group, the percentages of male employees and female employees are 73% and 27%, respectively. The Board considers that the Group's workforce (including senior management) is diverse in terms of gender.

The Nomination Committee was of the opinion that the Board consisted of members with diversified gender, age, cultural and education background, professional/business experience, skills and knowledge. Further details for the diversity, including the gender diversity, in the workforce during the year ended 31 December 2024 are set forth in the Environmental, Social and Governance Report dated 30 April 2025 of the Company.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibilities in (i) overseeing the preparation of the financial statements of the Group with a view to ensure that such financial statements give a true and fair view of the state of affairs of the Group, and (ii) selecting suitable accounting policies, applying the selected accounting policies consistently, and making prudent and reasonable judgments and estimates for the preparation of the financial statements of the Group. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the auditor of the Company regarding their reporting responsibilities on the financial statements of the Group is set forth in the Independent Auditor's Report on pages 49 to 54 in this annual report.

AUDITOR'S REMUNERATION

The professional fee charged by the external auditor of the Company, BDO Limited, for the year ended 31 December 2024 is as follows:

	HK$
Services in respect of:	
– auditing services in respect of the annual financial statements of the Group	1,400,000

RISK MANAGEMENT AND INTERNAL CONTROL

The Board and the management of the Group maintain a sound and effective system of risk management and internal control of the Group in order to ensure the effectiveness and efficiency of the operations of the Group in achieving the established corporate objectives, safeguarding assets of the Group, rendering reliable financial reporting and complying with the applicable laws and regulations. The systems are designed to provide reasonable but not absolute assurance against material misstatement or loss, and to manage rather than eliminate risk of failure to meet the business objectives of the Group.

The key elements of the Group's risk management and internal control structure are as follows:

— Well-defined organisational structure with appropriate segregation of duties, limit of authority, reporting lines and responsibilities to minimise risk of errors and abuse;

— Clear and written policies and procedures have been established and regularly reviewed for major functions and operations;

— Important business functions or activities are managed by experienced, qualified and suitably trained staff;

— Continuous monitoring of the key operating data and performance indicators, timely and up-to-date business and financial reporting, immediate corrective actions are taken where necessary; and

— Internal audit function to perform independent appraisal of major operations on an ongoing basis.

The Company has established an inside information policy which contains the guidelines to the directors, officers and all relevant employees (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to public in equal and timely manner in accordance with the applicable laws and regulations.

Through the Audit Committee and the internal audit team, the Board has conducted an annual review on the effectiveness of risk management and internal control systems of the Group for the year ended 31 December 2024.

A risk-based approach is adopted to ensure that a methodical coverage of the Group's operations and resources are focused on high risk areas. The internal audit team takes the lead to evaluate the risk management and internal control systems of the Group by reviewing the major operations of the Group on a rotational basis every year. The review covers all material controls including financial, operational and compliance controls. Review results and recommendations in the form of written reports are submitted to the Audit Committee for discussion and review. Follow up actions will be taken up by the internal audit team to ensure that findings previously identified have been properly resolved.

Based on the results of the internal control review for the year ended 31 December 2024 and the assessment of the Audit Committee thereon, no significant deficiency in risk management and internal controls systems are noted. The Board therefore is satisfied that appropriate and effective risk management and internal control systems have been maintained for the year ended 31 December 2024.

DIRECTORS' INDUCTION AND PARTICIPATION IN CONTINUOUS PROFESSIONAL DEVELOPMENT

According to the code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

The Company provides to all the Directors a comprehensive induction package which includes introduction on the business operations, internal procedures and general policy of the Company and a summary of statutory and regulatory obligations of directors under the GEM Listing Rules and other relevant laws and regulations. During the year, all the Directors were provided with regular updates on the Group's business, operations, risk management and corporate governance matters to enable the Board as a whole and each Director to discharge their duties. The Directors are also encouraged to attend both in-house training and training provided by independent service providers. Directors are continually updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged where necessary.

COMPANY SECRETARY

The company secretary is Mr. CHEUNG Siu On Victor, a fellow member of the HKICPA. He assists the Board by ensuring good information flow within the Board and that the policy and procedures of the Board are followed. Further information on his biography is set forth on page 20 of this annual report. Mr. CHEUNG has duly complied with the relevant professional training requirement under rule 5.15 of the GEM Listing Rules.

SHAREHOLDERS' RIGHTS

(i) Procedures for Shareholders to convene a general meeting and putting forward proposals

Pursuant to Article 64 of the Articles, an extraordinary general meeting ("**EGM**") shall also be convened and resolutions to a meeting agenda shall be added on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings, on a one rate per share basis in the share capital of the Company. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The requisitionist(s) may add resolutions to a general meeting agenda.

(ii) Procedures for which enquiries may be put to the Board

Shareholders may at any time send their enquiries and concerns with sufficient contact details to the Board at the principal place of business of the Company in Hong Kong for the attention of the Company Secretary or via e-mail to "ir@xyglass.com.hk".

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company endeavours to develop and maintain continuing relationships and effective communications with its Shareholders and investors. In an effort to facilitate and enhance the relationships and communication, the Company has established a shareholders communication policy. The Board reviewed the implementation and effectiveness of the shareholders communication policy and the results were satisfactory.

The Company has established the following channels for maintaining an on-going dialogue with its Shareholders:

(i) the annual general meeting provides a forum for the Shareholders to raise comments and exchange views with the Board. The Directors are available at the annual general meetings of the Company to address Shareholders' queries;

(ii) the Company maintains a website at www.xinyies.com, where updated key information/news of the Group is available for public access;

(iii) interim and annual results are announced as early as possible, to keep the Shareholders informed of the Group's performance and operations;

(iv) the Company's management may meet with Shareholders, potential investors and research analysts upon request and provide update of the latest business development of the Group and answer their queries in accordance with the Group's inside information policy; and

(v) Shareholders shall direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited.

CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company has been published on the websites of the Company and the Stock Exchange. There has been no change in the Company's constitutional documents during the year ended 31 December 2024.

REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set forth in Note 30 to the consolidated financial statements in this annual report.

RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 31 December 2024 is set forth in the consolidated statement of profit or loss and other comprehensive income on pages 55 to 56 in this annual report.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2024.

BUSINESS REVIEW AND PROSPECTS

A business review of the Group for the year ended 31 December 2024 and its future development is set forth in the Chairman's Statement from pages 3 to 8 and Management Discussion and Analysis from pages 9 to 17 in this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's energy storage products and PV Films products production may generate air pollutants, waste water and other industrial waste at different stages of the production process. To ensure compliance with the applicable environmental protection laws and regulations, the Group has implemented the following environmental protection measures:

— *Exhaust air:* The ingredients in the production process and the extrusion process during the production of PV Films generate exhaust gas. The Group adopts activated carbon adsorption of exhaust gas and catalytic combustion devices for treatment. The treated volatile organic compounds meet the emission standards.

— *Solid wastes:* Packaging material for different raw materials and chemicals, waste scraps and general domestic waste are the major solid wastes. Most of the packaging materials were returned to the suppliers or sold to recycling companies.

Over the past few years, the Group has continuously built distributed photovoltaic power stations through providing EPC Services to the customers, which can help to improve air quality and the environment by reducing the consumption of fossil fuels and emission of carbon dioxide.

The Group has also utilised the solar power generation system installed on the rooftops of its production bases to generate renewable energy for its own use. Moreover, the Group has also implemented different measures to further reduce greenhouse gases emissions per unit of production output, improve the water recycling utilisation rate and promote more environmentally friendly product packaging.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has published its Environmental, Social and Governance report for the year ended 31 December 2024 on the Stock Exchange's website and the Company's website at the same time as the publication of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year under review and to the best knowledge of the Directors, the Group had obtained and completed all material licenses, certifications, permits and registration necessary for its business operations, and the Group had complied in all material aspects with all laws, rules and regulations that have a significant impact on the Group's business and operations.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Group values relationships with, and have been maintaining good relationships with its customers, raw material and equipment suppliers, service providers and the employees of the Group. During the year ended 31 December 2024, there were no material disputes between the Group and its customers, suppliers and employees.

PRINCIPAL RISKS AND UNCERTAINTIES

The business performance of the Group is subject to the following principal risks and uncertainties:

Electric storage business

— The levels of demand and supply of battery pack and energy storage system, and lithium battery products are not entirely within the Group's control and are generally affected by the energy storage industry, the government support measures to the energy storage companies, the overall macroeconomic factors in the principal lithium battery and energy storage related markets, and the production capacity of other lithium battery and energy storage product manufacturers.

— The Group also relies on a stable supply of raw materials for its production requirement.

EPC Services business

– The levels of demand and supply of solar energy and EPC Services are not entirely within the Group's control and are generally affected by government support measures for clean energy and overall macroeconomic factors.

– The performance of the EPC Services business is dependent on the Group's ability to source quality products and subcontractors at reasonable prices.

PV Films business

– The levels of demand and supply of the PV Films are not entirely within the Group's control and are generally affected by the solar energy industry, the government support measures to the solar energy companies, the overall macroeconomic factors in the principal solar energy related markets, and the production capacity of other PV Film manufacturers.

– The Group also relies on a stable supply of raw materials for its production requirement.

Automobile glass repair and replacement services business

— The business and financial conditions and operating results depend on the constant supply of automobile glass and the Group's ability to effectively manage and maintain the level of inventories.

— The profitability is subject to the rise and fluctuation of the prices of the automobile glass.

— Any complaints or claims by the customers or negative publicity on the Group could materially and adversely affect the Group's reputation and business.

All of the above factors could adversely and materially affect the Group's operating results and profitability.

Details of the Group's exposure to foreign exchange risk and other financial risks are set forth in the paragraphs under "Treasury Policies and Exposure to Fluctuation in Exchange Rates" in the section headed "Management Discussion and Analysis" on page 16 and paragraphs under "Financial Risk Management and Fair Value Measurement" in Note 33 to the consolidated financial statements in this annual report.

FINANCIAL SUMMARY

A summary of the consolidated results of the Group for the past five years ended 31 December 2024 and the consolidated assets and liabilities of the Group as of 31 December 2020, 2021, 2022, 2023 and 2024 is set forth in the section headed "Financial Summary" in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the Group's property, plant and equipment during the year ended 31 December 2024 are set forth in Note 14 to the consolidated financial statements in this annual report.

SHARES ISSUED DURING THE YEAR

Details of the movements in share capital of the Company during the year are set forth in Note 26 to the consolidated financial statements in this annual report.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**"), pursuant to which the Company may distribute dividends to the Shareholders by way of cash or shares. Any distribution of dividends shall be in accordance with the Articles and the distribution shall achieve continuity, stability and sustainability.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval by the Shareholders. The Board takes into account the following factors when considering the declaration and payment of dividends:

- liquidity position of the Company;
- financial results;
- Shareholders' interests;
- general business conditions and strategies;
- capital requirements;
- contractual restrictions on the payment of dividends by the Company to the Shareholders or by the subsidiaries to the Company, if any;

- taxation considerations;
- possible effects on the creditworthiness;
- statutory and regulatory restrictions; and
- any other factors the Board may deem relevant.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

DISTRIBUTABLE RESERVES

Under the Companies Act of the Cayman Islands, as of 31 December 2024, share premium amounting to HK$922.7 million (31 December 2023: HK$922.3 million) was distributable to Shareholders, subject to the condition that immediately following the date on which the distribution or dividend is proposed to be made, the Company is able to pay its debts as they fall due in the ordinary course of business.

As of 31 December 2024, the Company had no distributable reserve available for distribution to Shareholders (31 December 2023: Nil) other than mentioned above.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

DIRECTORS

The Directors during the year and up to the date of this annual report were:

Executive Directors

Mr. NG Ngan Ho
Ms. LI Pik Yung
Mr. WANG Mohan

Non-executive Directors

Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.* *(Chairman)*
Mr. LEE Shing Kan, M.H.

Independent non-executive Directors

Mr. WANG Guisheng
Mr. NG Wai Hung
Mr. CHAN Hak Kan, S.B.S., J.P.

In accordance with Article 108 of the Articles, Tan Sri Datuk TUNG Ching Sai J.P., Mr. NG Wai Hung and Mr. CHAN Hak Kan, S.B.S., J.P. will retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company (the "**Annual General Meeting**").

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from the independent non-executive Directors the annual confirmations of independence pursuant to rule 5.09 of the GEM Listing Rules. The Company considers all the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the Annual General Meeting has entered or has proposed to enter into any service agreements with the Company or any other member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REMUNERATION

The emoluments of the Directors are recommended by the Remuneration Committee and are decided by the Board, taking into account the Group's operating results, individual performance as well as market trends and practices. The Company's policies concerning remuneration of the executive Directors are:

(i) the amount of remuneration is determined on the basis of the relevant executive Director's experience, responsibility, workload and the time devoted to the Group;

(ii) non-cash benefits may be provided to the executive Directors under their remuneration package; and

(iii) the executive Directors may be granted options pursuant to the share option scheme of the Company (the "**Share Option Scheme**"), as part of their remuneration package.

None of the non-executive Directors receives any emoluments (including bonus payments, whether fixed or discretionary in nature) from the Group.

Save for the remuneration of HK$200,000 for each independent non-executive Director in 2024, none of the independent non-executive Directors receives any other emoluments (including bonus payments, whether fixed or discretionary in nature) from the Group. Such emoluments were determined with reference to the duties and responsibilities of each of the independent non-executive Directors and their mutual agreement with the Company.

Details of the remuneration of the Directors are set forth in Note 9 to the consolidated financial statements in this annual report.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Except for the continuing connected transaction disclosed on pages 43 to 47 and the related party transactions disclosed in Note 32 to the consolidated financial statements in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole and any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

SHARE OPTION SCHEME

The Company adopted a Share Option Scheme in May 2017. The following table sets forth movements in the share options of the Company for the year ended 31 December 2024:

				Number of share options					
	Grant date	Exercise price (HK$)	Exercise period	At 1/1/2024	Granted	Exercised	Cancelled	Lapsed	At 31/12/2024
Executive Directors									
- Ms. LI Pik Yung	11/5/2021[3]	4.655	1/4/2024 - 31/3/2025	45,373	—	—	—	—	45,373
	11/5/2022[4]	3.846	1/4/2025 - 31/3/2026	67,059	—	—	—	—	67,059
	9/5/2023[5]	3.000	1/4/2026 - 31/3/2027	76,000	—	—	—	—	76,000
	4/3/2024[6]	1.780	1/4/2027 - 31/3/2028	—	76,000[1]	—	—	—	76,000
- Mr. WANG Mohan	18/12/2020[3]	1.978	1/4/2024 - 31/3/2025	3,093,552	—	—	—	—	3,093,552
	11/5/2022[4]	3.846	1/4/2025 - 31/3/2026	42,674	—	—	—	—	42,674
	25/8/2022[4]	6.210	1/4/2025 - 31/3/2026	1,524,070	—	—	—	—	1,524,070
	9/5/2023[5]	3.000	1/4/2026 - 31/3/2027	76,000	—	—	—	—	76,000
	4/3/2024[6]	1.780	1/4/2027 - 31/3/2028	—	120,000[1]	—	—	—	120,000
Continuous contract employees	24/8/2020	1.357	1/4/2023 - 31/3/2024	247,690	—	(217,648)[2]	—	(30,042)	—
	18/12/2020[3]	1.978	1/4/2024 - 31/3/2025	6,496,459	—	—	—	—	6,496,459
	11/5/2021[4]	4.655	1/4/2024 - 31/3/2025	1,208,236	—	—	—	(384,321)	823,915
	11/5/2022[4]	3.846	1/4/2025 - 31/3/2026	1,250,758	—	—	—	(257,056)	993,702
	9/5/2023[5]	3.000	1/4/2026 - 31/3/2027	1,951,200	—	—	—	(319,000)	1,632,200
	4/3/2024[6]	1.780	1/4/2027 - 31/3/2028	—	2,004,000[1]	—	—	(291,500)	1,712,500
				16,079,071	2,200,000	(217,648)	—	(1,281,919)	16,779,504

Notes:

1. The closing price of the shares immediately before the date on which the options were granted on 4 March 2024 was HK$1.880.

2. The weighted average closing price of shares immediately before the dates on which the options were exercised was HK$1.691.

3. One third of the options shall vest on each of the year-end date of 2021, 2022 and 2023.

4. One third of the options shall vest on each of the year-end date of 2022, 2023 and 2024.

5. One third of the options shall vest on each of the year-end date of 2023, 2024 and 2025.

6. One third of the options shall vest on each of the year-end date of 2024, 2025 and 2026.

The number of share options available for grant under the Share Option Scheme was 35,465,402 share options as of 1 January 2024 and 34,547,321 share options as of 31 December 2024.

The number of shares of the Company (the "**Shares**") that may be issued in respect of the options granted under the Share Option Scheme during the year ended 31 December 2024 divided by the weighted average number of the Shares in issue for the year ended 31 December 2024 is 0.28%.

During the year ended 31 December 2024, a total of 2,200,000 share options granted to the Company's employee participants and the Directors (collectively, the "**Grantees**") of the Company, among of which 733,333 share options, representing one third of the total share options granted, vested on 31 December 2024. Having considered that (i) such share options vested where the performance target are satisfied during the performance period commenced from 1 January 2024 and ended on 31 December 2024, which is not less than 12 months, and (ii) the total vesting and holding period of the share options is more than 12 months, the Remuneration Committee and the Board consider that the grant of such share options with a shorter vesting period could align the interests of the Grantees with that of the Company and the Shareholders, reward and provide incentive to the Grantees to work towards success of the Group, and reinforce their commitment to long-term services of the Group, which is in line with the purpose of the Share Option Scheme.

The vesting of the share options granted to the Grantees is subject to satisfaction of certain performance targets as determined by the Board at its absolute discretion. The Board will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as revenue, profit and sales target of the Group as a whole and of the applicable business. Also, the Group has established a standard performance appraisal system for its employees to evaluate their performance and contribution to the Group.

There is no clawback mechanism attached to the share options granted to the Grantees. The purpose of the Share Option Scheme is to recognise and acknowledge the contributions the grantees had or may have made to the Group. The Share Option Scheme also provides the grantees with an opportunity to have a personal stake in the Company with the view to satisfying the objectives of (i) motivating the grantees to optimise their performance efficiency for the benefit of the Group and (ii) attracting and retaining or otherwise maintaining on-going business relationship with the Grantees whose contributions are or will be beneficial to the long-term growth of the Group. Having considered that (i) the Grantees are the Directors and the employees of the Group who will contribute directly to the overall business performance, sustainable development and/or good corporate governance of the Group; (ii) the grant of share options to the Grantees is a recognition for their past contributions to the Group; and (iii) the share options are subject to the terms of the Share Option Scheme which provides for circumstances under which the share options or any part thereof shall lapse in the event that the Grantees cease to be a Director and/or an employees of the Group or commit a breach of the rules of the Share Option Scheme, the Remuneration Committee and the Board consider that without additional clawback mechanism, the grant of the share options could align the interests of the Grantees with that of the Company and the Shareholders, reward and provide incentive to the Grantees to work towards successes of the Group, and reinforce their commitment to long-term services of the Group, which is in line with the purpose of the Share Option Scheme.

Saved as disclosed above, the Company did not make any grant of share options to the Directors and/or senior management as set forth in rule 23.03F, 23.06B(7) and (8) of the GEM Listing Rules during the year ended 31 December 2024.

A summary of the principal terms of the Share Option Scheme is as follows:

(i) Purpose

The Share Option Scheme is established to recognise and acknowledge the contributions the eligible participants (the "**Participants**") had or may have made to the Group and to provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain on-going business relationship with the Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(ii) Participants

The Participants include: (i) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity (the "**Invested Entity**") in which the Group holds any equity interest, including any executive director of the Company, any of such subsidiaries or any Invested Entity; (ii) any non-executive directors (including independent non-executive directors) of the Company, any subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any consultants, advisers, managers, officers who provide research, development, other technological support or services to the Group or any Invested Entity; and (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and, for the purposes of the Share Option Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of persons.

(iii) Maximum number of shares

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 54,011,296 Shares, representing 10% of the Shares in issue as of the date of approval of the Share Option Scheme (the "**Scheme Mandate Limit**"). The shares underlying any options granted under the Share Option Scheme or any other share option schemes of the Company which have been cancelled (but not options which have lapsed) will be counted for the purpose of the Scheme Mandate Limit.

Notwithstanding the above, the aggregate number of shares which may be issued upon exercise of all options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time. No share options may be granted under the Share Option Scheme if this will result in the limit being exceeded.

As of the date of this annual report, the total number of Shares available for issue under the Share Option Scheme is 34,866,656 Shares, representing 4.4% of the issued shares (excluding treasury shares) of the Company.

(iv) Maximum entitlement of each Participant

Unless with the approval of the Shareholders in general meeting, the maximum number of shares issued and which may fall to be issued upon exercise of the share options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

(v) Option period

The period during which the share option may be exercised will be determined by the Board in its absolute discretion, save that no share option may be exercised more than 10 years after it has been granted. Save as determined by the Board and provided in the offer of the grant of the relevant share options, there is no minimum period for which a share option must be held before it can be exercised.

(vi) Vesting period

The Share Option Scheme allows the Company, when offering an option, to impose any minimum period for which the option must be held if approved by the Board.

(vii) Acceptance and payment on acceptance

An offer for the grant of share options must be accepted within thirty days inclusive of the day on which such offer was made. The amount payable by the grantee of a share option to the Company on acceptance of the offer for the grant of share option is HK$1.00.

(viii) Option price for subscription of shares

The subscription price of a share in respect of any particular share option granted under the Share Option Scheme shall be the price determined by the Board in its absolute discretion, but in any event shall not be less than the higher of:

(a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a business day;

(b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(c) the nominal value of a Share.

(ix) Remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on 31 May 2017.

Further details of the Share Option Scheme are set forth in Note 29 to the consolidated financial statements in this annual report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management as of the date of this annual report are set forth on pages 18 to 20 in this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As of 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long positions in the Shares

Name of Director	Capacity	Name of the controlled corporation	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Tan Sri Datuk TUNG Ching Sai, J.P.	Interest in a controlled corporation	Copark[1] (as defined below)	46,114,672	5.87
		Full Guang[3] (as defined below)	17,533,143	2.23
	Personal interest/ Spouse interest[1]		122,495,571	15.59
	Interest in persons acting in concert[2]		393,466,542	50.08
Mr. NG Ngan Ho	Interest in a controlled corporation	Linkall[4] (as defined below)	25,195,745	3.20
		Full Guang[3] (as defined below)	17,533,143	2.23
	Personal interest		1,343,100	0.17
	Interest in persons acting in concert[2]		535,537,940	68.17
Ms. LI Pik Yung	Personal interest		193,701	0.02
Mr. WANG Mohan (Chief Executive Officer)	Personal interest		62,000	0.01

Notes:

(1) Tan Sri Datuk TUNG Ching Sai, J.P. is the beneficial owner of all the issued share capital of Copark Investment Limited ("**Copark**"), a company incorporated in the British Virgin Islands (the "**BVI**") and wholly-owned by Tan Sri Datuk TUNG Ching Sai, J.P., which is the registered owner of 46,114,672 Shares. Tan Sri Datuk TUNG Ching Sai, J.P. also has personal interest in 527,802 Shares held in his own name and 121,967,769 Shares held through his spouse, Puan Sri Datin SZE Tan Hung.

(2) Pursuant to the shareholders' agreement dated 25 June 2016 entered into amongst the controlling shareholders (as defined in the GEM Listing Rules) (the "**Shareholders' Agreement**"), the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their Shares allotted to them under the Xinyi Glass Distribution (as defined in the prospectus of the Company dated 28 June 2016).

(3) The interests in Shares are held through Full Guang Holdings Limited ("**Full Guang**"), a company incorporated in the BVI with limited liability. Full Guang is owned by Dr. LEE Yin Yee, S.B.S. as to 33.98%, Datuk Wira TUNG Ching Bor *D.C.S.M* as to 16.20%, Tan Sri Datuk TUNG Ching Sai, J.P. as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

(4) Mr. NG Ngan Ho is the beneficial owner of all the issued share capital of Linkall Investment Limited ("**Linkall**"), a company incorporated in the BVI and wholly-owned by Mr. NG Ngan Ho, which is the registered owner of 25,195,745 Shares.

(ii) Share options of the Company

Name of Director	Capacity	Number of share options outstanding	Approximate percentage of the issued share capital of the Company (%)
Ms. LI Pik Yung	Personal interest	264,432	0.03
Mr. WANG Mohan	Personal interest	4,856,296	0.61

(iii) Interest in the shares of associated corporations of the Company

Name of associated corporation	Name of Director	Class and number of shares held in the associated corporation	Approximate percentage of the associated corporation's issued share capital (%)
Copark	Tan Sri Datuk TUNG Ching Sai, J.P.	2 ordinary shares	100.00
Linkall	Mr. NG Ngan Ho	2 ordinary shares	100.00
Full Guang	Tan Sri Datuk TUNG Ching Sai, J.P.	350,000 ordinary shares	16.20
	Mr. NG Ngan Ho	80,000 ordinary shares	3.70

Save as disclosed above, as of 31 December 2024, to the knowledge of the Company, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As of 31 December 2024, the following persons (other than a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO:

Long positions in the Shares

Name of Shareholder	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Dr. LEE Yin Yee, S.B.S.	Interest in a controlled corporation(3)	132,990,198	16.92
	Interest in a controlled corporation(4)	2,720,960	0.34
	Interest in a controlled corporation(1)	17,533,143	2.23
	Personal interest(3)	41,311,215	5.25
	Interest in persons acting in concert(2)	385,054,412	49.01
Datuk Wira TUNG Ching Bor *D.C.S.M*	Interest in a controlled corporation(5)	48,878,216	6.22
	Interest in a controlled corporation(1)	17,533,143	2.23
	Personal interest(5)	10,855,152	1.38
	Interest in persons acting in concert(2)	502,343,417	63.94
Mr. LEE Sing Din	Interest in a controlled corporation(6)	46,048,013	5.86
	Interest in a controlled corporation(1)	17,533,143	2.23
	Personal interest	3,769,755	0.47
	Interest in persons acting in concert(2)	512,259,017	65.21
Mr. LI Ching Wai	Interest in a controlled corporation(7)	21,323,578	2.71
	Interest in a controlled corporation(1)	17,533,143	2.23
	Interest in persons acting in concert(2)	540,753,207	68.83
Mr. LI Man Yin	Interest in a controlled corporation(8)	14,473,366	1.84
	Interest in a controlled corporation(1)	17,533,143	2.23
	Personal interest(8)	1,876,710	0.23
	Interest in persons acting in concert(2)	545,726,709	69.47

Name of Shareholder	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Mr. SZE Nang Sze	Interest in a controlled corporation(9)	20,909,316	2.66
	Interest in a controlled corporation(1)	17,533,143	2.23
	Personal interest	1,212,420	0.15
	Interest in persons acting in concert(2)	539,955,049	68.73
Mr. LI Ching Leung	Interest in a controlled corporation(10)	14,287,863	1.81
	Interest in a controlled corporation(1)	17,533,143	2.23
	Personal interest/Spouse interest(10)	6,270,935	0.79
	Interest in persons acting in concert(2)	541,517,987	68.93
Madam TUNG Hai Chi	Interest in a controlled corporation(4)	2,720,960	0.34
	Personal interest/Spouse interest(11)	576,888,968	73.43
Puan Sri Datin SZE Tan Hung	Personal interest/Spouse interest(12)	579,609,928	73.78

Notes:

(1) The interests in the Shares are held through Full Guang. Full Guang is owned by Dr. LEE Yin Yee, S.B.S. as to 33.98%, Datuk Wira TUNG Ching Bor *D.C.S.M* as to 16.20%, Tan Sri Datuk TUNG Ching Sai, J.P. as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.

(2) Pursuant to the Shareholders' Agreement, each of the parties has agreed to grant a right of first offer to the other parties if any of them intends to sell their Shares allotted to them under the Xinyi Glass Distribution.

(3) Dr. LEE Yin Yee, S.B.S.'s interests in 132,990,198 Shares are held through Realbest Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Dr. LEE Yin Yee, S.B.S.. Dr. LEE Yin Yee, S.B.S.'s interests in 41,311,215 Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.

(4) Dr. LEE Yin Yee, S.B.S.'s interests in the 2,720,960 Shares are held through Xin Yuen Investment Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by Xin Wong Investment Limited ("**Xin Wong**"). Xin Wong is 50% owned by Dr. LEE Yin Yee, S.B.S. and 50% owned by his spouse, Madam TUNG Hai Chi.

(5) Datuk Wira TUNG Ching Bor *D.C.S.M* is the beneficial owner of all the issued share capital of High Park Technology Limited, a company incorporated in the BVI, which is the registered owner of 48,878,216 Shares. Datuk Wira TUNG Ching Bor *D.C.S.M* also has 10,855,152 Shares held through a joint account with his spouse, Datin Wira KUNG Sau Wai.

(6) Mr. LEE Sing Din's interests in 46,048,013 Shares are held through Telerich Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din.

(7) Mr. LI Ching Wai's interests in 21,323,578 Shares are held through Goldbo International Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai.

(8) Mr. LI Man Yin's interests in 14,473,366 Shares are held through Perfect All Investments Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Man Yin. Mr. LI Man Yin's interests in 1,876,710 Shares are held through a joint account with his spouse, Madam LI Sau Suet.

(9) Mr. SZE Nang Sze's interests in 20,909,316 Shares are held through Goldpine Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.

(10) Mr. LI Ching Leung's interests in 14,287,863 Shares are held through Herosmart Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung has personal interests in 6,198,335 Shares held in his own name and 72,600 Shares held through his spouse, Madam DY Maria Lumin.

(11) Madam TUNG Hai Chi's interests in 41,311,215 Shares are held through a joint account with her spouse, Dr. LEE Yin Yee, S.B.S. and 535,577,753 Shares are held through her spouse, Dr. LEE Yin Yee, S.B.S..

(12) Puan Sri Datin SZE Tan Hung has personal interests in 121,967,769 Shares held in her own name and 457,642,159 Shares held through her spouse, Tan Sri Datuk TUNG Ching Sai, J.P..

Save as disclosed above, as of 31 December 2024, the Company had not been notified by any persons (other than a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

NO COMPETING BUSINESS

None of the Directors or the Controlling Shareholders or their respective associates (as defined in the GEM Listing Rules) have any interests in any business which competes or may compete, either directly or indirectly, with the business of the Group or have any other conflicts of interests which any such person has or may have with the Group.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 December 2024, appropriate insurance covering for the Directors' and senior management's liabilities arising from or incidental to execution of duties of his/her office has been arranged by the Company. Permitted indemnity provision is currently inforce and was inforce throughout the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Saved as disclosed in the paragraphs under "Share Option Scheme" in this Report of the Directors and Note 29 to the consolidated financial statements in this annual report, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate and neither the Directors or the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, purchases from the Group's five largest suppliers accounted for approximately 22.2% of total purchases during the year ended 31 December 2024 and purchases from the largest supplier included therein amounted to approximately 6.9% of total purchases. None of the Directors, their close associates (as defined in the GEM Listing Rules) or any of the Controlling Shareholders which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest suppliers during the year ended 31 December 2024.

The percentage of the aggregate sales attributable to the Group's five largest customers was less than 30% of the Group's total sales during the year ended 31 December 2024.

BANK BORROWINGS

As of 31 December 2024, the Group had bank borrowings of HK$467.8 million (31 December 2023: HK$532.2 million). Particulars of the bank borrowings are set forth in Note 24 to the consolidated financial statements in this annual report.

REWARD FOR EMPLOYEES

As of 31 December 2024, we had about 445 full-time employees and most of them are based in the PRC, Hong Kong, Canada and Malaysia. Remuneration packages offered to the Group's employees are consistent with the prevailing market terms and reviewed on a regular basis. Discretionary bonuses may be rewarded to employees taking into consideration of the Group's performance and the performance of the individual employee. Details of the employee benefit expense of the Group for the year ended 31 December 2024 are set forth in Note 8 to the consolidated financial statements in this annual report. The Directors confirm that the Group maintains good working relationship with its employees and provides training when necessary to keep its employees informed of the latest information on developments of its products, services and business processes.

CONNECTED TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2024 are set forth in Note 32 to the consolidated financial statements in this annual report. The related party transactions fall under the definition of connected transactions and continuing connected transactions under the GEM Listing Rules (as disclosed below) have complied with the requirements under Chapter 20 of the GEM Listing Rules. Some of these transactions also constitute "connected transaction" and "non-exempt continuing connected transactions" under Chapter 20 of the GEM Listing Rules, as identified below. Save for the aforementioned, other related party transactions as set forth in Note 32 to the consolidated financial statements in this annual report were entitled to full exemption from the annual review and disclosure requirements under Chapter 20 of the GEM Listing Rules.

Non-exempt continuing connected transactions

During the year ended 31 December 2024, the Group had the following non-exempt continuing connected transactions, details of which are set forth below:

(1) Purchase of glass products

On 22 December 2021, the Group entered into a glass supply framework agreement (the "**2021 Glass Supply Framework Agreement**") with Xinyi International Investments Limited and Xinyi Group (Glass) Company Limited, both of which are subsidiaries of Xinyi Glass, in relation to the purchase of automobile glass products by the Group from Xinyi Glass Group. The purpose of the 2021 Glass Supply Framework Agreement was to secure a stable and reliable supply source of automobile glass products which can satisfy the Group's specifications and quality requirements. The maximum aggregate amount to be paid was set at HK$7.3 million, HK$7.9 million and HK$8.6 million for the years ended 31 December 2022, 2023 and 2024 respectively. Xinyi Glass is a company with common controlling shareholders with the Company, and is therefore a connected person of the Company under the GEM Listing Rules. Accordingly, the 2021 Glass Supply Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

For the year ended 31 December 2024, the purchase of automobile glass products by the Group from the Xinyi Glass Group amounted to HK$8.2 million, which was within the maximum aggregate amount of the 2021 Glass Supply Framework Agreement.

(2) Wind farm management service

On 31 October 2023, the Group entered into a wind farm management agreement (the "**2023 Wind Farm Management Agreement**") with Xinyi Wind Power (Jinzhai) Company Limited (金寨信義風能有限公司) (the "**Wind Farm Owner**"), a subsidiary of Xinyi Glass, pursuant to which the Group has agreed to provide management services for the operation of the wind farm owned by the Wind Farm Owner. The maximum aggregate amount to be received was set at RMB1.7 million, RMB10.0 million and RMB10.0 million for the period from 1 November 2023 to 31 December 2023, year ended 31 December 2024, and year ending 31 December 2025 respectively. Xinyi Glass is a company with common controlling shareholders with the Company, and is therefore a connected person of the Company under the GEM Listing Rules. Accordingly, the 2023 Wind Farm Management Agreement constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

For the year ended 31 December 2024, the management fee received by the Group from the Wind Farm Owner amounted to RMB9.4 million (equivalent to approximately HK$10.2 million), which was within the maximum aggregate amount of the 2023 Wind Farm Management Agreement.

(3) Sales of electric storage products

On 31 October 2023, the Group entered into a product sales framework agreement (the "**2023 XYG Sales Framework Agreement**") with Xinyi Group (Glass) Company Limited, a subsidiary of Xinyi Glass, and a product sales framework agreement (the "**2023 XYS Sales Framework Agreement**") with Xinyi Solar for the sales of electric storage products by the Group to the Xinyi Glass Group and Xinyi Solar and its subsidiaries (collectively, "**Xinyi Solar Group**") respectively. The maximum aggregate amount to be received under the 2023 XYG Sales Framework Agreement was set at RMB21.3 million, RMB14.3 million and RMB13.6 million for the year ended 31 December 2024, and years ending 31 December 2025 and 2026 respectively. The maximum aggregate amount to be received under the 2023 XYS Sales Framework Agreement was set at RMB127.7 million, RMB110.8 million and RMB100.6 million for the year ended 31 December 2024, and years ending 31 December 2025 and 2026 respectively. Xinyi Glass and Xinyi Solar are companies with common controlling shareholders with the Company, and are therefore connected persons of the Company under the GEM Listing Rules. Accordingly, the 2023 XYG Sales Framework Agreement and the 2023 XYS Sales Framework Agreement constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

For the year ended 31 December 2024, the sales of electric storage products by the Group to the Xinyi Glass Group and the Xinyi Solar Group amounted to RMB20.6 million (equivalent to approximately HK$22.4 million) and RMB8.8 million (equivalent to approximately HK$9.6 million) respectively, which were within the maximum aggregate amount of the 2023 XYG Sales Framework Agreement and the 2023 XYS Sales Framework Agreement respectively.

(4) Purchase of steam

On 2 March 2022, the Group entered into a steam supply agreement (the "**Steam Supply Agreement**") with Xinyi Glass (Jiangsu) Company Limited (信義玻璃 (江蘇) 有限公司) ("**Xinyi Glass (Jiangsu)**"), a subsidiary of Xinyi Glass, in relation to the purchase of steam by the Group from Xinyi Glass (Jiangsu). The purpose of the Steam Supply Agreement was to secure a stable and reliable supply source of steam for the production of electric storage products. The maximum aggregate amount to be paid was set at RMB2.7 million, RMB3.3 million and RMB3.3 million for the ten months ended 31 December 2022, and years ended 31 December 2023 and 2024 respectively. Xinyi Glass is a company with common controlling shareholders with the Company, and is therefore a connected person of the Company under the GEM Listing Rules. Accordingly, the Steam Supply Agreement constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

For the year ended 31 December 2024, the purchase of steam by the Group from Xinyi Glass (Jiangsu) amounted to RMB0.2 million (equivalent to approximately HK$0.2 million), which was within the maximum aggregate amount of the Steam Supply Agreement.

The Company confirms that it has complied with the disclosure requirements in respect of the above non-exempt continuing connected transactions in accordance with Chapter 20 of the GEM Listing Rules in so far as they are applicable.

All independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and

(c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In accordance with rule 20.54 of the GEM Listing Rules, the Company's auditor was engaged to report on the Group's non-exempt continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA.

The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions to the Board in accordance with rule 20.54 of the GEM Listing Rules and confirming there is nothing has come to their attention that causes them to believe that the continuing connected transactions:

(a) have not been approved by the Board;

(b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

(c) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(d) have exceeded the annual caps as determined by the Company.

Non-exempt continuing connected transactions after the reporting period

The Group had the following non-exempt continuing connected transactions after the reporting period, details of which are set forth below:

Purchase of glass products

On 11 December 2024, the Group entered into a renewed glass supply framework agreement (the "**2024 Glass Supply Framework Agreement**") with Xinyi International Investments Limited and Xinyi Group (Glass) Company Limited, both of which are subsidiaries of Xinyi Glass, in relation to the purchase of automobile glass products by the Group from Xinyi Glass Group. The purpose of the 2024 Glass Supply Framework Agreement was to secure a stable and reliable supply source of automobile glass products which can satisfy the specifications and the quality requirements of the Group. The maximum aggregate amount to be paid was set at HK$10.2 million, HK$11.0 million and HK$11.8 million for the years ending 31 December 2025, 2026 and 2027 respectively.

The Company confirms that it has complied with the disclosure requirements in respect of the above non-exempt continuing connected transactions after the reporting period in accordance with Chapter 20 of the GEM Listing Rules in so far as they are applicable.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Please see the section headed "Corporate Governance Report" set forth in this annual report for details of our compliance with the Corporate Governance Code.

AUDIT COMMITTEE

The Company established an Audit Committee on 25 June 2016 with written terms of reference in compliance with the requirements of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control system of the Group, nominate and monitor external auditor and to provide advice and comments to the Board on matters related to corporate governance. The members of the Audit Committee include three independent non-executive Directors, namely Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, S.B.S., J.P.. Mr. WANG Guisheng is the chairman of the Audit Committee. The Audit Committee has reviewed the audited financial statements of the Company and audited consolidated financial statements of the Group for the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the year ended 31 December 2024, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as of the date of this annual report, there is sufficient public float or not less than 25% of the Shares are in the hands of the public as required under the GEM Listing Rules.

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 December 2024 and up to the date of this annual report.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in information of the Directors subsequent to the date of the 2024 interim report of the Company is as follows:

Mr. CHAN Hak Kan, S.B.S., J.P. was appointed as an independent non-executive director, a member of the sustainability committee and a member of the remuneration committee of China Resources Power Holdings Company Limited (stock code: 00836), a company listed on the main board of the Stock Exchange, with effect from 19 March 2025.

AUDITOR

The retiring auditor, BDO Limited, has signified its willingness to continue in office. A resolution will be proposed at the Annual General Meeting to re-appoint BDO Limited and to authorise the Directors to fix its remuneration.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday, 30 May 2025, at 21st Floor, Rykadan Capital Tower, No. 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, at 11:45 a.m.. A notice convening the Annual General Meeting will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.xinyies.com and will be despatched to the Shareholders in due course.

On behalf of the Board
Tan Sri Datuk TUNG Ching Sai ***P.S.M, D.M.S.M, J.P.***
Chairman

Hong Kong, 19 March 2025

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF XINYI ELECTRIC STORAGE HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Xinyi Electric Storage Holdings Limited (the "Company") and its subsidiaries (together "the Group") set out on pages 55 to 143, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition on EPC Services

(Refer to note 5(a) to the consolidated financial statements and the Group's critical accounting estimates and judgements in relation to revenue recognition on provision of engineering, procurement and construction services (the "EPC Services") set out in note 4.1)

For the year ended 31 December 2024, revenue from EPC Services was HK$611,817,000. The Group has recognised revenue from the provision of EPC Services over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the EPC Services. We identified the recognition of revenue from EPC Services as a key audit matter as it is quantitatively significant to the consolidated financial statements as a whole.

Our response:

Our procedures in relation to revenue recognition on EPC Services included:

- obtained an understanding of the management's internal control and assessment processes, assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as subjectivity of assumptions and susceptibility to management bias;
- understood, evaluated and validated key controls over revenue recognition on EPC Services contracts;
- inspected the contract revenue, on a sample basis, to the signed EPC Services contracts and reviewed the contracts for any specific or special performance obligations and conditions during the financial period;
- tested the actual costs incurred as at the end of the reporting period and performed testing, on a sample basis, by checking to the underlying documents supporting these costs (including invoices of material costs, subcontracted installers costs);
- tested the percentage of completion based on the latest budgeted cost and total actual cost incurred; and
- tested mathematical accuracy of the calculations of contract revenue and costs.

Impairment of non-financial assets

(Refer to notes 14 and 15 to the consolidated financial statements and the Group's critical accounting estimates and judgements in relation to the impairment of non-financial assets set out in note 4.7)

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group's cash-generating units (the "CGUs") that may lead to impairment of non-financial assets. Where an impairment indicator exists, the recoverable amount of the respective CGUs is determined. Given that the electric storage, photovoltaic films and electric vehicle charger businesses suffered from loss for the year, the management performed impairment assessment for the non-financial assets within those businesses as at 31 December 2024. As at 31 December 2024, prior to current year's impairment assessment, the Group had non-financial assets amounting to HK$573,395,000 in aggregate relating to the CGUs of the electric storage, photovoltaic films and electric vehicle charger businesses.

The estimation of the recoverable amounts of the Group's CGUs involves complex and subjective estimates based on management's judgement of key variables and market conditions, in particular the compound annual sales growth rate, average gross profit margins and discount rates.

Following a review of latest development of respective businesses and the Group's operating plans of the businesses, management assessed that a total impairment loss of HK$63,759,000 was recognised to impair the carrying values of the relevant assets attributable to photovoltaic films business and electric vehicle charger business to their respective estimated recoverable amounts for the year.

We identified the impairment of non-financial assets as a key audit matter because of its significance to the consolidated financial statements and estimation of recoverable amount is dependent upon significant management judgement.

Our response:

Our procedures in relation to management's impairment assessment of non-financial assets included:

- considered the historical accuracy of management's budgeting process;
- conducted in-depth discussions with management about the cash flow projections used in the value in use calculations and challenged the appropriateness of the significant assumptions and critical judgement areas which underpin the value in use calculations;
- benchmarked the growth rates and discount rates used in the value in use calculations against independent industry data and comparable companies; and
- checked the accuracy and the relevance of the input data being used in the impairment assessment.

Impairment assessment of trade receivables, finance lease receivables and contract assets

(Refer to note 20 to the consolidated financial statements and the Group's critical accounting estimates and judgements in relation to impairment of trade receivables, finance lease receivables and contract assets set out in note 4.4)

As at 31 December 2024, the Group had gross trade receivables, finance lease receivables and contract assets amounting to HK$988,474,000, and the allowance for impairment loss was HK$5,604,000.

The impairment assessment of trade receivables, finance lease receivables and contract assets is estimated based on an expected credit loss ("ECL") model as required under Hong Kong Financial Reporting Standard 9 Financial Instruments. Loss allowance for trade receivables and contract assets are measured with lifetime ECL which result from all possible default events over the expected life of the trade receivables and contract assets. Loss allowance for finance lease receivables is measured at an amount equal to 12-month ECL. Impairment assessment of these receivables is a subjective area as management requires application of judgement. Judgement is applied in considering the credit profile of these receivables, including default or delay in payments, historical settlement records, subsequent settlement status and ageing analysis. The management also considered forward-looking factors specific to the debtors and the economic environment.

We identified impairment assessment of these receivables as a key audit matter due to considerable amount of judgement being required in conducting impairment assessment prepared by management as mentioned in the foregoing paragraph.

Our response:

Our procedures in relation to management's impairment assessment on these receivables included:

- obtained an understanding of how impairment is estimated by the management;
- assessed the measurement of ECL of these receivables by obtaining the understanding of approach being adopted by the Group;
- checked the ageing analysis of the trade receivables and finance lease receivables, on a sample basis, to the source documents;
- reviewed the reasonableness of the use of ageing profile, historical settlement pattern, historical default rates, forecast economic conditions and other forward-looking information in the ECL model; and
- checked the accuracy and the relevance of the input data being used in the ECL model.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Au Yiu Kwan
Practising Certificate Number P05018

Hong Kong, 19 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	5	**1,233,870**	1,391,960
Cost of revenue		**(1,030,753)**	(1,196,668)
Gross profit		**203,117**	195,292
Other income	6	**19,587**	70,840
Other (losses)/gains, net	6	**(96,446)**	14,619
Impairment loss on financial assets		**(1,841)**	(1,077)
Impairment loss on property, plant and equipment	14	**(49,498)**	—
Impairment loss on intangible assets	15	**(60,645)**	—
Selling and marketing costs		**(33,188)**	(35,568)
Administrative expenses		**(157,614)**	(120,715)
Share of results of joint ventures		**3,857**	—
Share of results of an associate		**(5)**	(5)
Operating (loss)/profit		**(172,676)**	123,386
Finance income	10	**1,037**	1,286
Finance costs	10	**(17,721)**	(15,048)
(Loss)/profit before income tax	7	**(189,360)**	109,624
Income tax expense	11	**(18,329)**	(17,524)
(Loss)/profit for the year		**(207,689)**	92,100
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**(68,493)**	(27,466)
Share of other comprehensive income of joint ventures		**(86)**	—
Items that will not be subsequently reclassified to profit or loss			
Change in fair value of a financial asset at fair value through other comprehensive income, net of tax		**9,263**	4,336
Remeasurement of defined benefit obligations		**—**	(12)
		(59,316)	(23,142)
Total comprehensive income for the year		**(267,005)**	68,958

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 *HK$'000*	2023 *HK$'000*
(Loss)/profit for the year attributable to:			
– owners of the Company		**(197,069)**	83,142
– non-controlling interests		**(10,620)**	8,958
		(207,689)	92,100
Total comprehensive income for the year attributable to:			
– owners of the Company		**(254,086)**	59,408
– non-controlling interests		**(12,919)**	9,550
		(267,005)	68,958
		HK Cents	*HK Cents*
(Loss)/earnings per share attributable to owners of the Company for the year			
– Basic	12(a)	**(25.09)**	10.59
– Diluted	12(b)	**(25.09)**	10.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**534,033**	735,904
Intangible assets	15	**36,816**	89,200
Financial asset at fair value through other comprehensive income	16	**39,783**	30,044
Interests in joint ventures	17	**6,180**	—
Interests in an associate	18	**293**	298
Finance lease receivables	20	**473,257**	357,298
Prepayments for property, plant and equipment	20	**665**	229
Deferred tax assets	25	**14,399**	—
		1,105,426	1,212,973
Current assets			
Inventories	19	**139,153**	248,495
Contract assets, trade and other receivables and prepayments	20	**652,323**	665,326
Income tax recoverable		**2,233**	—
Pledged bank deposits	21	**2,934**	—
Cash and cash equivalents	21	**111,706**	206,549
		908,349	1,120,370
Current liabilities			
Contract liabilities, trade and other payables	22	**513,713**	516,588
Provision for tax		**2,665**	5,092
Lease liabilities	23	**8,520**	8,705
Bank borrowings	24	**312,927**	376,991
		837,825	907,376
Net current assets		**70,524**	212,994
Total assets less current liabilities		**1,175,950**	1,425,967

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Lease liabilities	23	**7,421**	8,507
Bank borrowings	24	**154,896**	155,173
Deferred tax liabilities	25	**49,476**	36,739
Defined benefit obligations		**265**	265
		212,058	200,684
Net assets		**963,892**	1,225,283
EQUITY			
Share capital	26	**7,855**	7,853
Reserves		**932,292**	1,182,333
		940,147	1,190,186
Non-controlling interests		**23,745**	35,097
Total equity		**963,892**	1,225,283

Tan Sri Datuk TUNG Ching Sai ***P.S.M, D.M.S.M, J.P.***
Chairman

NG Ngan Ho
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital	Share premium*	Capital reserves*	Share-based payments reserve*	Exchange reserve*	Financial asset at fair value through other comprehensive income reserve*	Statutory reserves*	Retained profits*	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 26)	(note 27(b))	(note 27(a))				(note 27(c))				
Balance as at 1 January 2023	7,851	855,400	13,587	6,577	(47,792)	20,382	20,448	250,660	1,127,113	23,377	1,150,490
Profit for the year	–	–	–	–	–	–	–	83,142	83,142	8,958	92,100
Other comprehensive income											
Item that may be subsequently reclassified to profit or loss:											
– Exchange differences on translation of financial statements of foreign operations	–	–	–	–	(28,058)	–	–	–	(28,058)	592	(27,466)
Items that will not be subsequently reclassified to profit or loss:											
– Change in fair value of a financial asset at fair value through other comprehensive income, net of tax	–	–	–	–	–	4,336	–	–	4,336	–	4,336
– Remeasurement of defined benefit obligations	–	–	–	–	–	–	–	(12)	(12)	–	(12)
Total comprehensive income for the year	–	–	–	–	(28,058)	4,336	–	83,130	59,408	9,550	68,958
Transactions with owners											
Employees share option scheme:											
– proceed from issue of shares (note 29)	2	351	–	(69)	–	–	–	–	284	–	284
– share-based payment expense (note 29)	–	–	–	3,381	–	–	–	–	3,381	2,170	5,551
– adjustment relating to forfeiture of share options (note 29)	–	–	–	(6)	–	–	–	6	–	–	–
Appropriation to statutory reserve	–	–	–	–	–	–	5,371	(5,371)	–	–	–
Total transactions with owners	2	351	–	3,306	–	–	5,371	(5,365)	3,665	2,170	5,835
Balance as at 31 December 2023	7,853	855,751	13,587	9,883	(75,850)	24,718	25,819	328,425	1,190,186	35,097	1,225,283

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Share capital HK$'000 (note 26)	Share premium* HK$'000 (note 27(b))	Capital reserves* HK$'000 (note 27(a))	Share-based payments reserve* HK$'000	Exchange reserve* HK$'000	Financial asset at fair value through other comprehensive income reserve* HK$'000	Statutory reserves* HK$'000 (note 27(c))	Retained profits* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance as at 1 January 2024	7,853	855,751	13,587	9,883	(75,850)	24,718	25,819	328,425	1,190,186	35,097	1,225,283
Loss for the year	–	–	–	–	–	–	–	(197,069)	(197,069)	(10,620)	(207,689)
Other comprehensive income											
Items that may be subsequently reclassified to profit or loss:											
– Exchange differences on translation of financial statements of foreign operations	–	–	–	–	(66,194)	–	–	–	(66,194)	(2,299)	(68,493)
– Share of other comprehensive income of joint ventures	–	–	–	–	(86)	–	–	–	(86)	–	(86)
Item that will not be subsequently reclassified to profit or loss:											
– Change in fair value of a financial asset at fair value through other comprehensive income, net of tax	–	–	–	–	–	9,263	–	–	9,263	–	9,263
Total comprehensive income for the year	–	–	–	–	(66,280)	9,263	–	(197,069)	(254,086)	(12,919)	(267,005)
Transactions with owners											
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	–	1,343	1,343
Employees share option scheme:											
– proceed from issue of shares (note 29)	2	363	–	(69)	–	–	–	–	296	–	296
– share-based payment expense (note 29)	–	–	–	3,751	–	–	–	–	3,751	224	3,975
– adjustment relating to forfeiture of share options (note 29)	–	–	–	(579)	–	–	–	579	–	–	–
Appropriation to statutory reserve	–	–	–	–	–	–	608	(608)	–	–	–
Total transactions with owners	2	363	–	3,103	–	–	608	(29)	4,047	1,567	5,614
Balance as at 31 December 2024	7,855	856,114	13,587	12,986	(142,130)	33,981	26,427	131,327	940,147	23,745	963,892

* These reserve accounts comprise the consolidated reserves of HK$932,292,000 (2023: HK$1,182,333,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
(Loss)/profit before income tax		**(189,360)**	109,624
Adjustments for:			
Finance income	10	**(1,037)**	(1,286)
Finance costs	10	**17,721**	15,048
Depreciation charge	14	**58,723**	41,640
Amortisation charge	15	**8,238**	2,669
Share of results of joint ventures		**(3,857)**	—
Share of results of an associate		**5**	5
Share-based compensation	29	**3,975**	5,551
Impairment loss on property, plant and equipment	14	**49,498**	—
Impairment loss on intangible assets	15	**60,645**	—
Impairment loss on financial assets		**1,841**	1,077
Gain on early termination of a lease		**(255)**	—
Loss on disposal of property, plant and equipment		**101,023**	694
Write-off and provision for impairment of inventories	19	**7,045**	1,628
Operating profit before working capital changes		**114,205**	176,650
Decrease in inventories		**91,153**	265,456
Increase in contract assets, trade and other receivables and prepayments		**(157,410)**	(211,420)
Increase/(decrease) in contract liabilities, trade and other payables		**24,356**	(199,868)
Increase in defined benefit obligations		**—**	265
Cash generated from operations		**72,304**	31,083
Interest paid		**(20,934)**	(30,898)
Income tax paid		**(20,893)**	(5,401)
Net cash generated from/(used in) operating activities		**30,477**	(5,216)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(51,004)**	(93,641)
Proceeds from disposal of property, plant and equipment		**12,889**	356
Addition of intangible assets	15	**(18,217)**	(69,051)
Investment in joint ventures		**(2,409)**	—
(Increase)/decrease in pledged bank deposits		**(2,997)**	25,897
Interest received		**1,037**	1,286
Net cash used in investing activities		**(60,701)**	(135,153)
Cash flows from financing activities			
Proceeds from issue of shares by share options		**296**	284
Proceeds from bank borrowings	34(b)	**376,033**	676,568
Repayments of bank borrowings	34(b)	**(426,683)**	(482,585)
Repayments of capital element of lease liabilities	34(b)	**(10,063)**	(7,864)
Net cash (used in)/generated from financing activities		**(60,417)**	186,403
Net (decrease)/increase in cash and cash equivalents		**(90,641)**	46,034
Cash and cash equivalents at 1 January		**206,549**	162,055
Effect of foreign exchange rate changes, on cash held		**(4,202)**	(1,540)
Cash and cash equivalents at 31 December	21	**111,706**	206,549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Xinyi Electric Storage Holdings Limited (the "Company") was incorporated in the Cayman Islands on 18 November 2015 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together the "Group") are principally engaged in the business of the automobile glass repair and replacement business in Hong Kong and the production and sales of electric storage products and photovoltaic films (the "PV Films") in the People's Republic of China (the "PRC"). In addition, the Group is also engaged in the provision of engineering, procurement and construction services (the "EPC Services") for solar energy projects.

The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("GEM") since 11 July 2016.

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$'000") unless otherwise stated. These consolidated financial statements have been approved and authorised for issue by the Board of Directors on 19 March 2025.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 Adoption of new or revised HKFRSs – effective 1 January 2024

In the current year, the Group has applied for the first time the following new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2024:

Amendments to Hong Kong Accounting Standard ("HKAS") 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Disclosures: Supplier Finance Arrangements

The amendments listed above did not have any significant impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period. Impact on the applications of these amended HKFRSs are summarised below.

Amendments to HKAS 1 - Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments specify that an entity's right to defer settlement must exist at the end of reporting period. The amendments also clarify that classification is unaffected by management's intention or expectation about whether the entity will exercise its right to defer settlement, clarify how lending conditions affect classification; and clarify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Adoption of new or revised HKFRSs – effective 1 January 2024 (Continued)

Amendments to HKFRS 16 - Lease Liability in a Sale and Leaseback

The amendments clarify how an entity accounts for sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains.

Amendments to HKAS 7 and HKFRS 7 – Disclosures: Supplier Finance Arrangements

The amendments introduce disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The application of these amendments has had no material impact on the Group's financial positions and performance for the current and prior years.

2.2 New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 7 Financial Instruments: Disclosure, HKFRS 9 Financial Instruments, HKFRS 10 Consolidated Financial Statements, HKAS 7 Statement of Cash Flows[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

The directors of the Company anticipate that the application of these new or amended HKFRSs will have no material impact on the Group's consolidated financial performance and positions and/or the disclosures to the consolidated financial statements of the Group.

3. MATERIAL ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements on pages 55 to 143 have been prepared in accordance with HKFRSs which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules").

The financial statements have been prepared on the historical cost convention, except for financial assets at fair value through other comprehensive income ("FVOCI"), which are measured at fair value. The measurement bases are fully described in the accounting policies below.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and impacts on the Group's financial statements, if any, are disclosed in note 2.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 Subsidiaries

(a) Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Subsidiaries (Continued)

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3.3 Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of each of its joint arrangements and determined them to all be joint ventures.

Investments in joint ventures are accounted for in the consolidated financial statements by the equity method and are initially recognised at cost. Identifiable assets and liabilities of the joint ventures in acquisitions are measured at their fair values at the acquisition date. The excess of the cost of investment over the Group's share of the net fair value of the joint ventures' identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investments and is tested for impairment together with the investments at the end of each reporting period when there is objective evidence that the investments are impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of the joint ventures' post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in the joint ventures equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. If the joint ventures subsequently report profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Joint arrangements (Continued)

Gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's entire carrying amount of that joint venture (including goodwill) and any related accumulated exchange reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, investments in joint ventures are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

3.4 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions are eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred, they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, all amounts previously recognised in other comprehensive income in relation to that associate are recognised on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Associates (Continued)

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest it that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

3.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

3.6 Foreign currency translation

The financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the reporting date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

Other exchange differences arising from the translation of the net investment in foreign entities are recognised in other comprehensive income and accumulated in equity as exchange reserve. On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in profit or loss during the financial period in which they are incurred.

Construction in progress represents property, plant and machinery on which construction work has not been completed and which, upon completion, management intends to hold for production purposes. Construction in progress is carried at cost which includes development and construction expenditure incurred and interest and other direct costs attributable to the development less any accumulated impairment losses. On completion, construction in progress is transferred to appropriate categories of property, plant and equipment.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residue values over the estimated useful lives.

Storage containers and structures	20 to 30 years
Buildings	30 years
Furniture and fixtures	3 to 5 years
Machinery	5 to 15 years
Motor vehicles	5 to 10 years
Leasehold improvements	5 to 10 years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 3.9).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss within "other (losses)/gains, net".

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Intangible assets

(a) Internally generated intangible assets

Costs associated with research activities are expensed in profit or loss as they occur. Costs that directly attributable to the development activities are recognised as intangible assets provided they meet the following recognition requirements:

(i) demonstration of technical feasibilities of the prospective product internal use or sale;

(ii) sufficient technical, financial and other resources are available for completion;

(iii) there is intention to complete the intangible asset and use or sell it;

(iv) the Group's ability to use or sell the intangible asset is demonstrated;

(v) the intangible asset will generate probable economic benefits through internal use or sale; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Directly attributable costs that are capitalised as part of the intangible assets include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(b) Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

The Group amortises the internal-use software with a limited useful life using the straight-line method over 5 to 10 years. Intangible assets also include patents for design and technology and capitalised development costs with definite useful lives of 3 to 5 years. Intangible assets are tested for impairment as described below in note 3.9.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.9 Impairment of non-financial assets

Property, plant and equipment, intangible assets and interests in subsidiaries are subject to impairment testing.

All assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, when an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Any impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as financial assets at FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

Impairment loss on financial assets

The Group recognises a loss allowance for expected credit losses ("ECLs") on investments in debt instruments that are measured at amortised cost. ECLs are a probability-weighted estimate of credit losses, which are measured as the present value of the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive (i.e. expected cash shortfalls). The expected cash shortfalls are discounted at the effective interest rate of the financial assets. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECLs for contract assets and trade receivables that result from transactions that are within the scope of HKFRS 15. Lifetime ECLs represent the ECLs that will result from all possible default events over the expected life of a financial instrument. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (Continued)

Impairment loss on financial assets (Continued)

For all other financial instruments including finance lease receivables, the Group recognises lifetime ECLs when there has been a significant increase in credit risk since initial recognition. When the credit risk on a financial instrument has not increased significantly since initial recognition (i.e. stage 1), the Group is required to measure the loss allowance for a financial instrument at an amount equal to 12-month ECLs, which represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. When the credit risk on that financial instrument has increased significantly since initial recognition (i.e. stage 2) or when the financial instrument is a credit-impaired financial asset (i.e. stage 3), the Group recognised lifetime ECLs.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- significant increases in credit risk on other financial instruments of the same debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (Continued)

Impairment loss on financial assets (Continued)

On the other hand, a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- a breach of contract, such as a default or past due event.

In addition, the Group considers that an event of default occurs when there is a breach of financial covenants by the counterparty; or information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3.11 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.14 Financial liabilities

The Group classified its financial liabilities depending on the purpose for which the liabilities were incurred.

The Group's financial liabilities include trade and other payables, bank borrowings and lease liabilities. They are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost, using the effective interest method.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. All related finance costs are recognised in accordance with the Group's accounting policy for borrowing costs (see note 3.15).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Lease liabilities

The accounting policies of lease liabilities has been set out in note 3.16 below.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.15 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

3.16 Leases

(a) The Group as a lessee

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases; and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Leasehold land	Over the lease period of 33 years
Land use right	Over the lease period of 35 to 50 years

Leasehold land in Hong Kong is government-owned. Land use right is the right to use certain land in the PRC. The considerations paid for leasehold land and land use right are treated as right-of-use assets and amortised over the lease period using the straight-line method.

(i) Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group has leased a number of properties under tenancy agreements and the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Leases (Continued)

(a) The Group as a lessee (Continued)

(ii) Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(b) The Group as a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Finance lease income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of the finance lease or a shorter period, when appropriate, to the net carrying amount of the net investment of the finance lease.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue recognition (Continued)

(a) Sales of goods

Revenue from sales of goods of the Group comprises:

- production and sales of electric storage products;
- production and sales of PV Films;
- automobile glass repair and replacement services; and
- trading of forklift.

Sales are recognised when control of the product has transferred, being when the product is delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the products have been transported to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the sales of goods is based on the price specified in the sales contracts. No element of financing is deemed present as the sales are made with a credit term within 30-90 days, which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

Receivable is recognised when the product is delivered at the point in time when the consideration is unconditional, which only the passage of time is required before the payment is due.

(b) Provision of EPC Services for photovoltaic power stations

The Group is engaged in the provision of EPC Services for photovoltaic power stations.

The Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion to the contract costs incurred to date as a proportion to the total estimated contract costs while the contract costs and contract progress are highly correlated for the contracts. Invoices are issued according to contractual terms and are usually payable upon the date of issuance. Uninvoiced amounts are presented as contract assets.

When the outcome of a performance obligation in a contract can be reasonably measured, contract revenue and the associated contract costs are recognised over time based on the progress of the respective contract at the end of the reporting period. The progress toward complete satisfaction of the performance obligation of the contract is determined by reference to the contract costs incurred to date as a proportion of the total estimated contract costs.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue recognition (Continued)

(b) Provision of EPC Services for photovoltaic power stations (Continued)

When the outcome of a performance obligation in a contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, a provision is recognised in accordance with the accounting policy for onerous contracts as set out in note 3.20.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. The impairment of contract assets is measured, presented and disclosed on the same basis set out in note 3.10.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

(c) Provision of wind farm management service

The Group provides wind farm management service to Xinyi Wind Power (Jinzhai) Company Limited. Revenue from provision of the wind farm management service is recognised over time on a straight-line basis over the term of the contract.

(d) Other income

Interest income is presented as finance income in the consolidated statement of profit or loss, where it is earned from financial assets that are held for cash management purposes. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.18 Government grants

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss as other income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment and land use right are initially included in liabilities as deferred government grants and when such property, plant and equipment and land use right are built or purchased, the received government grants are netted off with carrying value of the related assets.

3.19 Financial guarantees

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the ECL model under HKFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

3.20 Provisions and contingent liabilities

Provisions for warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.21 Accounting for income taxes

Income tax for the year comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit including existing taxable temporary differences will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associate, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply to the period when liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as "accrued salaries and bonus" within "contract liabilities, trade and other payables" in the consolidated statement of financial position.

(ii) Pension obligations

The Group participates in a number of defined contribution plans in Hong Kong, the PRC and Canada, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant group companies. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Group has no further payment obligations once the contributions have been paid.

The contributions are recognised as employee benefit expenses where they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Long service payments

The Group's net obligation under the Hong Kong Employment Ordinance in respect of long service payment ("LSP") on cessation of employment under certain circumstances is the estimated discounted amount of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated annually using the projected unit credit method, taking into account offsetable accrued benefits related to the Group's mandatory provident fund ("MPF") scheme (the "MPF Scheme") contributions.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Employee benefits (Continued)

(v) Equity settled share-based payment transactions

Share-based compensation benefits are provided to employees via the Company's employee share option scheme.

The fair value of the options granted under the Company's employee option scheme is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specified period of time).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium). When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.23 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependants of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.1 Revenue from provision of EPC Services

EPC Services income is recognised according to the percentage of completion of individual EPC Services contract, which is measured by reference to the contract costs incurred to date as a proportion to total estimated contract cost. Contract assets/contract liabilities are determined based on contract costs incurred, progress billings, any foreseeable losses and recognised profit which is also dependent on estimation of contract costs. The recognition of EPC Services income and contract assets/contract liabilities requires significant management judgement and involves estimation uncertainty. Estimated contract costs of individual contract, which mainly comprise subcontracting charges, materials and project staff costs, are supported by contract budget which was prepared by the management of the Company. In order to ensure that the total estimated contract costs are accurate and up-to-date such that EPC Services income can be estimated reliably, management reviews the contract budget, costs incurred to date and costs to completion regularly. Notwithstanding that the management regularly reviews and revises contract budgets when those EPC Services contracts progressed, the actual contract costs and gross profit margin achieved may be higher or lower than the estimates and that will affect the revenue and gross profit recognised in the consolidated financial statements.

4.2 Write-down of inventories to net realisable value

The Group writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write-downs of inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.3 Estimation of the fair value of a financial asset at FVOCI

The Group had an 18% equity interests of an unlisted company, which has a wind farm in the PRC with grid-connection since 2017. The investment was accounted for as a financial asset at FVOCI and requires subsequent re-measurement at fair value at each reporting date. As at 31 December 2024, the carrying amount of the financial asset at FVOCI was HK$39,783,000 (2023: HK$30,044,000). The methodologies, models, assumptions used in determining the fair value of financial asset at FVOCI not traded in an active market require judgement, which are mainly based on market conditions existing at each reporting date.

4.4 Impairment of contract assets, finance lease receivables and trade and other receivables

The Group makes loss allowance on contract assets, finance lease receivables and trade and other receivables based on assumptions about risk of default and ECL rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

4.5 Research and development costs

Careful judgement by the Group's management is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the best information available at each reporting period. In addition, all internal activities related to the research and development of new products are continuously monitored by the Group's management.

4.6 Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives, residue values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of these assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to changes in market conditions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4.7 Impairment assessment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on fair value less cost to sell or value in use calculations, as appropriate, taking into account the latest market information and past experience.

4.8 Current and deferred income tax

The Group is subject to income tax in Hong Kong, the PRC and Canada. Significant judgement is required in determining the provision for income taxes and the timing of the related payments. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the periods in which such determination is made.

5. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decision.

The executive directors determine the reportable segments from service/product perspective. The executive directors identified five operating segments, which represent the Group's reportable segments, respectively, including (1) electric storage business; (2) EPC Services; (3) PV Films, (4) automobile glass repair and replacement services; and (5) other segments (trading of forklift and wind farm related business).

Electric storage business	:	The Group is engaged in the development and sale of battery pack and energy storage system facilities with lithium batteries, like large-scale power banks for manufacturing facilities to facilitate load shifting and power stabilisation, uninterruptible power supply and power banks for households.
EPC Services	:	The Group is engaged in the provision of EPC Services for photovoltaic power stations.
PV Films	:	The Group is engaged in the production and sales of PV Films.
Automobile glass repair and replacement services	:	The Group operates service centres and a motorcade service team for the automobile glass repair and replacement services in Hong Kong.
Others	:	(a) Trading of forklift – The Group is engaged in trading of forklift business.
		(b) Wind farm related business – The Group has an equity investment in a wind farm project and has provided management services for the wind farm operations and engaged in investment and development in wind farm projects in the PRC.

5. SEGMENT INFORMATION (CONTINUED)

The executive directors assess the performance of the operating segments based on a measure of gross profit. Set out below is a summary list of performance indicators reviewed by the executive directors on a regular basis:

(a) *Segment results*

	Year ended 31 December 2024					
	Electric storage business *HK$'000*	EPC Services *HK$'000*	PV Films *HK$'000*	Automobile glass repair and replacement services *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue from external customers	172,387	611,817	341,527	57,413	50,726	1,233,870
Timing of revenue recognition within the scope of HKFRS 15						
– At a point in time	172,387	106,123	341,527	57,413	40,486	717,936
– Over time	—	484,377	—	—	10,240	494,617
	172,387	590,500	341,527	57,413	50,726	1,212,553
Revenue from other source:						
Finance lease income	—	21,317	—	—	—	21,317
Total revenue	172,387	611,817	341,527	57,413	50,726	1,233,870
Cost of revenue	(163,995)	(454,336)	(332,972)	(39,101)	(40,349)	(1,030,753)
Gross profit	8,392	157,481	8,555	18,312	10,377	203,117
Depreciation charge of property, plant and equipment	31,789	3,131	15,838	7,965	—	58,723
Amortisation charge of intangible assets	6,269	—	1,969	—	—	8,238
Impairment loss on property, plant and equipment	8,118	—	41,380	—	—	49,498
Impairment loss on intangible assets	56,279	—	4,366	—	—	60,645
Loss on disposal of lithium battery production lines (notes 6(c) and 14(a))	95,617	—	—	—	—	95,617

5. SEGMENT INFORMATION (CONTINUED)

(a) *Segment results (Continued)*

	Year ended 31 December 2023					
	Electric storage business *HK$'000*	EPC Services *HK$'000*	PV Films *HK$'000*	Automobile glass repair and replacement services *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue from external customers	356,057	572,000	363,494	50,205	50,204	1,391,960
Timing of revenue recognition within the scope of HKFRS 15						
– At a point in time	356,057	45,230	363,494	50,205	41,089	856,075
– Over time	—	514,871	—	—	9,115	523,986
	356,057	560,101	363,494	50,205	50,204	1,380,061
Revenue from other source:						
Finance lease income	—	11,899	—	—	—	11,899
Total revenue	356,057	572,000	363,494	50,205	50,204	1,391,960
Cost of revenue	(325,016)	(432,125)	(367,229)	(36,104)	(36,194)	(1,196,668)
Gross profit/(loss)	31,041	139,875	(3,735)	14,101	14,010	195,292
Depreciation charge of property, plant and equipment	27,979	1,315	4,917	7,429	—	41,640
Amortisation charge of intangible assets	2,277	—	392	—	—	2,669

5. SEGMENT INFORMATION (CONTINUED)

(a) *Segment results (Continued)*

A reconciliation of segment gross profit to (loss)/profit before income tax is provided as follows:

	2024 HK$'000	2023 HK$'000
Segment gross profit	**203,117**	195,292
Unallocated items:		
Other income	**19,587**	70,840
Other (losses)/gains, net	**(96,446)**	14,619
Impairment loss on financial assets	**(1,841)**	(1,077)
Impairment loss on property, plant and equipment	**(49,498)**	—
Impairment loss on intangible assets	**(60,645)**	—
Selling and marketing costs	**(33,188)**	(35,568)
Administrative expenses	**(157,614)**	(120,715)
Share of results of joint ventures	**3,857**	—
Share of results of an associate	**(5)**	(5)
Finance income	**1,037**	1,286
Finance costs	**(17,721)**	(15,048)
(Loss)/profit before income tax	**(189,360)**	109,624

During the years ended 31 December 2024 and 2023, none of the Group's customers account for more than 10% of the total revenue of the Group.

(b) *Disaggregation of revenue from contract with customers*

An analysis of the Group's sales by geographical area of its customers is as follows:

	2024 HK$'000	2023 HK$'000
The PRC	**723,458**	962,301
Canada	**430,516**	375,946
Hong Kong	**57,432**	50,224
Others	**22,464**	3,489
	1,233,870	1,391,960

5. SEGMENT INFORMATION (CONTINUED)

(c) Segment assets and liabilities

	31 December 2024					
	Electric storage business *HK$'000*	**EPC Services** *HK$'000*	**PV Films** *HK$'000*	**Automobile glass repair and replacement services** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Total assets	**483,104**	**889,680**	**530,590**	**48,668**	**61,288**	**2,013,330**
Total assets included:						
Additions to non-current assets during the year (other than financial instruments and deferred tax assets)	**25,630**	**26,813**	**15,603**	**3,976**	**—**	**72,022**
Total liabilities	**(173,773)**	**(241,515)**	**(101,651)**	**(17,083)**	**(46,197)**	**(580,219)**

	31 December 2023					
	Electric storage business *HK$'000*	EPC Services *HK$'000*	PV Films *HK$'000*	Automobile glass repair and replacement services *HK$'000*	Others *HK$'000*	Total *HK$'000*
Total assets	742,304	836,816	643,247	52,720	57,804	2,332,891
Total assets included:						
Additions to non-current assets during the year (other than financial instruments and deferred tax assets)	99,245	4,151	87,191	9,882	88	200,557
Total liabilities	(198,014)	(230,424)	(96,183)	(19,892)	(29,143)	(573,656)

5. SEGMENT INFORMATION (CONTINUED)

(c) Segment assets and liabilities (Continued)

Reportable segment assets/(liabilities) are reconciled to total assets/(liabilities) as follows:

	Assets		Liabilities	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment assets/(liabilities)	**2,013,330**	2,332,891	**(580,219)**	(573,656)
Unallocated items:				
Prepayments, deposits and other receivables	**301**	297	**—**	—
Cash and cash equivalents	**144**	155	**—**	—
Bank borrowings	**—**	—	**(467,823)**	(532,164)
Other creditors and accruals	**—**	—	**(1,841)**	(2,240)
Total assets/(liabilities)	**2,013,775**	2,333,343	**(1,049,883)**	(1,108,060)

An analysis of the Group's non-current assets other than financial instruments and deferred tax assets by geographical area in which the assets are located is as follows:

	2024	2023
	HK$'000	*HK$'000*
The PRC	**525,293**	781,117
Canada	**9,696**	5,070
Hong Kong	**22,900**	21,826
Malaysia	**20,098**	17,618
	577,987	825,631

5. SEGMENT INFORMATION (CONTINUED)

(d) *Assets and liabilities related to contract with customers*

The Group has recognised the following assets and liabilities related to contract with customers:

	2024 *HK$'000*	2023 *HK$'000*
Contract assets:		
– Provision of EPC Services	**143,197**	203,881
Contract liabilities:		
– Provision of EPC Services	**9,392**	12,410
– Others	**10,304**	9,530
	19,696	21,940

(i) *Significant changes in contract assets and liabilities*

Contract assets have decreased by HK$60,684,000 (2023: increased by HK$69,207,000) relating to the Group's EPC Services because certain contract assets of the EPC Services as at 31 December 2023 were transferred to receivables during the year ended 31 December 2024 when the rights became unconditional.

Contract liabilities have decreased by HK$2,244,000 (2023: HK$19,712,000) during the year mainly due to the utilisation of advance payments for the ongoing EPC Services contracts during the year.

(ii) *Revenue recognised in relation to contract liabilities*

Revenue of HK$21,667,000 (2023: HK$41,345,000) is recognised in relation to contract liabilities in the year.

(iii) Given that all contracts are for the periods of one year or less or are billed based on progress completed to date, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	2024 HK$'000	2023 HK$'000
Other income		
Government grants (note (a))	**2,358**	64,730
Others (note (b))	**17,229**	6,110
	19,587	70,840
Other (losses)/gains, net		
Net (losses)/gains on disposal/write-off of facilities, scrapped materials or property, plant and equipment (note (c))	**(99,883)**	5,462
Exchange gains, net	**3,690**	9,157
Others	**(253)**	—
	(96,446)	14,619

Notes:

(a) The balance included mainly grants obtained from the PRC government to subsidise the operating costs amounting to Nil (2023: HK$60,740,000) and also tax subsidy amounting to HK$787,000 (2023: HK$2,580,000).

(b) The balance included mainly the additional deduction of input value-added tax and income from sale of electricity.

(c) For the year ended 31 December 2024, the balance included mainly a loss on disposal of lithium battery production lines amounting to HK$95,617,000 (2023: Nil) (note 14 (a)). Remaining balances are scraps or recyclable materials generated from the Group's production and operation which are available for sale and give rise to disposal gains/(losses).

7. (LOSS)/PROFIT BEFORE INCOME TAX

The Group's (loss)/profit before income tax is arrived at after charging:

	2024 HK$'000	2023 HK$'000
Cost of inventories (note 19)	**825,120**	876,926
Write-off and provision for impairment of inventories (note 19)	**7,045**	1,628
Auditor's remuneration - audit services	**1,400**	1,480
Depreciation charge:		
– Property, plant and equipment owned (note 14)	**48,472**	32,500
– Right-of-use assets (note 14)	**10,251**	9,140
Amortisation charge (note 15)	**8,238**	2,669
Employee benefit expense (including directors' emoluments) (note 8)	**102,092**	104,882
Expense relating to short-term leases (note 14)	**2,755**	2,607
Research and development expenses	**49,874**	32,039

8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2024 HK$'000	2023 HK$'000
Wages and salaries	**103,965**	101,504
Bonus	**13,532**	21,476
Share-based compensation (note 29)	**3,975**	5,551
Pension costs – defined contribution scheme (note (a))	**9,937**	10,459
Pension costs – defined benefit scheme (note (b))	**—**	253
Others	**4,521**	5,205
	135,930	144,448
Less: Capitalised in inventories	**(479)**	(1,532)
Capitalised in construction-in-progress	**—**	(2,404)
Capitalised in development costs	**(9,736)**	(26,724)
Included in research and development expenses charged to profit or loss	**(23,623)**	(8,906)
	102,092	104,882

Notes:

(a) Pension costs – defined contribution scheme

The Group has arranged for its Hong Kong employees to join the MPF Scheme, a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the MPF legislation. Both the Group's and the employees' contributions were subject to a monthly cap of HK$1,500 and thereafter contributions are voluntary.

The Group's subsidiaries in the PRC also participate in defined contribution retirement schemes covering its full time PRC employees. The schemes are administered by the relevant government authorities in the PRC. The Group and the PRC eligible employees are required to make contributions based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC and the relevant government authorities undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group's subsidiaries in the PRC. No forfeited contribution is available to reduce the contribution payable in future years.

The employees of the subsidiary in Canada are members of the Canada Pension Plan operated by the Canadian government. The Group is required to contribute 5.95% (2023: 5.95%) of payroll costs to a retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement scheme is to make the specified contributions.

The Group has no material obligation for post-retirement benefits beyond contributions to the above schemes.

8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

Notes: (Continued)

(b) Pension costs – defined benefit scheme

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations. The Hong Kong Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) Amendment Ordinance (the "Amendment Ordinance") in June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory contributions under the MPF Scheme to offset severance payment and LSP (the "offsetting mechanism"). The Amendment Ordinance has prospective effect from 1 May 2025 (the "Transition Date"). In particular, (i) employers may continue to use the accrued benefits derived from their MPF contributions (irrespective of the contributions made before, on or after the Transition Date, and irrespective of mandatory or voluntary contributions) to offset employees' pre-transition portion of LSP; (ii) the pre-transition portion of LSP due to employees will be calculated on the basis of the employee's final month's salary immediately preceding the Transition Date and the years of service as at the Transition Date. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation. As the amount of offsetable accrued benefits under the MPF Scheme is expected to decrease once the abolition of the offsetting mechanism takes effect, the expected reduction in the related negative benefits in the future has been attributed to each employee's past and current service periods. The directors consider that there was no material change in the pension costs of defined benefit scheme for the year ended 31 December 2024.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two directors (2023: two directors) whose emoluments were reflected in the analysis presented in note 9. The emoluments paid to the remaining three (2023: three) individuals are as follows:

	2024 HK$'000	2023 HK$'000
Wages and salaries	**3,359**	3,141
Bonus	**290**	468
Share-based compensation	**164**	3,713
Pension costs – defined contribution scheme	**66**	62
	3,879	7,384

The emoluments of the remaining individuals fell within the following bands:

Emolument bands	Number of individuals	
	2024	2023
HK$1,000,001 – HK$1,500,000	**3**	—
HK$1,500,001 – HK$2,000,000	**—**	2
HK$4,000,001 – HK$4,500,000	**—**	1

(d) During the year, no amounts were paid or payable by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office (2023: Nil).

9. BENEFITS AND INTERESTS OF DIRECTORS

The remuneration of every director and the chief executive officer for the years ended 31 December 2024 and 2023 is set out below:

	Emoluments paid or payable in respect of a person's services as a director/chief executive whether of the Company or its subsidiary undertaking					
	Fees *HK$'000*	Wages and salaries *HK$'000*	Bonus *HK$'000*	Share-based compensation *HK$'000*	Pension costs – Defined contribution scheme *HK$'000*	Total *HK$'000*
Year ended 31 December 2024						
Executive directors						
LI Pik Yung	180	787	3,007	106	18	4,098
NG Ngan Ho	—	—	—	—	—	—
WANG Mohan	180	1,946	1,174	1,930	53	5,283
Non-executive directors						
TUNG Ching Sai	—	—	—	—	—	—
LEE Shing Kan	—	—	—	—	—	—
Independent non-executive directors						
WANG Guisheng	200	—	—	—	—	200
NG Wai Hung	200	—	—	—	—	200
CHAN Hak Kan	200	—	—	—	—	200
	960	2,733	4,181	2,036	71	9,981

9. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

	Emoluments paid or payable in respect of a person's services as a director/chief executive whether of the Company or its subsidiary undertaking					
	Fees *HK$'000*	Wages and salaries *HK$'000*	Bonus *HK$'000*	Share-based compensation *HK$'000*	Pension costs – Defined contribution scheme *HK$'000*	Total *HK$'000*
Year ended 31 December 2023						
Executive directors						
LI Pik Yung	180	754	2,182	94	18	3,228
NG Ngan Ho	—	—	—	—	—	—
WANG Mohan (appointed on 5 June 2023)	103	2,256	701	2,328	53	5,441
Non-executive directors						
TUNG Ching Sai	—	—	—	—	—	—
LEE Shing Kan	—	—	—	—	—	—
Independent non-executive directors						
WANG Guisheng	200	—	—	—	—	200
NG Wai Hung	200	—	—	—	—	200
CHAN Hak Kan	200	—	—	—	—	200
	883	3,010	2,883	2,422	71	9,269

9. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) *Directors' emoluments*

(i) The remuneration shown above represents remuneration received from the Group by these directors and the chief executive in their capacities as employees of the Group.

(ii) During the year, none of the directors waived the remuneration and there were no amounts paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

(iii) Mr. WANG Mohan is also the Chief Executive Officer of the Group and his remuneration disclosed above include those for services rendered by him as the Chief Executive Officer.

(b) *Directors' retirement benefits*

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking during the year ended 31 December 2024 (2023: Nil).

(c) *Directors' termination benefits*

No payment was made to any directors as compensation for the early termination of the appointment during the year ended 31 December 2024 (2023: Nil).

(d) *Consideration provided to third parties for making available directors' services*

No payment was made to the former employer of any directors for making available the services of them as a director of the Company during the year ended 31 December 2024 (2023: Nil).

(e) *Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors*

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year ended 31 December 2024 (2023: Nil).

(f) *Directors' material interests in transactions, arrangements or contracts*

Except for those transactions disclosed in note 32, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2024 (2023: Nil).

10. FINANCE INCOME AND COSTS

	2024 *HK$'000*	2023 *HK$'000*
Finance income		
Interest income from bank deposits	**1,037**	1,286
Finance costs		
Interest on bank borrowings	**16,982**	27,966
Interest on lease liabilities (notes 14 and 23)	**860**	573
Interest on discounted bills	**3,092**	2,359
	20,934	30,898
Less: amounts capitalised (note)	**(3,213)**	(15,850)
	17,721	15,048

Note:

The capitalisation rate of 3.87% (2023: 5.28%) used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year.

11. INCOME TAX EXPENSE

	2024 *HK$'000*	2023 *HK$'000*
Current income tax		
– Hong Kong profits tax (note (a))	**1,948**	563
– PRC corporate income tax (note (b))	**14,071**	4,812
– Canadian corporate income tax (note (c))	**1,966**	3,982
– Under/(over)-provision for prior years	**171**	(4,792)
	18,156	4,565
Deferred tax charge (note 25)	**173**	12,959
	18,329	17,524

Notes:

(a) Hong Kong profits tax has been provided at the two-tiered rate of 8.25% (2023: 8.25%) for the first HK$2 million of the estimated assessable profits for one of the Group's Hong Kong subsidiaries for the year and 16.5% (2023: 16.5%) on the remaining estimated assessable profits for the years.

(b) Three (2023: Four) of the PRC subsidiaries, being qualified as a New and High Technology Enterprise, are entitled to a preferential corporate income tax rate of 15% (2023: 15%) for the year. Other subsidiaries of the Group in the PRC are subject to standard tax rate of 25% (2023: 25%). Provision for the PRC corporate income tax is calculated at 15% - 25% (2023: 15% - 25%) on estimated assessable profit for the year ended 31 December 2024.

(c) Canadian corporate income tax is provided on the estimated assessable profits for the year at the federal tax rate of 15% (2023: 15%) and provincial tax rates at rates prevailing in relevant provinces of 8% - 16% (2023: 8% - 16%) for the year ended 31 December 2024.

11. INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rate applicable to the Group as follows:

	2024 **HK$'000**	2023 HK$'000
(Loss)/profit before income tax	**(189,360)**	109,624
Tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(26,975)**	19,635
Tax effect of non-taxable income	**(311)**	(191)
Tax effect of non-deductible expenses	**7,816**	9,186
Tax effect of additional tax reduction enacted by tax authority	**(7,391)**	(5,447)
Tax effect of temporary differences not recognised	**17,512**	10
Tax effect of tax losses not recognised	**28,200**	2,018
Tax effect of share of results of joint ventures	**(635)**	—
Under/(over)-provision for prior years	**171**	(4,792)
Utilisation of tax losses previously not recognised	**(58)**	(2,895)
Income tax expense	**18,329**	17,524

12. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024 **HK$'000**	2023 HK$'000
(Loss)/profit attributable to owners of the Company	**(197,069)**	83,142

	('000)	('000)
Weighted average number of ordinary shares in issue	**785,485**	785,208

	HK Cents	HK Cents
Basic (loss)/earnings per share	**(25.09)**	10.59

12. (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2024, the outstanding share options were anti-dilutive.

For the year ended 31 December 2023, the Company had dilutive potential ordinary shares from share options outstanding at the end of the year. The calculation for share options was determined by the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds was the number of shares issued for no consideration. The resulting number of shares issued for no consideration was included in the weighted average number of ordinary shares as the denominator for calculating diluted (loss)/earnings per share.

	2024	2023
	HK$'000	*HK$'000*
(Loss)/profit attributable to owners of the Company	**(197,069)**	83,142
	('000)	*('000)*
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**785,485**	785,208
Adjustment for share options	**—**	3,336
	785,485	788,544
	HK Cents	*HK Cents*
Diluted (loss)/earnings per share	**(25.09)**	10.54

13. DIVIDENDS

No final dividend was proposed during the year (2023: Nil).

14. PROPERTY, PLANT AND EQUIPMENT

	Storage containers and structures	Buildings	Furniture and fixtures	Machinery	Motor vehicles	Leasehold improvements	Right-of-use assets	Construction-in-progress ("CIP")	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2023									
Cost	1,467	125,238	7,938	235,750	9,928	4,576	44,850	275,933	705,680
Accumulated depreciation	(708)	(5,503)	(2,140)	(48,071)	(6,249)	(3,564)	(11,354)	–	(77,589)
Net carrying amount	759	119,735	5,798	187,679	3,679	1,012	33,496	275,933	628,091
Year ended 31 December 2023									
Opening net carrying amount	759	119,735	5,798	187,679	3,679	1,012	33,496	275,933	628,091
Additions	–	735	2,940	22,005	958	2,605	14,768	176,613	220,624
Capitalisation of borrowing costs	–	–	–	–	–	–	–	15,850	15,850
Disposals	–	–	(13)	(263)	–	(13)	–	(761)	(1,050)
Transfer from CIP	–	69,920	2,311	172,346	–	–	–	(244,577)	–
Depreciation	(66)	(4,867)	(2,347)	(23,502)	(977)	(741)	(9,140)	–	(41,640)
Government subsidies net off	–	(13,018)	–	(31,397)	–	–	–	(27,369)	(71,784)
Exchange realignment	–	(2,528)	(94)	(4,300)	(32)	(7)	(292)	(6,934)	(14,187)
Closing net carrying amount	693	169,977	8,595	322,568	3,628	2,856	38,832	188,755	735,904
At 31 December 2023 and 1 January 2024									
Cost	**1,467**	**180,215**	**12,875**	**393,033**	**10,632**	**6,403**	**52,074**	**188,755**	**845,454**
Accumulated depreciation	**(774)**	**(10,238)**	**(4,280)**	**(70,465)**	**(7,004)**	**(3,547)**	**(13,242)**	**–**	**(109,550)**
Net carrying amount	**693**	**169,977**	**8,595**	**322,568**	**3,628**	**2,856**	**38,832**	**188,755**	**735,904**
Year ended 31 December 2024									
Opening net carrying amount	**693**	**169,977**	**8,595**	**322,568**	**3,628**	**2,856**	**38,832**	**188,755**	**735,904**
Additions	**–**	**692**	**1,233**	**14,955**	**1,707**	**438**	**10,891**	**17,450**	**47,366**
Capitalisation of borrowing costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,213**	**3,213**
Disposals (note (a))	**–**	**–**	**(118)**	**(119,484)**	**(909)**	**–**	**(1,199)**	**(5,630)**	**(127,340)**
Impairment (notes (b) and (c))	**–**	**–**	**(1,456)**	**(39,871)**	**(205)**	**(378)**	**(1,058)**	**(6,530)**	**(49,498)**
Transfer from CIP	**–**	**3,695**	**120**	**140,762**	**1,249**	**–**	**–**	**(145,826)**	**–**
Depreciation	**(66)**	**(5,778)**	**(3,114)**	**(37,468)**	**(1,155)**	**(891)**	**(10,251)**	**–**	**(58,723)**
Exchange realignment	**–**	**(5,159)**	**(229)**	**(8,326)**	**(58)**	**(13)**	**(1,218)**	**(1,886)**	**(16,889)**
Closing net carrying amount	**627**	**163,427**	**5,031**	**273,136**	**4,257**	**2,012**	**35,997**	**49,546**	**534,033**
At 31 December 2024									
Cost	**1,467**	**179,007**	**13,129**	**344,861**	**11,564**	**6,808**	**54,838**	**56,076**	**667,750**
Accumulated depreciation and impairment	**(840)**	**(15,580)**	**(8,098)**	**(71,725)**	**(7,307)**	**(4,796)**	**(18,841)**	**(6,530)**	**(133,717)**
Net carrying amount	**627**	**163,427**	**5,031**	**273,136**	**4,257**	**2,012**	**35,997**	**49,546**	**534,033**

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The analysis of the net carrying amount of right-of-use assets by class of underlying assets is as follows:

	Leasehold land *HK$'000*	Land use rights *HK$'000*	Lease contracts *HK$'000*	Total *HK$'000*
At 1 January 2023	7,080	16,298	10,118	33,496
Additions	—	—	14,768	14,768
Depreciation	(300)	(451)	(8,389)	(9,140)
Exchange realignment	—	(367)	75	(292)
At 31 December 2023 and 1 January 2024	**6,780**	**15,480**	**16,572**	**38,832**
Additions	**—**	**—**	**10,891**	**10,891**
Disposals	**—**	**—**	**(1,199)**	**(1,199)**
Impairment (notes (b) and (c))	**—**	**—**	**(1,058)**	**(1,058)**
Depreciation	**(300)**	**(108)**	**(9,843)**	**(10,251)**
Exchange realignment	**—**	**(611)**	**(607)**	**(1,218)**
At 31 December 2024	**6,480**	**14,761**	**14,756**	**35,997**

	2024 *HK$'000*	2023 *HK$'000*
Interest on lease liabilities (notes 10 and 23)	**860**	573
Expense relating to short-term leases (note 7)	**2,755**	2,607

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in notes 23 and 34(b) respectively.

Notes:

(a) With the selling price of lithium battery continued to decrease, the directors decided to withdraw from the production of lithium battery during the year. Instead of producing the lithium batteries by itself, the Group has turned to purchase the lithium batteries from external third party manufacturers to further develop into the electric storage products. During the year, the Group disposed of its three production lines relating to the production of lithium batteries, with the net carrying amount of RMB111,268,000 (equivalent to approximately HK$120,786,000), to the purchaser, at the consideration of RMB23,186,000 (equivalent to approximately HK$25,169,000), net of value-added tax. As of 31 December 2024, the disposal was completed and resulted in a loss on disposal of RMB88,082,000 (equivalent to approximately HK$95,617,000). Following the disposal of the lithium battery production lines, the impairment loss in relation to the capitalised development costs relating to the lithium battery technology amounting to HK$15,820,000 (note 15) was recognised accordingly.

(b) In view of the intense competition of the portable energy storage products in the market and the accelerated technical development, the directors decided to suspend the subsequent research and development and promotion of portable energy storage products. The management conducted a review of the recoverable amount of the related non-financial assets and an impairment loss, against related property, plant and equipment of HK$1,968,000 and intangible assets of HK$25,550,000 (note 15), was recognised.

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (Continued)

(c) In 2024, due to the decreases in the market prices and the accelerated technical development of the renewable energy products during the year, the revenue generated from certain of the Group's CGUs was significantly lower than originally budgeted. Management performed impairment testing by comparing the recoverable amount of the CGUs relating to the Group's electric storage business ("Electric Storage CGU"), PV Films business ("PV Films CGU") and electric vehicle charger business ("EV Charger CGU") with the carrying amount of the related non-financial asset allocating to respective CGUs.

The recoverable amounts for Electric Storage CGU, PV Films CGU and EV Charger CGU were determined based on value in use calculations, covering a detailed five-year financial budget approved by the management. The key assumptions used for value in use calculations of the applicable CGUs for the year are as follows:

	Electric Storage CGU	**PV Films CGU**	**EV Charger CGU**
Compound annual sales growth rate	28.87%	38.69%	90.35%
Average gross profit margin	11.72%	10.82%	23.72%
Growth rates used to extrapolate cashflows beyond the budget period	2.02%	2.02%	2.02%
Pre-tax discount rate	13.37%	18.12%	19.74%

Impairment assessment on Electric Storage CGU

The recoverable amount of Electric Storage CGU exceeds its carrying amount by HK$19,589,000. The key assumption is the compound annual sales growth rate of 28.87%. If the compound annual sales growth rate reduced by 1.90%, the recoverable amount of Electric Storage CGU would equal its carrying amount of attributable non-financial assets.

Impairment assessment on PV Films CGU

An impairment loss of HK$45,746,000 on PV Films CGU, against related property, plant and equipment of HK$41,380,000 and intangible assets of HK$4,366,000 (note 15), was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024. The carrying amount of PV Films CGU was written down to its recoverable amount of HK$309,145,000 and related the impairment loss was allocated pro rata to class of assets to offset the carrying amount of the asset. The carrying amount of the asset was not reduced below the highest of its fair value less costs of disposal, its value in use and zero. The significant impairment loss recognised was mainly due to the decrease in market prices of PV Films products as a result of the imbalance between the market supply and demand. As the PV Films CGU has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment losses.

Impairment assessment on EV Charger CGU

An impairment loss of HK$18,013,000 on EV Charger CGU, against related property, plant and equipment of HK$3,104,000 and intangible assets of HK$14,909,000 (note 15), was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024. The carrying amount of EV Charger CGU was written down to its recoverable amount of HK$4,677,000 and the related impairment loss was allocated pro rata to class of assets to offset the carrying amount of the asset. The carrying amount of the asset was not reduced below the highest of its fair value less costs of disposal, its value in use and zero. The significant impairment loss recognised was mainly due to the intense competition of the electric vehicle charger products in the market and the accelerated technical development. As the EV Charger CGU has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment losses.

Apart from the considerations described above in determining the recoverable amount of the CGUs, the Group's management is not currently aware of any other probable changes that would necessitate changes in their key assumptions.

The recoverable amounts of respective CGUs were determined by an independent professional valuer, Graval Consulting Limited, with the discounted cash flow approach.

15. INTANGIBLE ASSETS

	Patent HK$'000	Internal-use software HK$'000	Development costs HK$'000	Total HK$'000
At 1 January 2023				
Cost	9,674	3,988	14,760	28,422
Accumulated amortisation	(1,441)	(3,190)	(105)	(4,736)
Net carrying amount	8,233	798	14,655	23,686
Year ended 31 December 2023				
Opening net carrying amount	8,233	798	14,655	23,686
Additions	—	—	69,051	69,051
Amortisation	(954)	(788)	(927)	(2,669)
Exchange realignment	(143)	(10)	(715)	(868)
Closing net carrying amount	7,136	—	82,064	89,200
At 31 December 2023 and 1 January 2024				
Cost	**9,499**	**3,915**	**83,088**	**96,502**
Accumulated amortisation	**(2,363)**	**(3,915)**	**(1,024)**	**(7,302)**
Net carrying amount	**7,136**	**—**	**82,064**	**89,200**
Year ended 31 December 2024				
Opening net carrying amount	**7,136**	**—**	**82,064**	**89,200**
Additions	**—**	**—**	**18,217**	**18,217**
Impairment (notes 14(a), (b) and (c))	**(4,791)**	**—**	**(55,854)**	**(60,645)**
Amortisation	**(938)**	**—**	**(7,300)**	**(8,238)**
Exchange realignment	**(103)**	**—**	**(1,615)**	**(1,718)**
Closing net carrying amount	**1,304**	**—**	**35,512**	**36,816**
At 31 December 2024				
Cost	**9,304**	**—**	**99,586**	**108,890**
Accumulated amortisation and impairment	**(8,000)**	**—**	**(64,074)**	**(72,074)**
Net carrying amount	**1,304**	**—**	**35,512**	**36,816**

Note:

Amortisation charge of HK$1,968,000 (2023: HK$1,173,000) and HK$6,270,000 (2023: HK$1,496,000) have been charged in cost of revenue and administrative expenses for the year respectively.

16. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK$'000	2023 HK$'000
As at 1 January	**30,044**	25,440
Gain recognised in other comprehensive income	**10,897**	5,101
Exchange realignment	**(1,158)**	(497)
As at 31 December	**39,783**	30,044

The Group has classified its 18% equity interest of an unlisted company as financial asset at FVOCI. The entity has a wind farm in the PRC with grid-connection and is controlled by Xinyi Glass Holdings Limited ("Xinyi Glass"), a related party. Details about the methods and assumptions used in determining fair value of the equity interest are set out in note 33(e).

17. INTERESTS IN JOINT VENTURES

	2024 HK$'000	2023 HK$'000
Unlisted investments		
Share of net assets	**6,180**	—

Details of the Group's joint ventures are as follows:

Name	Place of incorporation, operation and principal activity	Percentage of ownership interests/ voting rights/ profit share
PT Xinkai Solar Indonesia ("PT Xinkai")	Incorporated in Indonesia, Provision of EPC Services	60%
Trifecta Group Inc. ("Trifecta")	Incorporated in Canada, Provision of sales and marketing services for solar projects	18%

17. INTERESTS IN JOINT VENTURES (CONTINUED)

The following table shows the Group's share of the amounts of the immaterial joint ventures that is accounted for using equity method:

	PT Xinkai HK$'000	Trifecta HK$'000	Total HK$'000
At 31 December 2024			
Carrying amounts of interest	5,113	1,067	6,180
Year ended 31 December 2024			
Profit/(loss) for the year	3,872	(15)	3,857

18. INTERESTS IN AN ASSOCIATE

	2024 HK$'000	2023 HK$'000
Unlisted investment		
Share of net assets	293	298

Details of the Group's associate are as follows:

Name	Place of incorporation, operation and principal activity	Percentage of ownership interests/ voting rights/ profit share
XSD Union Solar Tech Limited ("XSD Solar")	Incorporated in Hong Kong, Provision of solar power systems*	40%

* not yet commenced operation

18. INTERESTS IN AN ASSOCIATE (CONTINUED)

The following table shows the Group's share of the amounts of the immaterial associate that is accounted for using equity method:

	2024 *HK$'000*	2023 *HK$'000*
At 31 December		
Carrying amount of interest	**293**	298
Year ended 31 December		
Loss for the year	**(5)**	(5)

19. INVENTORIES

	2024 *HK$'000*	2023 *HK$'000*
Raw materials	**104,831**	97,369
Work in progress	**4,063**	8,298
Finished goods	**28,224**	136,410
Other consumables	**6,966**	8,797
	144,084	250,874
Less: Provision for impairment of inventories	**(4,931)**	(2,379)
As at 31 December	**139,153**	248,495

The cost of inventories recognised as expense and included in cost of revenue amounted to HK$825,120,000 (2023: HK$876,926,000) for the year (note 7).

The write-off and provision for impairment of inventories included in cost of revenue amounted to HK$7,045,000 (2023: HK$1,628,000) (note 7).

20. CONTRACT ASSETS, TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2024 HK$'000	2023 HK$'000
Finance lease - gross receivables (note (a))	**673,979**	505,884
Less: Unearned finance income	**(169,928)**	(127,257)
Present value of minimum lease payments	**504,051**	378,627
Less: Loss allowance	**(1,739)**	(1,487)
	502,312	377,140
Trade receivables (note (b))		
– Third parties	**292,674**	281,851
– Related companies (note 32(d))	**47,818**	54,915
	340,492	336,766
Less: Loss allowance	**(3,131)**	(2,199)
	337,361	334,567
Contract assets	**143,931**	204,226
Less: Loss allowance	**(734)**	(345)
	143,197	203,881
Bills receivables at FVOCI (note (c))	**92,837**	70,078
Prepayments	**27,102**	28,239
Value-added tax recoverable	**5,899**	1,481
Deposits and other receivables	**17,537**	7,467
	1,126,245	1,022,853
Less: Non-current portion		
Finance lease receivables	**(473,257)**	(357,298)
Prepayments for property, plant and equipment	**(665)**	(229)
Current portion	**652,323**	665,326

20. CONTRACT ASSETS, TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Notes:

(a) Finance lease receivables

The analysis of finance lease receivables, determined based on the schedule to repay the receivables since the effective dates of the relevant lease contracts, as at the end of the reporting period, is as follows:

Finance lease – gross receivables	**2024** ***HK$'000***	2023 *HK$'000*
Current	**52,583**	36,157
Non-current	**621,396**	469,727
	673,979	505,884
The gross receivables of finance leases may be analysed as follows:		
– Not later than 1 year	**52,583**	36,157
– Later than 1 year but not later than 5 years	**226,523**	172,916
– Later than 5 years	**394,873**	296,811
	673,979	505,884

Present value of minimum lease payments	**2024** ***HK$'000***	2023 *HK$'000*
Current	**30,794**	21,329
Non-current	**473,257**	357,298
	504,051	378,627
The net investment in finance leases may be analysed as follows:		
– Not later than 1 year	**30,794**	21,329
– Later than 1 year but not later than 5 years	**148,355**	110,637
– Later than 5 years	**324,902**	246,661
	504,051	378,627

The effective interests in respect of above finance lease contracts ranged mainly from 5.00% to 5.99% per annum as at 31 December 2024 (2023: 5.00% to 5.99%).

Details of impairment assessment of finance lease receivables for the year ended 31 December 2024 are set out in note 33(c).

20. CONTRACT ASSETS, TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Notes: (Continued)

(b) Trade receivables

Majority of credit period granted by the Group to its customers is 30 to 90 days (2023: 30 to 90 days). Ageing analysis of the Group's trade receivables based on the invoice date was as follows:

	2024	2023
	HK$'000	*HK$'000*
0 – 90 days	**232,797**	204,754
91 – 180 days	**42,878**	58,774
181 – 365 days	**28,770**	63,396
Over 365 days	**36,047**	9,842
	340,492	336,766
Less: Loss allowance	**(3,131)**	(2,199)
	337,361	334,567

Details of impairment assessment of trade receivables for the year ended 31 December 2024 are set out in note 33(c).

(c) Bills receivables

The maturity dates of bills receivables are within 6 months (2023: 6 months).

Details about the methods and assumptions used in determining fair value of the bills receivables at FVOCI are set out in note 33(e).

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2024, the Group endorsed certain unmatured bills receivables accepted by banks in the PRC (the "Endorsed Bills") with a carrying amount of HK$22,659,000 (2023: HK$25,724,000) to certain of its suppliers in order to settle the trade and other payables due to such suppliers (the "Endorsement"). In addition, as at 31 December 2024, the Group discounted certain unmatured bills receivables accepted by banks in the PRC (the "Discounted Bills") with a carrying amount of HK$12,599,000 (2023: HK$18,411,000) to certain banks to finance its operating cash flows (the "Discount"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills and Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade and other payables settled amounting to HK$22,659,000 (2023: HK$25,724,000), and the Discounted Bills and the associated borrowings amounting to HK$12,599,000 (2023: HK$18,411,000). Subsequent to the Endorsement and Discount, the Group did not retain any rights on the use of the Endorsed Bills and Discounted Bills, including the sale, transfer or pledge to any other third parties.

20. CONTRACT ASSETS, TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Notes: (Continued)

(c) Bills receivables (Continued)

Transferred financial assets that are derecognised in their entirety

As at 31 December 2024, the Group had unmatured Endorsed Bills with an aggregate carrying amount of HK$46,254,000 (2023: HK$87,957,000) and unmatured Discounted Bills with an aggregate carrying amount of HK$155,811,000 (2023: HK$181,053,000) that have been transferred and derecognised (the "Derecognised Bills"). The Derecognised Bills have maturity from six months (2023: six months) at the end of the reporting period. In accordance with the relevant laws and regulations in the PRC and relevant discounting arrangements with certain banks, the holders of the Derecognised Bills have a right of recourse against the Group if the accepting banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2024 and 2023, the Group had not recognised any gain or loss arising from the Derecognised Bills. No gain or loss were recognised from the Continuing Involvement, both during the years or cumulative years.

(d) The carrying amounts of the Group's contract assets, trade and other receivables and prepayments are denominated in the following currencies:

	2024 ***HK$'000***	2023 *HK$'000*
Non-current		
Chinese Renminbi ("RMB")	**665**	207
HK$	**—**	22
Canadian Dollar ("CAD")	**473,257**	357,298
	473,922	357,527
Current		
HK$	**20,583**	8,828
RMB	**530,413**	541,372
CAD	**100,753**	114,559
Others	**574**	567
	652,323	665,326
	1,126,245	1,022,853

21. CASH AND BANK BALANCES

	2024 HK$'000	2023 HK$'000
Cash at banks	**111,595**	206,026
Cash on hand	**111**	523
Cash and cash equivalents	**111,706**	206,549
Pledged bank deposits (note (a))	**2,934**	—
Total cash and bank balances	**114,640**	206,549

Notes:

(a) Pledged bank deposits represent deposits pledged to banks to secure for the Group's bills payables (note 22).

(b) Cash and bank balances are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK$	**16,617**	15,533
RMB	**71,312**	168,265
United States Dollar ("US$")	**8,077**	1,117
CAD	**14,558**	17,513
Malaysian Ringgit ("MYR")	**3,810**	4,121
Others	**266**	—
	114,640	206,549

(c) As at 31 December 2024, the Group had cash and bank balances amounting to HK$66,591,000 (2023: HK$145,696,000), which were held at the banks in the PRC. These cash and bank balances are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

22. CONTRACT LIABILITIES, TRADE AND OTHER PAYABLES

	2024 HK$'000	2023 HK$'000
Trade payables (note (a))		
– Third parties	**173,646**	202,746
– Related companies (note 32(d))	**1,635**	2,675
	175,281	205,421
Bills payables (note (b))	**163,297**	122,586
Contract liabilities (note (c))	**19,696**	21,940
Accrued salaries and bonus	**24,645**	28,478
Other payables for purchase of property, plant and equipment	**60,003**	74,080
Other creditors and accruals	**36,041**	28,877
Value-added tax payable	**9,237**	8,876
Deferred revenue in respect of government grants	**25,513**	26,330
	513,713	516,588

Notes:

(a) Trade payables

Ageing analysis of the Group's trade payables based on the invoice date was as follows:

	2024 HK$'000	2023 HK$'000
Within 30 days	**101,251**	101,382
31 – 90 days	**17,564**	43,627
91 – 180 days	**20,316**	19,467
Over 180 days	**36,150**	40,945
	175,281	205,421

(b) Bills payables

The maturity dates of bills payables are within 6 months (2023: 6 months).

The Group's bills payables were pledged by certain bank deposits of the Group (note 21).

22. CONTRACT LIABILITIES, TRADE AND OTHER PAYABLES (CONTINUED)

Notes: (Continued)

(c) Contract liabilities

As at 31 December 2024, the contract liabilities are receipt in advance that are related to sales of electric storage products, trading of forklifts, EPC Services and PV Films not yet delivered or rendered to customers.

Revenue totalled HK$21,667,000 (2023: HK$41,345,000) was recognised in current reporting period that was included in the contract liabilities balances at the beginning of the year. Movement in contract liabilities during the years is shown as follows:

	2024	2023
	HK$'000	*HK$'000*
Balance as at 1 January	**21,940**	41,652
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(21,667)**	(41,345)
Increase in contract liabilities as a result of receiving payments during the year in respect of sales of electric storage products as well as trading of forklifts not yet delivered to customers as at 31 December	**10,072**	9,529
Increase in contract liabilities as a result of receiving payments during the year in respect of provision of EPC Services not yet rendered to customers as at 31 December	**9,769**	12,461
Increase in contract liabilities as a result of receiving payments during the year in respect of sales of PV Films not yet delivered to customers as at 31 December	**449**	41
Exchange realignment	**(867)**	(398)
Balance as at 31 December	**19,696**	21,940

Management expects that the majority of the contract amounts allocated to unsatisfied performance obligations as of 31 December 2024 will be recognised as revenue during the next reporting period.

(d) The carrying amounts of contract liabilities, trade and other payables are denominated in the following currencies:

	2024	2023
	HK$'000	*HK$'000*
HK$	**18,605**	12,336
CAD	**41,050**	46,416
MYR	**53**	125
RMB	**453,982**	457,711
Others	**23**	—
	513,713	516,588

23. LEASE LIABILITIES

The Group leases various offices, warehouses and retail stores. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The present value of future lease payments of the Group's leases is analysed as:

	2024 ***HK$'000***	2023 *HK$'000*
Current	**8,520**	8,705
Non-current	**7,421**	8,507
	15,941	17,212

Movement of the Group's leases liabilities is analysed as follows:

	2024 ***HK$'000***	2023 *HK$'000*
As at 1 January	**17,212**	10,235
Additions	**10,891**	14,768
Interest expenses (notes 10 and 14)	**860**	573
Interest element of lease payment	**(860)**	(573)
Capital element of lease payment	**(10,063)**	(7,864)
Termination	**(1,454)**	—
Exchange realignment	**(645)**	73
As at 31 December	**15,941**	17,212

23. LEASE LIABILITIES (CONTINUED)

The future lease payments of the Group's leases (excluding short-term leases) were scheduled to repay as follows:

	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
As at 31 December 2024			
Not later than one year	**9,109**	**(589)**	**8,520**
Later than one year but not later than five years	**7,819**	**(398)**	**7,421**
	16,928	**(987)**	**15,941**
As at 31 December 2023			
Not later than one year	9,372	(667)	8,705
Later than one year but not later than five years	8,950	(443)	8,507
	18,322	(1,110)	17,212

24. BANK BORROWINGS

The Group's bank borrowings are repayable as follows:

	2024 *HK$'000*	2023 *HK$'000*
On demand or within one year	**312,927**	376,991
In the second year	**154,896**	85,115
In the third to fifth years	**—**	70,058
Wholly repayable within five years	**467,823**	532,164
Less: portion due on demand or within one year under current liabilities	**(312,927)**	(376,991)
Portion due over one year under non-current liabilities	**154,896**	155,173

24. BANK BORROWINGS (CONTINUED)

The carrying amounts of the bank borrowings are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK$	32,071	108,000
RMB	435,752	424,164
	467,823	532,164

Notes:

(a) As at 31 December 2024, HK$12,599,000 (2023: HK$18,411,000) of the current bank borrowings was related to the Discounted Bills (note 20(c)) and was carried at fixed rates ranged from 0.7% to 1.8% per annum (2023: 1.3% to 1.6% per annum). The Group's remaining bank borrowings amounting to HK$346,915,000 (2023: HK$222,098,000) were caried at floating rates ranging from 2.3% to 5.9% per annum (2023: 5.1% to 7.2% per annum) and HK$108,309,000 (2023: HK$291,655,000) were carried at fixed rates ranging from 2.3% to 3.9% per annum (2023: 2.5% to 3.9% per annum).

(b) As at 31 December 2024 and 2023, the Group's bank borrowings were secured by corporate guarantee given by the Company.

(c) As at 31 December 2024, the Group had banking facilities amounting to HK$1,804,262,000 (2023: HK$1,737,105,000), out of which HK$1,136,562,000 (2023: HK$974,875,000) were not utilised.

25. DEFERRED INCOME TAX

The analysis of deferred tax assets and liabilities is as follows:

	2024 HK$'000	2023 HK$'000
Deferred tax assets to be recovered after more than 12 months	14,399	—
Deferred tax liabilities to be settled after more than 12 months	(49,476)	(36,739)
	(35,077)	(36,739)

25. DEFERRED INCOME TAX (CONTINUED)

The net movement on the deferred tax account is as follows:

	2024 HK$'000	2023 HK$'000
As at 1 January	**(36,739)**	(22,264)
Charged to profit or loss (note 11)	**(173)**	(12,959)
Charged to other comprehensive income	**(1,634)**	(765)
Exchange realignment	**3,469**	(751)
As at 31 December	**(35,077)**	(36,739)

The movement in deferred tax assets during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets

	Provision HK$'000	Decelerated tax depreciation HK$'000	Government grants HK$'000	Total HK$'000
At 1 January 2023	733	570	—	1,303
Credited to profit or loss	593	—	—	593
Exchange realignment	(6)	(10)	—	(16)
At 31 December 2023 and 1 January 2024	**1,320**	**560**	**—**	**1,880**
(Charged)/credited to profit or loss	**(540)**	**32,469**	**13,465**	**45,394**
Exchange realignment	**(13)**	**(1,818)**	**(280)**	**(2,111)**
At 31 December 2024	**767**	**31,211**	**13,185**	**45,163**

Deferred tax assets are recognised for tax loss carried forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of HK$32,244,000 (2023: HK$3,152,000) in respect of tax losses amounting to HK$206,012,000 (2023: HK$18,378,000) at 31 December 2024 that can be carried forward against future taxable income. These tax losses will expire between 2025 and 2029 (2023: expire between 2024 and 2028).

25. DEFERRED INCOME TAX (CONTINUED)

The movement in deferred tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities

	Accelerated tax depreciation *HK$'000*	Finance lease income *HK$'000*	Accumulated gains on a financial asset at FVOCI *HK$'000*	Total *HK$'000*
At 1 January 2023	(73)	(20,077)	(3,417)	(23,567)
Charged to profit or loss	—	(13,552)	—	(13,552)
Charged to other comprehensive income	—	—	(765)	(765)
Exchange realignment	(1)	(800)	66	(735)
At 31 December 2023 and 1 January 2024	**(74)**	**(34,429)**	**(4,116)**	**(38,619)**
Charged to profit or loss	**—**	**(45,567)**	**—**	**(45,567)**
Charged to other comprehensive income	**—**	**—**	**(1,634)**	**(1,634)**
Exchange realignment	**2**	**5,416**	**162**	**5,580**
At 31 December 2024	**(72)**	**(74,580)**	**(5,588)**	**(80,240)**

Deferred tax liabilities of HK$7,446,000 (2023: HK$9,416,000) have not been recognised for withholding tax that would be payable on the undistributed distributable reserves amounting to HK$148,912,000 (2023: HK$188,316,000) of the Company's subsidiaries in the PRC earned after 1 January 2008 using a 5% (2023: 5%) withholding tax rate. Such amounts are not intended to be distributed in the foreseeable future to the group companies outside of the PRC.

26. SHARE CAPITAL

	2024		2023	
	Number of shares	*HK$'000*	*Number of shares*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**2,000,000,000,000**	**20,000,000**	2,000,000,000,000	20,000,000
Issued and fully paid:				
As at 1 January	**785,315,981.38**	**7,853**	785,092,882.38	7,851
Issue of ordinary shares upon exercise of share options (note 29)	**217,648**	**2**	223,099	2
As at 31 December	**785,533,629.38**	**7,855**	785,315,981.38	7,853

27. OTHER RESERVES

(a) Capital reserves

On 7 December 2015, it was agreed with Xinyi Glass that two-third and one-third of the listing expenses of the Group were borne by Xinyi Glass and the Company, respectively. Upon payment of these expenses in 2015 and 2016 by Xinyi Glass, a capital contribution from Xinyi Glass were recorded in the Company's equity.

(b) Share premium

Share premium of the Company is available for distributions or paying dividends to the shareholders, according to the provisions of the Articles of Association and the Companies Law of the Cayman Islands. When the Company issues shares, excess of net proceeds received over the par value of the shares are credited to the share premium.

(c) Statutory reserves

The PRC companies are required to allocate 10% of the companies' retained profits to the statutory reserves fund until such fund reaches 50% of the companies' registered capitals. The statutory reserves fund can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the companies, provided that such fund is maintained at a minimum of 25% of the companies' registered capitals.

During the year ended 31 December 2024, the respective board of directors of certain PRC subsidiaries of the Group resolved to appropriate HK$608,000 (2023: HK$5,371,000) from retained profits to statutory reserves.

28. THE COMPANY'S STATEMENT OF FINANCIAL POSITION

	Notes	2024 HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries		80,695	76,944
Current assets			
Prepayments and deposits		301	297
Amounts due from subsidiaries		854,996	858,733
Cash and cash equivalents		144	155
		855,441	859,185
Current liabilities			
Other payables and accruals		1,841	2,240
Amounts due to subsidiaries		168	160
		2,009	2,400
Net current assets		853,432	856,785
Net assets		934,127	933,729
EQUITY			
Share capital	26	7,855	7,853
Reserves (note)		926,272	925,876
Total equity		934,127	933,729

28. THE COMPANY'S STATEMENT OF FINANCIAL POSITION (CONTINUED)

Note:

	Share premium *HK$'000*	Capital reserves *HK$'000*	Share-based payments reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2023	921,994	13,487	6,591	(11,422)	930,650
Loss and total comprehensive income for the year	—	—	—	(8,437)	(8,437)
Transactions with owners					
Employees share option scheme:					
– proceed from issue of shares	351	—	(69)	—	282
– share-based payment expense	—	—	3,381	—	3,381
– adjustment relating to forfeiture of share options	—	—	(6)	6	—
At 31 December 2023 and 1 January 2024	**922,345**	**13,487**	**9,897**	**(19,853)**	**925,876**
Loss and total comprehensive income for the year	**—**	**—**	**—**	**(3,649)**	**(3,649)**
Transactions with owners					
Employees share option scheme:					
– proceed from issue of shares	**363**	**—**	**(69)**	**—**	**294**
– share-based payment expense	**—**	**—**	**3,751**	**—**	**3,751**
– adjustment relating to forfeiture of share options	**—**	**—**	**(579)**	**579**	**—**
At 31 December 2024	**922,708**	**13,487**	**13,000**	**(22,923)**	**926,272**

29. SHARE-BASED PAYMENTS

Share option scheme established in 2017

In May 2017, the Company adopted a share option scheme ("Share Option Scheme 2017") which will be valid for a period of ten years from the date of adoption of the scheme. Under the Share Option Scheme 2017, the Company's directors may, at their sole discretion, grant options to any employee of the Group to subscribe for shares of the Company at the highest of (i) the official closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the day of the offer of grant; (ii) the average official closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the day of the offer of the grant; and (iii) the nominal value of shares. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

29. SHARE-BASED PAYMENTS (CONTINUED)

Share option scheme established in 2017 (Continued)

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme 2017 and any other share option scheme of the Company must not, in aggregate, exceed 10% of the shares in issue on the adoption date, the date on which the Share Option Scheme 2017 becomes unconditional upon fulfilment of the conditions of (i) passing by the shareholders of an ordinary resolution at the Annual General Meeting to approve the adoption of the share option scheme; and (ii) the Listing Department of the Stock Exchange granting the approval for the listing of, and permission to deal in, the shares to be issued pursuant to the exercise of any share options which may be granted under the share option scheme, unless the Company obtains further approval from the shareholders.

Notwithstanding the above, the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme 2017 and any other share option scheme of the Company must not, in aggregate, exceed 30% of the relevant shares or securities of the Company in issue from time to time. Grant of options to directors, chief executives or substantial shareholders must be approved by the independent non-executive directors of the Company.

Movements in the number of share options granted by the Company to the directors and the employees of the Group and their related weighted average exercise prices are as follows:

	2024		2023	
	Average exercise price in HK$ per share	**Options (unit)**	Average exercise price in HK$ per share	Options (unit)
As at 1 January	**2.87**	**16,079,071**	2.86	14,562,823
Granted	**1.78**	**2,200,000**	3.00	2,200,000
Exercised	**1.36**	**(217,648)**	1.28	(223,099)
Forfeited	**3.35**	**(1,281,919)**	3.80	(460,653)
As at 31 December	**2.71**	**16,779,504**	2.87	16,079,071

On 3 September 2019, 567,000 share options were granted to two executive directors of the Company and certain employees of the Group. The exercise price is HK$1.17 per share, which is equal to the closing price of the Company's share on the date of grant. The validity period of the options is from 3 September 2019 to 31 March 2023. One third of the options will vest on each of the year-end date of 2019, 2020 and 2021 if each grantee has met the conditions of vesting as stated in the letter of grant. The options can be exercised from 1 April 2022 to 31 March 2023.

29. SHARE-BASED PAYMENTS (CONTINUED)

Share option scheme established in 2017 (Continued)

On 24 August 2020, 558,000 share options were granted to an executive director of the Company and certain employees of the Group. The exercise price is HK$1.40 per share, which is equal to the closing price of the Company's share on the date of grant. The validity period of the options is from 24 August 2020 to 31 March 2024. One third of the options will vest on each of the year-end date of 2020, 2021 and 2022 if each grantee has met the conditions of vesting as stated in the letter of grant. The options can be exercised from 1 April 2023 to 31 March 2024.

On 18 December 2020, 10,300,000 share options were granted to certain employees of the Group. The exercise price is HK$2.04 per share, which is equal to the closing price of the Company's share on the date of grant. The validity period of the options is from 18 December 2020 to 31 March 2025. One third of the options will vest on each of the year-end date of 2021, 2022 and 2023 if each grantee has met the conditions of vesting as stated in the letter of grant. The options can be exercised from 1 April 2024 to 31 March 2025.

On 11 May 2021, 1,590,000 share options were granted to an executive director of the Company, the then chief executive officer of the Company and certain employees of the Group. The exercise price is HK$4.80 per share, which is equal to the average closing price of the Company's share for the five business days immediately preceding the date of grant. The validity period of the options is from 11 May 2021 to 31 March 2025. One third of the options will vest on each of the year-end date of 2021, 2022 and 2023 if each grantee has met the conditions of vesting as stated in the letter of grant. The options can be exercised from 1 April 2024 to 31 March 2025.

On 11 May 2022, 1,600,000 share options were granted to an executive director of the Company, the then chief executive officer of the Company and certain employees of the Group. The exercise price is HK$3.91 per share, which is equal to the average closing price of the Company's share for the five business days immediately preceding the date of grant. The validity period of the options is from 11 May 2022 to 31 March 2026. One third of the options will vest on each of the year-end date of 2022, 2023 and 2024 if each grantee has met the conditions of vesting as stated in the letter of grant. The options can be exercised from 1 April 2025 to 31 March 2026.

On 25 August 2022, 1,500,000 share options were granted to the chief executive officer of the Company. The exercise price is HK$6.31 per share, which is equal to the closing price of the Company's share on the date of grant. The validity period of the options is from 25 August 2022 to 31 March 2026. One third of the options will vest on each of the year-end date of 2022, 2023 and 2024 if the grantee has met the conditions of vesting as stated in the letter of grant. The options can be exercised from 1 April 2025 to 31 March 2026.

29. SHARE-BASED PAYMENTS (CONTINUED)

Share option scheme established in 2017 (Continued)

On 9 May 2023, 2,200,000 share options were granted to an executive director of the Company, the chief executive officer of the Company and certain employees of the Group. The exercise price is HK$3.00 per share, which is equal to the closing price of the Company's share on the date of grant. The validity period of the options is from 9 May 2023 to 31 March 2027. One third of the options will vest on each of the year-end date of 2023, 2024 and 2025 if each grantee has met the conditions of vesting as stated in the letter of grant. The options can be exercised from 1 April 2026 to 31 March 2027.

On 4 March 2024, 2,200,000 share options were granted to two executive directors of the Company and certain employees of the Group. The exercise price is HK$1.78 per share, which is equal to the closing price of the Company's share on the date of grant. The validity period of the options is from 4 March 2024 to 31 March 2028. One third of the options will vest on each of the year-end date of 2024, 2025 and 2026 if each grantee has met the conditions of vesting as stated in the letter of grant. The options can be exercised from 1 April 2027 to 31 March 2028.

Out of the above outstanding share options, 10,459,299 options were exercisable as at 31 December 2024 (2023: 247,690).

These outstanding share options as at 31 December 2024 have the following expiry dates and exercise prices:

Expiry date	Adjusted average exercise price in HK$ per share	2024 Units	Adjusted average exercise price in HK$ per share	2023 Units
31 March 2024	N/A	—	1.36	247,690
31 March 2025	2.20	10,459,299	2.29	10,843,620
31 March 2026	5.22	2,627,505	5.10	2,884,561
31 March 2027	3.00	1,784,200	3.00	2,103,200
31 March 2028	1.78	1,908,500	N/A	—
		16,779,504		16,079,071

29. SHARE-BASED PAYMENTS (CONTINUED)

Share option scheme established in 2017 (Continued)

The weighted average fair value of these options granted on 4 March 2024 was determined using the Black-Scholes valuation model, which was performed by an independent valuer, Greater China Appraisal Limited, and was HK$0.95 (2023: HK$1.51) for options. The significant inputs into the model are as follows:

Grant date	**4 March 2024**	9 May 2023
Closing share price, at the grant date (HK$)	**1.78**	3.00
Exercise price (HK$)	**1.78**	3.00
Volatility (%)	**68.08%**	65.49%
Dividend yield (%)	**0.00%**	0.00%
Expected share option life (years)	**4.08**	3.90
Annual risk-free interest rate	**3.55%**	3.06%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the previous year.

For the year ended 31 December 2024, share-based compensation expense of HK$3,975,000 (2023: HK$5,551,000) were recognised in the profit or loss for share options granted under the Share Option Scheme 2017 to the directors and employees of the Group.

For the year ended 31 December 2024, 381,364 (2023: 18,042) vested share options which were granted to employees were forfeited and the corresponding share-based compensation expense of HK$579,000 (2023: HK$6,000) was transferred from share-based payments reserve to retained profits.

30. INTERESTS IN SUBSIDIARIES

Particulars of the principal subsidiaries at 31 December 2024 are as follows:

Company name	Place of incorporation/ registration and kind of legal entity	Particulars of issued and paid-up share capital	Effective equity interest held by the Company		Principal activities/ Place of operation
Indirectly owned			**2024**	2023	
Xinyi Automobile Glass Company Limited	Hong Kong, limited liability company	Ordinary share of HK$100,000	**100%**	100%	Automobile glass repair and replacement services, Hong Kong
Champion Goal Investments Limited	Hong Kong, limited liability company	Ordinary share of HK$1	**100%**	100%	Investment holding, Hong Kong
Auhui Xinyi Power Source Company Limited* (安徽信義電源有限公司)	The PRC, sino-foreign equity joint ventures	Registered capital of RMB50,000,000 (2023: RMB100,000,000) & paid-up capital of RMB50,000,000	**100%**	100%	Research of electric storage products, provision of EPC Services, trading of forklift and investment holding, the PRC
Xinyi Energy Storage Micro-grid Research Institute (Dongguan) Company Limited* (信義儲能微電網研究院(東莞)有限公司)	The PRC, limited liability company	Registered capital of RMB20,000,000 & paid-up capital of RMB1,800,000	**100%**	100%	Energy storage system development, the PRC
Auhui Xinyi Renewable Materials Technology Co. Ltd* (安徽信義新材料科技有限公司)	The PRC, wholly foreign owned enterprise	Registered capital of RMB50,000,000 & paid-up capital of RMB50,000	**100%**	100%	Wind power facility development and management, the PRC
Xinyi Power (Suzhou) Company Limited* (信義電源(蘇州)有限公司)	The PRC, wholly foreign owned enterprise	Registered capital & paid-up capital of US$39,200,000 (2023: US$37,000,000)	**100%**	100%	Research, production and sales of electric storage products, provision of EPC Services and investment holding, the PRC
Xinyi Energy Investment (Suzhou) Company Limited* (信義能源投資(蘇州)有限公司)	The PRC, wholly foreign owned enterprise	Registered capital of US$30,000,000 & paid-up capital of US$30,000,000 (2023: US$29,520,674)	**100%**	100%	Investment holding, the PRC

30. INTERESTS IN SUBSIDIARIES (CONTINUED)

Company name	Place of incorporation/ registration and kind of legal entity	Particulars of issued and paid-up share capital	Effective equity interest held by the Company		Principal activities/ Place of operation
Indirectly owned			**2024**	2023	
Xinyi Electric Storage (Shenzhen) Co. Ltd* (信義儲電(深圳)有限公司)	The PRC, limited liability company	Registered capital & paid-up capital of RMB30,000,000	**68%**	68%	Research and sales of electric storage products and investment holding, the PRC
Polaron Energy Corp.	Canada, limited liability company	CAD1,000	**68%**	68%	Provision of solar power systems, Canada
Xinyi Renewable Energy Materials (Malaysia) Sdn. Bhd.	Malaysia, limited liability company	MYR2,500,000	**100%**	100%	Production and sales of PV Films, Malaysia
Auhui Xinyi New Material Technology Co. Ltd* (安徽信義新能源材料有限公司)	The PRC, limited liability company	Registered capital & paid-up capital of RMB180,000,000	**100%**	100%	Research, production and sales of PV Films, the PRC
Wuhu Xinyin Solar Technology Company Limited* (蕪湖信銀光伏科技有限公司)	The PRC, limited liability company	Registered capital of RMB100,000,000 and no paid-up capital	**51%**	51%	Provision of EPC Services, the PRC

* The official names of the above entities are in Chinese. English translations are for reference only.

31. COMMITMENTS

Capital commitments

The capital expenditure contracted but not yet incurred is as follows:

	2024 **HK$'000**	2023 HK$'000
Contracted but not provided for in respect of		
- Construction of production plant and purchase of construction materials/property, plant and equipment	**12,785**	14,640

32. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

As at 31 December 2024, the Group is controlled by Dr. LEE Yin Yee, S.B.S., Datuk Wira TUNG Ching Bor *D.C.S.M*, Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M,. J.P.*, Mr. LEE Sing Din, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. SZE Nang Sze, Mr. NG Ngan Ho, and Mr. LI Ching Leung acting in concert (collectively as the "controlling shareholders"), which in aggregate owns 73.78% (2023: 73.78%) of the Company's shares.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business, and balances arising from related party transactions.

(a) Name and relationship with related parties

Name of related parties	Relationship with the Company
Xinyi Glass	Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.* is a common controlling shareholder of Xinyi Glass
Xinyi Solar Holdings Limited ("Xinyi Solar")	Tan Sri Datuk TUNG Ching Sai *P.S.M, D.M.S.M, J.P.* is a common controlling shareholder of Xinyi Solar
PT Xinkai	Joint venture of the Company
Trifecta	Joint venture of the Company
Mr. LEE Shing Kan, M.H. ("Mr. LEE")	Non-executive director of the Company
Mr. TUNG Fong Ngai	Close family member of one of the controlling shareholders of the Company

32. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

	Notes	2024 HK$'000	2023 HK$'000
Related party transactions with subsidiaries of Xinyi Glass			
– Purchase of automobile glass	(i)	**8,224**	7,086
– Purchase of other glasses	(i)	**—**	3
– Purchase of consumables	(i)	**1,643**	2,297
– Sales of electric storage products	(i)	**22,390**	5,494
– Sales of automobile glass	(i)	**702**	164
– Sales of electricity	(i)	**2,725**	—
– Management fee received	(ii)	**10,241**	9,115
– Lease payments in respect of office premises paid	(i)	**732**	548
– Purchase of steam	(i)	**189**	1,327
– Operating lease income in respect of office premises received	(i)	**2,729**	802
– Sales of fixed assets and consumables	(i)	**774**	274
Related party transactions with subsidiaries of Xinyi Solar			
– Sales of electric storage products	(i)	**9,591**	76,716
– Sales of PV Films	(i)	**20**	25
– Operating and maintenance fee income received	(i)	**—**	1,264
– Sales of consumables	(i)	**8**	26
Related party transactions with an entity controlled by a controlling party			
– Sales of electric storage products	(i)	**752**	—
Related party transactions with PT Xinkai			
– Sales of materials for EPC Services	(i)	**26,850**	—
Related party transactions with Trifecta			
– Commission for EPC Services	(i)	**17,201**	—
Related party transactions with an entity controlled by a non-controlling interest			
– Sales of electric storage products	(i)	**304**	588
Related party transactions with Mr. LEE and Mr. TUNG Fong Ngai			
– Lease payments in respect of shop premises paid	(i)	**540**	540
Related party transactions with close family members of Mr. LEE			
– Acquisition of right-of-use assets in respect of lease of shop premises	(i)	**—**	1,950
– Lease payments in respect of shop premises paid	(i)	**720**	300

32. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (Continued)

Notes:

(i) These transactions are conducted with price and terms mutually agreed with related parties.

(ii) Management fee represented service fee of managing wind farm in the PRC, which is mutually agreed with a subsidiary of Xinyi Glass.

(c) Key management compensations

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

	2024 *HK$'000*	2023 *HK$'000*
Wages and salaries	**4,767**	5,083
Bonus	**4,347**	2,986
Share-based compensation	**2,127**	2,543
Pension costs – defined contribution scheme	**89**	89
	11,330	10,701

(d) Amounts due from/(to) related parties

	2024 *HK$'000*	2023 *HK$'000*
Trade		
Trade receivables due from subsidiaries of Xinyi Glass	**25,335**	15,984
Trade receivables due from subsidiaries of Xinyi Solar	**9,759**	38,353
Trade receivables due from PT Xinkai	**12,083**	—
Trade receivables due from an entity controlled by a non-controlling interest	**641**	578
Trade payables due to subsidiaries of Xinyi Glass	**(1,635)**	(1,637)
Trade payables due to a subsidiary of Xinyi Solar	**—**	(1,038)
Non-trade		
Other payables due to subsidiaries of Xinyi Glass	**(190)**	(165)
Other payables due to subsidiaries of Xinyi Solar	**—**	(660)

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group's activities expose it to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

(a) Foreign exchange risk

The Group mainly operates in Hong Kong, the PRC and Canada with majority of the transactions settled in HK$, RMB and CAD respectively. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities and net investments of foreign operations denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk primarily with respect to translation of assets or liabilities denominated in currencies other than the entity's functional currency.

As at 31 December 2024, bank borrowings held by two Hong Kong subsidiaries, whose functional currency is HK$, were denominated in RMB ("RMB-denominated bank borrowings"). If HK$ has weakened/strengthened by 5% against RMB, with all other variables held constant, the loss before income tax (2023: profit before income tax) for the year would have been approximately HK$10,245,000 (2023: HK$14,852,000) higher/lower (2023: lower/higher), mainly as a result of foreign exchange losses/gains on translation of RMB-denominated bank borrowings. The analysis is performed on the same basis for the year end 31 December 2023.

Other than the RMB-denominated bank borrowings, no material foreign currency risk has been identified for other monetary assets and liabilities in subsidiaries in Hong Kong, the PRC and Canada respectively as they were largely denominated in a currency same as the functional currency of the group entity to which these transactions relate.

The Group has not entered into any derivative instruments to hedge the foreign exchange exposure, however, the management continuously monitors foreign exchange exposure and will consider hedging significant foreign exchange should the need arise.

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on its variable-rate interest bearing bank borrowings, pledged bank deposits and cash and cash equivalents at banks. The Group is also exposed to fair value interest rate risk on fixed-rate short-term bank deposits. The Group currently does not have an interest rate hedging policy. However, the Group closely monitors its loan portfolio and compares the interest rates under loan agreements with existing banks against new offers on borrowing rates from different banks in the loan re-financing and negotiation process. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates arising from the Group's variable interest rate instruments. Details of the Group's cash and cash equivalents, pledged bank deposits and bank borrowings are disclosed in notes 21 and 24 respectively.

The policies to manage interest rate risk have been followed by the Group since prior year are considered to be effective.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(b) Interest rate risk (Continued)

As at 31 December 2024, it is estimated that a general increase/decrease of 100 (2023: 100) basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss before income tax (2023: profit before income tax) and increase/decrease (2023: decrease/increase) retained profits by HK$62,000 (2023: HK$161,000) lower/higher. There is no impact on other components of consolidated equity in response to the general increase/decrease in interest rates.

The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to variable-rate financial instruments at that date. 100 (2023: 100) basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates. The analysis is performed on the same basis for the year ended 31 December 2023.

(c) Credit risk

The Group's credit risk arises from cash at banks, pledged bank deposits and contract assets, finance lease receivables and trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets which are stated as follows:

	2024	2023
	HK$'000	*HK$'000*
Contract assets, finance lease receivables and trade and other receivables (excluding prepayments and value-added tax recoverable) (note 20)	**1,093,244**	993,133
Pledged bank deposits (note 21)	**2,934**	—
Cash at banks (note 21)	**111,595**	206,026
Maximum exposure to credit risk	**1,207,773**	1,199,159

As at 31 December 2024, most of the bank deposits were deposited with reputable banks in Hong Kong, the PRC, Canada and Malaysia. The credit quality of cash and bank balances has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

In respect of the contract assets, finance lease receivables and trade and other receivables, the Group has policies in place to ensure that the sales of products and provision of services are made to customers with appropriate credit history and the Group performs credit evaluations of its customers.

The credit period of the majority of the Group's trade receivables is due within 30 to 90 days and largely comprises amounts receivable from corporate customers. The credit period of the Group's finance lease receivables is mainly due for a lease period of 12 years and comprises amounts receivable from individual customers.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(c) Credit risk (Continued)

As at 31 December 2024, receivables from the top five customers accounted for approximately 27% (2023: 24%) of the Group's trade receivables and finance lease receivables. In order to minimise the credit risk, the management of the Group has delegated different teams of respective business responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts for trade receivables.

In respect of the contract assets and trade receivables, the Group applies the HKFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all contract assets and trade receivables. In respect of the finance lease receivables, loss allowance for these balances is measured at an amount equal to 12-month ECLs.

The Group categorises its contract assets and trade receivables, except those individually assessed, based on geographical location and the days past due to measure the ECLs. The expected loss rates are based on the payment profiles of sales over a period of 12 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For finance lease receivables and trade receivables relating to accounts which are long overdue with known insolvencies or non-response to collection activities, if any, they are assessed individually for loss allowance. Accordingly, no specific loss allowance was made during the year ended 31 December 2024 (2023: Nil).

The following tables provide information about the Group's exposure to credit risk and ECLs for contract assets, finance lease receivables and trade receivables according to their past due dates:

	Current	1 – 90 days	91 – 180 days	181 – 365 days	Over 365 days	Total
As at 31 December 2024						
Expected loss rate (%)	**0.41%**	**0.48%**	**0.27%**	**0.58%**	**21.86%**	
Gross carrying amount (HK$'000)	**906,032**	**60,894**	**3,338**	**11,321**	**6,889**	**988,474**
Loss allowance (HK$'000)	**3,728**	**295**	**9**	**66**	**1,506**	**5,604**
As at 31 December 2023						
Expected loss rate (%)	0.28%	0.23%	0.13%	0.27%	80.89%	
Gross carrying amount (HK$'000)	833,375	58,721	3,028	22,627	1,868	919,619
Loss allowance (HK$'000)	2,323	133	4	60	1,511	4,031

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(c) *Credit risk (Continued)*

The closing loss allowance for contract assets, finance lease receivables and trade receivables as at 31 December 2024 reconcile to the opening loss allowance is as follows:

	2024	2023
	HK$'000	*HK$'000*
Opening loss allowance as at 1 January	**4,031**	3,001
Increase in loss allowance recognised in profit or loss during the year	**1,841**	1,077
Exchange realignment	**(268)**	(47)
Closing loss allowance as at 31 December	**5,604**	4,031

For the remaining of other financial assets at amortised cost, including bills receivables, deposits and other receivables, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month ECLs which is close to zero.

Impairment losses on other financial assets at amortised cost are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(d) *Liquidity risk*

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, the Group's management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash and committed banking facilities available.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(d) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting periods to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	On demand or within one year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
As at 31 December 2024					
Trade payables	**175,281**	**175,281**	**175,281**	**—**	**—**
Bills payables	**163,297**	**163,297**	**163,297**	**—**	**—**
Accrued salaries and bonus	**24,645**	**24,645**	**24,645**	**—**	**—**
Other payables for purchase of property, plant and equipment	**60,003**	**60,003**	**60,003**	**—**	**—**
Other creditors and accruals	**36,041**	**36,041**	**36,041**	**—**	**—**
Bank borrowings	**467,823**	**479,591**	**321,570**	**158,021**	**—**
Lease liabilities	**15,941**	**16,928**	**9,109**	**4,961**	**2,858**
	943,031	**955,786**	**789,946**	**162,982**	**2,858**
As at 31 December 2023					
Trade payables	205,421	205,421	205,421	—	—
Bills payables	122,586	122,586	122,586	—	—
Accrued salaries and bonus	28,478	28,478	28,478	—	—
Other payables for purchase of property, plant and equipment	74,080	74,080	74,080	—	—
Other creditors and accruals	28,877	28,877	28,877	—	—
Bank borrowings	532,164	549,809	388,149	90,160	71,500
Lease liabilities	17,212	18,322	9,372	6,343	2,607
	1,008,818	1,027,573	856,963	96,503	74,107

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(e) Fair value measurement

The Group followed HKFRS 7 Financial Instruments: Disclosures which introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

– Level 1: quoted price (unadjusted) in active markets for identical assets and liabilities;

– Level 2: inputs other than quoted prices included within Level 1 that are observable of the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
As at 31 December 2024				
Bills receivables at FVOCI	**—**	**92,837**	**—**	**92,837**
Financial asset at FVOCI	**—**	**—**	**39,783**	**39,783**
As at 31 December 2023				
Bills receivables at FVOCI	—	70,078	—	70,078
Financial asset at FVOCI	—	—	30,044	30,044

As at 31 December 2024 and 2023, the fair value of bills receivables measured at FVOCI was at a level 2 fair value measurement which was calculated by discounting the rates available for instruments with similar terms, credit risk and remaining maturities offered by the banks.

As at 31 December 2024 and 2023, instruments included in level 3 represent unlisted equity interest, which was classified as financial asset at FVOCI.

The fair value of the unlisted equity interest classified as financial asset at FVOCI is determined using discounted cash flows approach. The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(e) *Fair value measurement (Continued)*

Valuation technique	Significant unobservable inputs	Range of inputs	Favourable/(Unfavourable) change to the fair value	
			2024	2023
			HK$'000	*HK$'000*
Discounted cash flows approach (note)	Electricity outputs	+/-5%	**2,617/(2,617)**	2,549/(2,549)
	Operating expenses	+/-5%	**(1,964)/1,963**	(947)/958
	Discount rate	+/-1%	**(252)/253**	(283)/285

Note:

Future cash flows are estimated based on key assumptions including electricity outputs and discounted by weighted average cost of capital.

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

Unlisted equity investment

	2024	2023
	HK$'000	*HK$'000*
Balance as at 1 January	**30,044**	25,440
Change in fair value recognised in other comprehensive income	**10,897**	5,101
Exchange realignment	**(1,158)**	(497)
Balance as at 31 December	**39,783**	30,044

There have been no transfers between level 1, 2 and 3 in the reporting period. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (CONTINUED)

(f) Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statements of financial position relate to the following categories of financial assets and financial liabilities:

	2024 Carrying amount *HK$'000*	**2024 Fair value** *HK$'000*	2023 Carrying amount *HK$'000*	2023 Fair value *HK$'000*
Financial assets				
At FVOCI:				
– Financial asset at FVOCI	**39,783**	**39,783**	30,044	30,044
– Bills receivables at FVOCI	**92,837**	**92,837**	70,078	70,078
	132,620	**132,620**	100,122	100,122
At amortised cost:				
– Contract assets	**143,197**	**143,197**	203,881	203,881
– Finance lease receivables	**502,312**	**502,312**	377,140	377,140
– Trade receivables	**337,361**	**337,361**	334,567	334,567
– Deposits and other receivables	**17,537**	**17,537**	7,467	7,467
– Pledged bank deposits	**2,934**	**2,934**	—	—
– Cash and cash equivalents	**111,706**	**111,706**	206,549	206,549
	1,115,047	**1,115,047**	1,129,604	1,129,604
Financial liabilities				
Financial liabilities measured at amortised cost:				
– Trade payables	**175,281**	**175,281**	205,421	205,421
– Bills payables	**163,297**	**163,297**	122,586	122,586
– Accrued salaries and bonus	**24,645**	**24,645**	28,478	28,478
– Other payables for purchase of property, plant and equipment	**60,003**	**60,003**	74,080	74,080
– Other creditors and accruals	**36,041**	**36,041**	28,877	28,877
– Bank borrowings	**467,823**	**467,823**	532,164	532,164
– Lease liabilities	**15,941**	**15,941**	17,212	17,212
	943,031	**943,031**	1,008,818	1,008,818

34. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

In relation to the disposal of lithium battery production lines as set out in note 14(a), the Group received part of the disposal consideration of RMB13,200,000 (equivalent to approximately HK$14,032,000) during the year ended 31 December 2024, with the remaining outstanding balance of RMB13,000,000 (equivalent to approximately HK$13,819,000) included in other receivables as at 31 December 2024.

(b) Reconciliation of liabilities arising from financing activities

	Bank borrowings HK$'000 (note 24)	Lease liabilities HK$'000 (note 23)	Total HK$'000
At 1 January 2023	339,024	10,235	349,259
Proceeds from bank borrowings	676,568	—	676,568
Repayments of bank borrowings	(482,585)	—	(482,585)
Repayments of capital element of lease liabilities	—	(7,864)	(7,864)
Total changes from financing cash flows	193,983	(7,864)	186,119
Other changes:			
Exchange realignment	(843)	73	(770)
Additions	—	14,768	14,768
At 31 December 2023 and 1 January 2024	**532,164**	**17,212**	**549,376**
Proceeds from bank borrowings	**376,033**	**—**	**376,033**
Repayments of bank borrowings	**(426,683)**	**—**	**(426,683)**
Repayments of capital element of lease liabilities	**—**	**(10,063)**	**(10,063)**
Total changes from financing cash flows	**(50,650)**	**(10,063)**	**(60,713)**
Other changes:			
Exchange realignment	**(13,691)**	**(645)**	**(14,336)**
Additions	**—**	**10,891**	**10,891**
Termination	**—**	**(1,454)**	**(1,454)**
At 31 December 2024	**467,823**	**15,941**	**483,764**

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and make adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payables to shareholders, issue new shares or raise and repay debts. The Group's capital management objectives, policies or processes were unchanged during the current and previous years.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity. Net debt is calculated as total borrowings (including "bank borrowings" as shown in the consolidated statement of financial position) less cash and cash equivalents. The Group aims to maintain the gearing ratio at a reasonable level. The gearing ratios as at the reporting date were as follows:

	2024 ***HK$'000***	2023 *HK$'000*
Bank borrowings	**467,823**	532,164
Less: Cash and cash equivalents	**(111,706)**	(206,549)
Net debt	**356,117**	325,615
Total equity	**963,892**	1,225,283
Gearing ratio	**36.9%**	26.6%

FINANCIAL SUMMARY

The following is a summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years as extracted from the published financial statements:

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Revenue	**1,233,870**	1,391,960	1,066,247	506,187	218,134
Cost of revenue	**(1,030,753)**	(1,196,668)	(900,916)	(380,048)	(167,417)
Gross profit	**203,117**	195,292	165,331	126,139	50,717
(Loss)/profit before income tax	**(189,360)**	109,624	76,807	86,955	24,207
Income tax expense	**(18,329)**	(17,524)	(21,877)	(20,634)	(4,122)
(Loss)/profit for the year	**(207,689)**	92,100	54,930	66,321	20,085
(Loss)/profit for the year attributable to:					
– owners of the Company	**(197,069)**	83,142	45,898	62,629	19,921
– non-controlling interests	**(10,620)**	8,958	9,032	3,692	164
	(207,689)	92,100	54,930	66,321	20,085

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES					
Total assets	**2,013,775**	2,333,343	2,303,996	1,448,071	555,559
Total liabilities	**(1,049,883)**	(1,108,060)	(1,153,506)	(678,737)	(113,080)
	963,892	1,225,283	1,150,490	769,334	442,479
EQUITY					
Equity attributable to owners of the Company	**940,147**	1,190,186	1,127,113	753,966	442,308
Non-controlling interests	**23,745**	35,097	23,377	15,368	171
Total equity	**963,892**	1,225,283	1,150,490	769,334	442,479