

2025

INTERIM 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



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

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

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

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. NG Ngan Ho[^]

Ms. LI Pik Yung[~]

Mr. WANG Mohan

(Chief Executive Officer)

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.^o

Independent non-executive Directors

Mr. WANG Guisheng^{* o <}

Mr. NG Wai Hung^{# <}

Mr. CHAN Hak Kan, S.B.S., J.P.^{# + <}

* Chairman of audit committee

Members of audit committee

+ Chairman of remuneration committee

o Members of remuneration committee

~ Chairman of nomination committee

< Members of nomination committee

^ Compliance officer

COMPANY SECRETARY

Mr. CHEUNG Siu On Victor, FCPA

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS

99 Yongzhen Road
Jiujiang Economic Development Zone
Wuhu City, Anhui Province, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2116-2117, 21st Floor
Rykadan Capital Tower
No. 135 Hoi Bun Road, Kwun Tong
Kowloon, Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAW

Charles Russell Speechlys LLP
Suite 3418, Level 34
Two Pacific Place
88 Queensway
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountant
25/F, Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong)
Hang Seng Bank
HSBC
Bank of China
Huishang Bank
Industrial Bank
China Construction Bank
China Citic Bank

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

COMPANY'S WEBSITE

www.xinyies.com

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: 31 December
Share price as of the date of
this interim report: HK\$0.72
Market capitalisation as of the date of
this interim report:
Approximately HK\$565.6 million

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

Six months ended 30 June			
	Notes	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue	3	477,436	646,517
Cost of revenue		(394,147)	(534,764)
Gross profit		83,289	111,753
Other income	4	7,568	10,628
Other gains, net	4	1,616	929
Impairment loss on financial assets		(1,173)	(70)
Selling and marketing costs		(18,564)	(15,550)
Administrative expenses		(67,910)	(74,384)
Share of results of joint ventures		13,536	(77)
Share of results of an associate		(2)	(2)
Operating profit		18,360	33,227
Finance income	5	445	675
Finance costs	5	(7,438)	(9,216)
Profit before income tax	6	11,367	24,686
Income tax expense	7	(5,513)	(8,632)
Profit for the period		5,854	16,054
Other comprehensive income:			
<u>Items that may be subsequently reclassified</u> <u>to profit or loss</u>			
Exchange differences on translation of financial statements of foreign operations		50,991	(37,851)
Share of other comprehensive income of joint ventures		321	1
<u>Item that will not be subsequently reclassified</u> <u>to profit or loss</u>			
Change in fair value of a financial asset at fair value through other comprehensive income, net of tax		1,346	(2,152)
		52,658	(40,002)
Total comprehensive income for the period		58,512	(23,948)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

Six months ended 30 June			
	Notes	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Profit for the period attributable to:			
– owners of the Company		4,708	12,250
– non-controlling interests		1,146	3,804
		<u>5,854</u>	<u>16,054</u>
Total comprehensive income for the period attributable to:			
– owners of the Company		55,729	(26,757)
– non-controlling interests		2,783	2,809
		<u>58,512</u>	<u>(23,948)</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to owners of the Company for the period			
– Basic and diluted	8	<u>0.60</u>	<u>1.56</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at	
	Notes	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	527,046	534,033
Intangible assets	10	35,676	36,816
Financial asset at fair value through other comprehensive income		42,552	39,783
Interests in joint ventures		21,698	6,180
Interests in an associate		291	293
Finance lease receivables	11	504,884	473,257
Prepayments for property, plant and equipment	11	11,876	665
Deferred tax assets		14,417	14,399
		1,158,440	1,105,426
Current assets			
Inventories		158,698	139,153
Contract assets, trade and other receivables and prepayments	11	609,912	652,323
Income tax recoverable		2,846	2,233
Pledged bank deposits		702	2,934
Cash and cash equivalents		92,124	111,706
		864,282	908,349
Current liabilities			
Contract liabilities, trade and other payables	12	567,488	513,713
Provision for tax		2,535	2,665
Lease liabilities		6,823	8,520
Bank borrowings	13	238,612	312,927
		815,458	837,825
Net current assets		48,824	70,524
Total assets less current liabilities		1,207,264	1,175,950

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at	
	Notes	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		6,013	7,421
Bank borrowings	13	123,657	154,896
Deferred tax liabilities		54,259	49,476
Defined benefit obligations		265	265
		<u>184,194</u>	<u>212,058</u>
Net assets		<u>1,023,070</u>	<u>963,892</u>
EQUITY			
Share capital	14	7,855	7,855
Reserves		988,822	932,292
		<u>996,677</u>	<u>940,147</u>
Non-controlling interests		26,393	23,745
Total equity		<u>1,023,070</u>	<u>963,892</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company										
	Share capital	Share premium	Capital reserves	Share-based payments	Exchange reserve	Financial asset at fair value through other	Statutory reserves	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2025 (Audited)	7,855	856,114	13,587	12,986	(142,130)	33,981	26,427	131,327	940,147	23,745	963,892
Comprehensive income											
Profit for the period	—	—	—	—	—	—	—	4,708	4,708	1,146	5,854
Other comprehensive income											
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	49,354	—	—	—	49,354	1,637	50,991
Share of other comprehensive income of joint ventures	—	—	—	—	321	—	—	—	321	—	321
Change in fair value of a financial asset at fair value through other comprehensive income, net of tax	—	—	—	—	—	1,346	—	—	1,346	—	1,346
Total comprehensive income	—	—	—	—	49,675	1,346	—	4,708	55,729	2,783	58,512
Transactions with owners											
Employees share option scheme:											
– share-based payment expense	—	—	—	801	—	—	—	—	801	(135)	666
– adjustment relating to forfeiture of share options	—	—	—	(7,501)	—	—	—	7,501	—	—	—
Total transactions with owners	—	—	—	(6,700)	—	—	—	7,501	801	(135)	666
Balance at 30 June 2025 (Unaudited)	7,855	856,114	13,587	6,286	(92,455)	35,327	26,427	143,536	996,677	26,393	1,023,070

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company										
	Share capital HK\$ '000	Share premium HK\$ '000	Capital reserves HK\$ '000	Share-based payments reserve HK\$ '000	Exchange reserve HK\$ '000	Financial asset at fair value through other income reserve HK\$ '000	Statutory reserves HK\$ '000	Retained profits HK\$ '000	Total HK\$ '000	Non-controlling interests HK\$ '000	Total equity HK\$ '000
Balance at 1 January 2024 (Audited)	7,853	855,751	13,587	9,883	(75,850)	24,718	25,819	328,425	1,190,186	35,097	1,225,283
Comprehensive income											
Profit for the period	—	—	—	—	—	—	—	12,250	12,250	3,804	16,054
Other comprehensive income											
Exchange differences on translation of financial statements of foreign operations	—	—	—	—	(36,856)	—	—	—	(36,856)	(995)	(37,851)
Share of other comprehensive income of a joint venture	—	—	—	—	1	—	—	—	1	—	1
Change in fair value of a financial asset at fair value through other comprehensive income, net of tax	—	—	—	—	—	(2,152)	—	—	(2,152)	—	(2,152)
Total comprehensive income	—	—	—	—	(36,855)	(2,152)	—	12,250	(26,757)	2,809	(23,948)
Transactions with owners											
Employees share option scheme:											
– proceed from issue of shares	2	363	—	(69)	—	—	—	—	296	—	296
– share-based payment expense	—	—	—	2,233	—	—	—	—	2,233	205	2,438
– adjustment relating to forfeiture of share options	—	—	—	(10)	—	—	—	10	—	—	—
Total transactions with owners	2	363	—	2,154	—	—	—	10	2,529	205	2,734
Balance at 30 June 2024 (Unaudited)	7,855	856,114	13,587	12,037	(112,705)	22,566	25,819	340,685	1,165,958	38,111	1,204,069

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	141,936	58,035
Interest paid	(7,829)	(11,631)
Income tax paid	(4,246)	(19,497)
Net cash generated from operating activities	129,861	26,907
Cash flows from investing activities		
Purchase of property, plant and equipment	(41,011)	(33,347)
Addition of intangible assets	—	(18,089)
Other investing cash flow – net	10,344	(2,293)
Net cash used in investing activities	(30,667)	(53,729)
Cash flows from financing activities		
Proceeds from issue of shares by share options	—	296
Proceeds from bank borrowings	166,762	213,491
Repayments of bank borrowings	(283,121)	(337,150)
Repayments of capital element of lease liabilities	(5,057)	(5,039)
Net cash used in financing activities	(121,416)	(128,402)
Net decrease in cash and cash equivalents	(22,222)	(155,224)
Cash and cash equivalents at beginning of the period	111,706	206,549
Effect of foreign exchange rate changes, on cash held	2,640	(2,543)
Cash and cash equivalents at end of the period	92,124	48,782

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

This unaudited condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (HK\$'000), unless otherwise stated. This unaudited condensed consolidated interim financial information has been approved for issue by the Board on 5 August 2025.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with the applicable disclosure provisions of the GEM Listing Rules and Hong Kong Accounting Standards ("**HKAS**") 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 December 2024, as described in 2024 annual financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(a) Adoption of new or revised HKFRSs – effective 1 January 2025

In the current period, the Group has applied for the first time the following new or revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21

Lack of Exchangeability

The adoption of the above new standards and amendments to standards that are effective from 1 January 2025 does not have any significant impact to the results and financial position of the Group.

(b) 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 HKFRS 9 and
HKFRS 7

Amendments to the Classification
and Measurement of
Financial Instruments¹

Amendments to HKFRS 9 and
HKFRS 7

Contracts Referencing Nature-dependent
Electricity¹

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 Flows¹

HKFRS 18

Presentation and Disclosure in
Financial Statements²

HKFRS 19

Subsidiaries without Public Accountability:
Disclosures²

Amendments to HKFRS 10 and
HKAS 28

Sale or Contribution of Assets between an
Investor and its Associate or Joint Venture³

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(b) *New or revised HKFRSs that have been issued but are not yet effective (Continued)*

- ¹ Effective for annual periods beginning on or after 1 January 2026.
- ² Effective for annual periods beginning on or after 1 January 2027.
- ³ 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 Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Directors anticipate that the application of new and amendments to 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. REVENUE AND 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).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. REVENUE AND 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

Six months ended 30 June 2025 (Unaudited)						
	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	105,521	256,620	74,241	30,028	11,026	477,436
Timing of revenue recognition within the scope of HKFRS 15						
– At a point in time	105,521	36,165	74,241	30,028	5,972	251,927
– Over time	—	207,227	—	—	5,054	212,281
	105,521	243,392	74,241	30,028	11,026	464,208
Revenue from other source:						
Finance lease income	—	13,228	—	—	—	13,228
	105,521	256,620	74,241	30,028	11,026	477,436
Total revenue	105,521	256,620	74,241	30,028	11,026	477,436
Cost of revenue	(99,151)	(195,371)	(73,669)	(20,483)	(5,473)	(394,147)
	6,370	61,249	572	9,545	5,553	83,289
Gross profit	6,370	61,249	572	9,545	5,553	83,289
Depreciation charge of property, plant and equipment	8,705	1,905	8,696	4,031	—	23,337
Amortisation of intangible assets	938	—	1,225	—	—	2,163
Additions to non-current assets during the period (other than financial instruments and deferred tax assets)	1,336	1,005	15,229	1,928	—	19,498

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Segment results (Continued)

Six months ended 30 June 2024 (Unaudited)						
	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	65,926	323,963	224,172	25,976	6,480	646,517
Timing of revenue recognition within the scope of HKFRS 15						
– At a point in time	65,926	61,393	224,172	25,976	5,559	383,026
– Over time	—	253,567	—	—	921	254,488
	65,926	314,960	224,172	25,976	6,480	637,514
Revenue from other source:						
Finance lease income	—	9,003	—	—	—	9,003
Total revenue	65,926	323,963	224,172	25,976	6,480	646,517
Cost of revenue	(60,198)	(234,447)	(215,781)	(18,636)	(5,702)	(534,764)
Gross profit	5,728	89,516	8,391	7,340	778	111,753
Depreciation charge of property, plant and equipment	15,490	1,459	7,473	3,997	—	28,419
Amortisation of intangible assets	1,255	—	766	—	—	2,021
Additions to non-current assets during the period (other than financial instruments and deferred tax assets)	27,387	7,156	12,553	1,302	—	48,398

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Segment results (Continued)

A reconciliation of segment gross profit to profit before income tax is provided as follows:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Segment gross profit	83,289	111,753
Unallocated items:		
Other income	7,568	10,628
Other gains, net	1,616	929
Impairment loss on financial assets	(1,173)	(70)
Selling and marketing costs	(18,564)	(15,550)
Administrative expenses	(67,910)	(74,384)
Share of results of joint ventures	13,536	(77)
Share of results of an associate	(2)	(2)
Finance income	445	675
Finance costs	(7,438)	(9,216)
Profit before income tax	11,367	24,686

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Segment results (Continued)

During the six months ended 30 June 2025, revenue from the following customers account for 10% or more of the total revenue of the Group:

	Electric storage business HK\$'000
Six months ended 30 June 2025 (Unaudited)	
Revenue from	
– Customer A	75,941

During the six months ended 30 June 2024, 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:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
The PRC	278,300	396,828
Canada	152,341	217,671
Hong Kong	30,034	25,993
Others	16,761	6,025
	477,436	646,517

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Segment assets and liabilities

	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
At 30 June 2025 (Unaudited)						
Total assets	<u>460,857</u>	<u>986,049</u>	<u>470,859</u>	<u>42,646</u>	<u>62,016</u>	<u>2,022,427</u>
Total liabilities	<u>(229,780)</u>	<u>(245,112)</u>	<u>(132,498)</u>	<u>(13,690)</u>	<u>(15,095)</u>	<u>(636,175)</u>
At 31 December 2024 (Audited)						
Total assets	<u>483,104</u>	<u>889,680</u>	<u>530,590</u>	<u>48,668</u>	<u>61,288</u>	<u>2,013,330</u>
Total liabilities	<u>(173,773)</u>	<u>(241,515)</u>	<u>(101,651)</u>	<u>(17,083)</u>	<u>(46,197)</u>	<u>(580,219)</u>

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

	Assets as at		Liabilities as at	
	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Reportable segment assets/(liabilities)	2,022,427	2,013,330	(636,175)	(580,219)
Unallocated items:				
Prepayments, deposits and other receivables	152	301	—	—
Cash and cash equivalents	143	144	—	—
Bank borrowings	—	—	(362,269)	(467,823)
Other creditors and accruals	—	—	(1,208)	(1,841)
Total assets/(liabilities)	<u>2,022,722</u>	<u>2,013,775</u>	<u>(999,652)</u>	<u>(1,049,883)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) *Segment assets and liabilities (Continued)*

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:

	As at	
	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
The PRC	530,300	525,293
Canada	9,236	9,696
Hong Kong	36,310	22,900
Malaysia	20,723	20,098
Indonesia	18	—
	596,587	577,987

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4. OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Other income		
Government grants (note (a))	409	1,756
Others (note (b))	7,159	8,872
	<u>7,568</u>	<u>10,628</u>
Other gains, net		
Net gains on disposal of scrapped materials, property, plant and equipment or intangible assets (note (c))	5,366	411
Exchange (losses)/gains, net	(3,750)	518
	<u>1,616</u>	<u>929</u>

Notes:

- The balance included mainly grants obtained from the PRC government to subsidise the operating costs and also tax subsidy amounting to Nil (2024: HK\$1,461,000).
- The balance included mainly the additional deduction of input value-added tax and income from sale of electricity.
- The Group's production and operation generates scraps or recyclable materials which are available for sale and give rise to disposal gains/(losses).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5. FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Finance income		
Interest income from bank deposits	445	675
Finance costs		
Interest on bank borrowings	6,436	9,295
Interest on leases liabilities	394	564
Interest on discounted bills	1,000	1,771
	7,830	11,630
Less: amounts capitalised (note)	(392)	(2,414)
	7,438	9,216

Note:

The capitalisation rate of 1.54% (2024: 2.02%) 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 period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Cost of inventories	325,445	346,457
Write-off and provision for impairment of inventories	37	812
Depreciation charge	23,337	28,419
Amortisation charge	2,163	2,021
Employee benefit expense (including directors' emoluments)	45,742	52,802
Expense relating to short-term leases	1,444	1,472
Research and development expenses	14,563	20,014

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong profits tax (note (a))	560	234
– PRC corporate income tax (note (b))	2,042	14,478
– Canadian corporate income tax (note (c))	300	1,664
	2,902	16,376
Deferred tax charge/(credit)	2,611	(7,744)
	5,513	8,632

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7. INCOME TAX EXPENSE (CONTINUED)

Notes:

- (a) Hong Kong profits tax has been provided for at the two-tiered rate of 8.25% (2024: 8.25%) for the first HK\$2 million of the estimated assessable profits for one of the Group's Hong Kong subsidiaries for the period and 16.5% (2024: 16.5%) on the remaining estimated assessable profits for the period.
- (b) Three (2024: 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% (2024: 15%). Other subsidiaries of the Group in the PRC are subject to standard tax rate of 25% (2024: 25%). Provision for the PRC corporate income tax is calculated at 15% - 25% (2024: 15% - 25%) on estimated assessable profit for the period.
- (c) Canadian corporate income tax is provided on the estimated assessable profits at the federal tax rate of 15% (2024: 15%) and provincial tax rates at rates prevailing in relevant provinces of 8% - 15% (2024: 8% - 16%) for the period.

8. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and 2024.

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	4,708	12,250
Weighted average number of ordinary shares in issue (thousands)	785,534	785,437
Basic earnings per share (HK cents)	0.60	1.56

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

Diluted 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 six months ended 30 June 2025 and 2024, diluted earnings per share equal basic earnings per share as there were no potential dilutive shares.

9. DIVIDENDS

No interim dividend was declared during the six months ended 30 June 2025 (2024: Nil).

10. CAPITAL EXPENDITURE

	Property, plant and equipment HK\$'000	Intangible assets HK\$'000
Six months ended 30 June 2025 (Unaudited)		
Opening carrying amount at 1 January 2025	534,033	36,816
Additions	7,896	—
Capitalisation of borrowing costs	392	—
Disposals	(6,867)	—
Depreciation/Amortisation	(23,337)	(2,163)
Exchange realignment	14,929	1,023
Closing carrying amount at 30 June 2025	<u>527,046</u>	<u>35,676</u>
Six months ended 30 June 2024 (Unaudited)		
Opening carrying amount at 1 January 2024	735,904	89,200
Additions	24,670	18,089
Capitalisation of borrowing costs	2,414	—
Disposals	(32)	—
Depreciation/Amortisation	(28,419)	(2,021)
Exchange realignment	(17,610)	(2,503)
Closing carrying amount at 30 June 2024	<u>716,927</u>	<u>102,765</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11. CONTRACT ASSETS, TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at	
	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Finance lease – gross receivables	713,717	673,979
Less: Unearned finance income	(172,361)	(169,928)
Present value of minimum lease payments	541,356	504,051
Less: Loss allowance	(1,926)	(1,739)
	539,430	502,312
Trade receivables (note (a))		
– Third parties	304,901	292,674
– Related companies	33,486	47,818
	338,387	340,492
Less: Loss allowance	(4,325)	(3,131)
	334,062	337,361
Contract assets	132,934	143,931
Less: Loss allowance	(700)	(734)
	132,234	143,197
Bills receivables at fair value through other comprehensive income ("FVOCI") (note (b))	33,264	92,837
Prepayments	56,558	27,102
Value-added tax recoverable	4,228	5,899
Deposits and other receivables	26,896	17,537
	1,126,672	1,126,245
Less: Non-current portion		
Finance lease receivables	(504,884)	(473,257)
Prepayments for property, plant and equipment	(11,876)	(665)
Current portion	609,912	652,323

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Notes:

(a) Trade receivables

Majority of credit period granted by the Group to its customers is 30 to 90 days (31 December 2024: 30 to 90 days). Ageing analysis of the Group's trade receivables based on the invoice date was as follows:

	As at	
	30 June 2025 HK\$ '000 (Unaudited)	31 December 2024 HK\$ '000 (Audited)
0 - 90 days	181,942	232,797
91 - 180 days	68,876	42,878
181 - 365 days	59,806	28,770
Over 365 days	27,763	36,047
	338,387	340,492
Less: Loss allowance	(4,325)	(3,131)
	334,062	337,361

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Notes: (Continued)

(b) Bills receivables

The maturity dates of bills receivables are within six months (31 December 2024: six months).

Transferred financial assets that are not derecognised in their entirety

As at 30 June 2025, the Group endorsed certain unmatured bills receivables accepted by banks in the PRC (the “**Endorsed Bills**”) with a carrying amount of HK\$24,365,000 (31 December 2024: HK\$22,659,000) to certain of its suppliers in order to settle the trade and other payables due to such suppliers (the “**Endorsement**”). In addition, as at 30 June 2025, the Group discounted certain unmatured bills receivables accepted by banks in the PRC (the “**Discounted Bills**”) with a carrying amount of Nil (31 December 2024: HK\$12,599,000) 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\$24,365,000 (31 December 2024: HK\$22,659,000), and the Discounted Bills and the associated borrowings amounting to Nil (31 December 2024: HK\$12,599,000). 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.

Transferred financial assets that are derecognised in their entirety

As at 30 June 2025, the Group had unmatured Endorsed Bills with an aggregate carrying amount of HK\$23,219,000 (31 December 2024: HK\$46,254,000) and unmatured Discounted Bills with an aggregate carrying amount of HK\$74,668,000 (31 December 2024: HK\$155,811,000) that have been transferred and derecognised (the “**Derecognised Bills**”). The Derecognised Bills have maturity from six months (31 December 2024: 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 six months ended 30 June 2025 and 2024, 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 periods or cumulatively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12. CONTRACT LIABILITIES, TRADE AND OTHER PAYABLES

	As at	
	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade payables (note)		
– Third parties	203,818	173,646
– Related companies	984	1,635
	204,802	175,281
Bills payables	215,468	163,297
Contract liabilities	24,400	19,696
Accrued salaries and bonus	13,162	24,645
Other payables for purchase of property, plant and equipment	36,345	60,003
Other creditors and accruals	43,439	36,041
Value-added tax payable	3,620	9,237
Deferred revenue in respect of government grants	26,252	25,513
	567,488	513,713

Note:

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

	As at	
	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 30 days	63,317	101,251
31 - 90 days	66,433	17,564
91 - 180 days	29,187	20,316
Over 180 days	45,865	36,150
	204,802	175,281

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13. BANK BORROWINGS

The Group's bank borrowings are repayable as follows:

	As at	
	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
On demand or within one year	238,612	312,927
In the second year	123,657	154,896
Wholly repayable within five years	362,269	467,823
Less: portion due on demand or within one year under current liabilities	(238,612)	(312,927)
Portion due over one year under non-current liabilities	123,657	154,896

Notes:

- (a) The Group's bank borrowings amounting to HK\$101,782,000 (31 December 2024: HK\$346,915,000) were carried at floating rates ranging from 2.0% to 2.3% per annum (31 December 2024: 2.3% to 5.9% per annum) and HK\$260,487,000 (31 December 2024: HK\$108,309,000) were carried at fixed rates ranging from 2.3% to 3.9% per annum (31 December 2024: 2.3% to 3.9% per annum). As at 31 December 2024, HK\$12,599,000 of the current bank borrowings was related to the Discounted Bills (note 11(b)) and was carried at fixed rates ranging from 0.7% to 1.8% per annum.
- (b) As at 30 June 2025, the Group's bank borrowings were secured by corporate guarantee given by the Company.
- (c) As at 30 June 2025, the Group had banking facilities amounting to HK\$1,685,743,000 (31 December 2024: HK\$1,804,262,000), out of which HK\$1,018,503,000 (31 December 2024: HK\$1,136,562,000) were not utilised.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14. SHARE CAPITAL

The number of the Company's shares authorised and issued as of 30 June 2025 and 31 December 2024 is as follows:

	Number of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each	2,000,000,000,000	20,000,000
Issued and fully paid:		
At 31 December 2024, 1 January 2025 and 30 June 2025	785,533,629.38	7,855

15. SHARE OPTIONS

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

	Six months ended 30 June			
	2025		2024	
	Average exercise price in HK\$ per share	Options (units)	Average exercise price in HK\$ per share	Options (units)
At 1 January	2.71	16,779,504	2.87	16,079,071
Granted	0.81	1,680,000	1.78	2,200,000
Exercised	N/A	—	1.36	(217,648)
Forfeited	2.24	(11,118,401)	2.99	(300,550)
At 30 June	2.98	7,341,103	2.75	17,760,873

On 20 March 2025, 1,680,000 share options were granted to two executive Directors and certain employees of the Group. The exercise price is HK\$0.81 per share, which is equal to the average closing price of the Company's shares for the five business days immediately preceding the date of grant. The validity period of the options is from 20 March 2025 to 31 March 2029. One third of the options will vest on each of the year-end date of 2025, 2026 and 2027 if each grantee has met the conditions of vesting as stated in the letter of grant. The options can be exercised from 1 April 2028 to 31 March 2029.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15. SHARE OPTIONS (CONTINUED)

Out of the above outstanding share options, 2,351,403 options were exercisable as at 30 June 2025 (31 December 2024: 10,459,299 options).

These outstanding share options as at 30 June 2025 have the following expiry dates and exercise prices:

Expiry date	At 30 June 2025 (Unaudited)		At 31 December 2024 (Audited)	
	Average exercise price in HK\$ per share	Options (units)	Average exercise price in HK\$ per share	Options (units)
31 March 2025	N/A	—	2.20	10,459,299
31 March 2026	5.38	2,351,403	5.22	2,627,505
31 March 2027	3.00	1,625,200	3.00	1,784,200
31 March 2028	1.78	1,684,500	1.78	1,908,500
31 March 2029	0.81	1,680,000	N/A	—
		<u>7,341,103</u>		<u>16,779,504</u>

The weighted average fair value of these options granted on 20 March 2025 was determined using the Black-Scholes valuation model, which was performed by an independent valuer, Greater China Appraisal Limited, and was HK\$0.40 per option. The significant inputs into the model are as follows:

Grant date	20 March 2025
Closing share price, at the grant date (HK\$)	0.77
Exercise price (HK\$)	0.81
Volatility (%)	68.22%
Dividend yield (%)	0.00%
Expected share option life (years)	4.03
Annual risk-free interest rate	3.19%

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. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16. FAIR VALUE MEASUREMENT

The fair values of financial assets and liabilities carried at amortised cost approximate their carrying amounts.

The following table presents financial assets and liabilities measured at fair value in the condensed 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16. FAIR VALUE MEASUREMENT (CONTINUED)

The financial assets measured at fair value in the condensed 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 30 June 2025 (Unaudited)				
Bills receivables at FVOCI	—	33,264	—	33,264
Financial asset at FVOCI	—	—	42,552	42,552
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2024 (Audited)				
Bills receivables at FVOCI	—	92,837	—	92,837
Financial asset at FVOCI	—	—	39,783	39,783
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 30 June 2025 and 31 December 2024, 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 30 June 2025 and 31 December 2024, instruments included in level 3 represent unlisted equity interest, which was classified as financial asset at FVOCI.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16. FAIR VALUE MEASUREMENT (CONTINUED)

The fair value of the unlisted equity interest classified as financial asset at FVOCI is determined using discounted cash flow approach. The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Valuation technique	Significant unobservable inputs	Range of inputs	Favourable/(Unfavourable) change to the fair value As at	
			30 June 2025 HK\$'000	31 December 2024 HK\$'000
Discounted cash flows approach (note)	Electricity outputs	+/-5%	<u>2,596/(2,594)</u>	<u>2,617/(2,617)</u>
	Operating expenses	+/-5%	<u>(1,942)/1,940</u>	<u>(1,964)/1,963</u>
	Discount rate	+/-1%	<u>(253)/253</u>	<u>(252)/253</u>

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) is as follows:

Unlisted equity investments

	HK\$'000
As at 1 January 2025 (Audited)	39,783
Change in fair value recognised in other comprehensive income	1,583
Exchange realignment	1,186
As at 30 June 2025 (Unaudited)	42,552

There have been no transfers between level 1, 2 and 3 during the six months ended 30 June 2025 (2024: Nil). The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2025 and 2024, save as disclosed elsewhere in this report, the Group carried out the following significant transactions with its related parties:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Related party transactions with subsidiaries of Xinyi Glass Holdings Limited		
– Purchase of automobile glass	4,387	3,670
– Purchase of consumables	1,257	953
– Sales of electric storage products	3,041	5,992
– Sales of automobile glass	332	258
– Sales of electricity	1,379	1,380
– Management fee received	5,054	921
– Acquisition of right-of-use assets in respect of lease of office premises	—	911
– Lease payments in respect of office premises paid	315	343
– Purchase of steam	—	189
– Lease income in respect of office premises received	1,492	384
– Sales of fixed assets and consumables	603	45
Related party transactions with subsidiaries of Xinyi Solar Holdings Limited		
– Sales of electric storage products	517	8,534
– Sales of PV Films	—	20
– Sales of consumables	45	—
– Purchase of consumables	51	—
Related party transactions with PT Xinkai Solar Indonesia		
– Sales of materials for EPC Services	1,002	—
Related party transactions with Trifecta Group Inc.		
– Commission for EPC Services	7,225	—
Related party transactions with an entity controlled by a non-controlling interest		
– Sales of electric storage products	86	88
Related party transactions with Mr. LEE Shing Kan, M.H. and Mr. TUNG Fong Ngai		
– Lease payments in respect of shop premises paid	270	270
Related party transactions with an entity controlled by close family members of Mr. LEE Shing Kan, M.H.		
– Lease payments in respect of shop premises paid	360	360

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17. RELATED PARTY TRANSACTIONS (CONTINUED)

The transactions with related parties are conducted with price and terms mutually agreed with related parties.

Key management compensation amounted to HK\$5,071,000 for the six months ended 30 June 2025 (2024: HK\$6,091,000).

18. CAPITAL COMMITMENT

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

	As at	
	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Contracted but not provided for in respect of		
- Construction of production plant and purchase of construction materials/property, plant and equipment/land	25,839	12,785

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Electric storage business – Resumption of industrial and commercial energy storage project deliveries

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, liquid cooling energy storage system and industrial and commercial outdoor energy storage containers, and are suitable for different applications, such as power generation, power supply and user-side.

As mentioned in the Company’s 2024 annual report, the Group ceased the production of lithium batteries in 2024. Therefore, the Group required to make corresponding adjustments to its R&D of energy storage systems to assess and improve the impact of using different lithium batteries on these systems. Subsequently, the Group conducted appropriate product R&D and switching to meet the technical requirements of its energy storage systems, which led to a decrease in revenue from the industrial and commercial energy storage projects in the six months ended 30 June 2024 (the “1H2024”). Following the technical switching and design optimisation, the production and delivery of the Group’s industrial and commercial energy storage projects resumed normal operations in the fourth quarter of 2024. As a result, the revenue from the electric storage business in the six months ended 30 June 2025 (the “1H2025”) increased by 60.1%, as compared to the 1H2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Engineering, procurement and construction (“EPC”) services business for photovoltaic power stations – Policy transition period triggers installation rush

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 Services business in the PRC, Canada and Indonesia. Under the realisation of “carbon emission peak and carbon neutrality (碳达峰、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.

In the PRC market, driven by the policy incentives, the industrial and commercial distributed photovoltaic projects experienced a surge in the installations during the 1H2025, among which (i) the projects grid-connected before 30 April 2025 were eligible for full feed-in tariff benefits, while those connected after this date could only opt for self-consumption or partial grid sales without full tariff benefits, and the installed capacity of industrial and commercial projects is generally capped at 6 megawatts, and (ii) distributed photovoltaic projects commissioned after 31 May 2025 were required to trade all electricity through market mechanisms, with prices determined through competitive bidding and no longer eligible for fixed feed-in tariffs. Therefore, many customers chose to complete project installations and grid connections by 30 April or 31 May 2025. Benefiting from this concentrated demand, the installation volume of the EPC Services in the PRC for the 1H2025 increased by 62.7%, as compared to the 1H2024.

In the Canadian market, the suspension of federal government subsidy applications at the national level in 2024 has impacted both order intake and installation volumes for the Group’s photovoltaic EPC Services in Canada, resulting in a decrease in revenue from the EPC Services in Canada, as compared to the 1H2024. Nevertheless, with years of dedicated efforts and a strong reputation, the Group’s solid and reliable foundation continues to maintain its photovoltaic EPC Services business in a leading position in the Canadian market. In the 1H2025, the Group further expanded its industrial and commercial project development in the Canadian photovoltaic EPC Services business, and also actively promoted the transition of its business model from photovoltaic EPC to photovoltaic-plus-storage EPC solutions.

In addition, the Group has established a joint venture in Indonesia with a prominent 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 inaugural project is currently close to completion, with subsequent projects now underway, providing new momentum for the Group’s international business development.

MANAGEMENT DISCUSSION AND ANALYSIS

PV Films business – Implementation of prudent sales strategy to mitigate operating risks

In alignment with Xinyi's strategic objective of becoming a major supplier of key components of photovoltaic modules, the Group has actively expanded its PV Films production business. 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, the PRC and Malacca, Malaysia.

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, with both small-to-medium and large-scale module enterprises generally reporting losses. Concurrently, the overall production capacity of the PV Films industry has increased, resulting in the oversupply condition. This imbalance has inevitably impacted the industry, causing the decreases in both the selling price and gross profit margin of the PV Films products. 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 a more prudent sales strategy and control of 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. Consequently, under this cautious order acceptance strategy, the revenue from the PV Films business in the 1H2025 decreased, as compared to the 1H2024.

OUTLOOK

The Group's principal business has been transformed from the provision of the automobile glass and repair service 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 for 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Currently, the renewable energy industry as a whole has been confronted with multiple challenges such as supply-demand mismatch, downside product prices and narrowing gross margins, which has further led to operating pressures and losses incurred by many market participants. Despite such difficult operating conditions, the Group remains firmly committed to investing in R&D and expansion of overseas markets. 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.

The Group will increase its resources on investment in overseas photovoltaic-plus-storage EPC business and actively explore development opportunities in other overseas markets. Benefiting from the presence of EPC Services business in North America and the successive completion of product certification, the Group has already been steadily securing orders through the mode of photovoltaic-plus-storage EPC in North America. Based on the solid foundation of photovoltaic EPC Services and established brand reputation in North America, the Group will further deepen its presence in the region and improve the utilisation of its integrated photovoltaic-plus-storage solutions. In addition, the commercial photovoltaic EPC market in Canada is emerging as a new growth focus. The Group has successfully secured a number of projects and will continue to expand this business segment in the future.

In terms of the PV Films business, the Group will establish a production base for PV Films in Surabaya, Indonesia for further developing the related business, which can meet the demand for PV Films in Indonesia and neighbouring countries and will also address the risks arising from international trade barriers. Meanwhile, the Group is also actively exploring and mapping out plans for the production and sales of other types of film products through the interlink of the molten resin co-extrusion technique and compatibility of the production lines. Currently, the Group has planned investments in molten resin production lines in Wuhu City, Anhui Province, the PRC, Malacca, Malaysia and Surabaya, Indonesia.

Looking forward, the Group will continue to focus on the development and innovation of the selected sectors in renewable energy such as energy storage, EPC Services and PV Films. The Group will integrate internal resources, promote product upgrades and expand into overseas markets, in order to consolidate its competitive advantages and increase its market share. Although the energy storage and photovoltaic industries are currently undergoing a phase of adjustment, the Directors remain confident in the long-term development prospect of these industries, and believe that through clear strategic planning and flexible operational model, the Group will be able to stand out in the renewable energy industry, delivering satisfactory returns to the shareholders and continuously contributing to the global green energy transition.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the 1H2025, the Group's revenue was HK\$477.4 million (1H2024: HK\$646.5 million), representing a decrease by 26.2% mainly attributable to the change in revenue contributed by business segments as analysed as follows:

Six months ended 30 June						
	2025		2024		Increase/(Decrease)	
	HK\$'million	%	HK\$'million	%	HK\$'million	%
Electric storage business	105.5	22.1	65.9	10.2	39.6	60.1
EPC Services	256.6	53.7	324.0	50.1	(67.4)	(20.8)
PV Films	74.2	15.6	224.2	34.7	(150.0)	(66.9)
Automobile glass repair and replacement services	30.1	6.3	26.0	4.0	4.1	15.8
Others (Trading of forklift and wind farm related business)	11.0	2.3	6.4	1.0	4.6	71.9
Total revenue	477.4	100.0	646.5	100.0	(169.1)	(26.2)

The Group's revenue from the sales of electric storage products increased from HK\$65.9 million in the 1H2024 to HK\$105.5 million in the 1H2025. The increase in revenue was mainly due to the resumption of delivery of industrial and commercial energy storage products to customers, following the Group's earlier suspension of lithium battery production, which required corresponding adjustments for R&D of its energy storage system products.

Revenue from the EPC Services decreased from HK\$324.0 million in the 1H2024 to HK\$256.6 million in the 1H2025. The decrease in revenue was mainly due to the decrease in average selling price in Mainland China market and the decrease in installation volume in Canadian market following the suspension of Canadian federal government subsidy applications at the national level.

Revenue from the PV Films decreased from HK\$224.2 million in the 1H2024 to HK\$74.2 million in the 1H2025. The decrease in revenue was mainly due to the market oversupply of the PV Films products and the corresponding decrease in the average selling price.

Revenue from the automobile glass repair and replacement services increased from HK\$26.0 million in the 1H2024 to HK\$30.1 million in the 1H2025. The increase in revenue was mainly driven by the higher average selling price, as more customers chose the automobile glasses with value-added functions and features for replacement.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of revenue and gross profit

For the 1H2025, cost of revenue comprised of HK\$99.1 million (1H2024: HK\$60.2 million) arising from the electric storage business, HK\$195.4 million (1H2024: HK\$234.5 million) arising from the EPC Services, HK\$73.7 million (1H2024: HK\$215.8 million) arising from the PV Films, HK\$20.5 million (1H2024: HK\$18.6 million) arising from the automobile glass repair and replacement services, and HK\$5.5 million (1H2024: HK\$5.7 million) arising from others (trading of forklift and wind farm related business).

Cost of revenue for the electric storage business of HK\$99.1 million (1H2024: HK\$60.2 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 increased from HK\$5.7 million for the 1H2024 to HK\$6.4 million for the 1H2025. The increase in gross profit was mainly due to the increase in revenue during the period. The decrease in gross profit margin was mainly due to the increase in sales of industrial and commercial energy storage products, which had a relatively lower gross profit margin.

Cost of revenue for the EPC Services of HK\$195.4 million (1H2024: HK\$234.5 million) mainly comprised of the material cost, installation cost and other subcontracting costs. The gross profit of the EPC Services decreased from HK\$89.5 million for the 1H2024 to HK\$61.2 million for the 1H2025 mainly due to the decreases in revenue and gross profit margin during the period. The decrease in gross profit margin was mainly due to the decrease in average selling price in the PRC market.

Cost of revenue for the PV Films of HK\$73.7 million (1H2024: HK\$215.8 million) mainly comprised of material cost, labour cost and depreciation charge of property, plant and equipment. The gross profit of the PV Films decreased from HK\$8.4 million for the 1H2024 to HK\$0.5 million for the 1H2025 mainly due to the decreases in revenue and gross profit margin during the period. The decrease in gross profit margin was mainly due to the decrease in sales volume, which resulted in the increase in unit cost.

Cost of revenue for the automobile glass repair and replacement services of HK\$20.5 million (1H2024: HK\$18.6 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\$7.4 million for the 1H2024 to HK\$9.6 million for the 1H2025 mainly because the depreciation charge and other overhead expenses (including labour costs) were generally stable, while revenue increased.

MANAGEMENT DISCUSSION AND ANALYSIS

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 decreased by HK\$28.5 million from HK\$111.8 million for the 1H2024 to HK\$83.3 million for the 1H2025, which was mainly attributable to the decrease in gross profit of the EPC Services. The gross profit margin slightly increased from 17.3% for the 1H2024 to 17.4% for the 1H2025, which remained similar as compared to the 1H2024.

Other income

Other income for the 1H2025 mainly represented the 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 1H2024 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.

The decrease in other income for the 1H2025 as compared to the 1H2024 was mainly due to the decrease in the additional deduction of input value-added tax during the period.

Other gains, net

Other gains, net for the 1H2025 included the gains on disposal of intangible assets and other assets in relation to the portable energy storage business, which was fully impaired in the year ended 31 December 2024, partially offset by the net exchange losses.

Other gains, net for the 1H2024 included the gains on disposal of scrapped materials arising from the production and the net exchange gains.

Selling and marketing costs

Selling and marketing costs increased by HK\$3.0 million from HK\$15.6 million for the 1H2024 to HK\$18.6 million for the 1H2025, which was mainly due to the increase in advertising expenses during the period.

Administrative expenses

Administrative expenses decreased by HK\$6.5 million from HK\$74.4 million for the 1H2024 to HK\$67.9 million for the 1H2025, primarily due to (i) the decrease in share-based compensation for the share options granted; (ii) the decrease in expenditure for R&D following the suspension of R&D for lithium battery; and (iii) the decrease in depreciation charge of property, plant and equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

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 ("**PT Xinkai**"), which was incorporated and commenced operation in 2024. PT Xinkai is principally engaged in the EPC Services in Indonesia. The increase in share of results from PT Xinkai in the 1H2025 as compared to the 1H2024 was mainly due to its operation commencing only in the second half of 2024, and the majority of the installation work of its first project was carried out in the 1H2025.

Finance costs

Finance costs decreased by HK\$1.8 million from HK\$9.2 million (or HK\$11.6 million before capitalisation) for the 1H2024 to HK\$7.4 million (or HK\$7.8 million before capitalisation) for the 1H2025. The decrease in finance costs before capitalisation was due to (i) 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\$ and (ii) the decrease in the average balance of bank borrowings. The decrease in amounts eligible for capitalisation was mainly due to the decrease in qualifying assets during the 1H2025. During the 1H2025, interest expense of HK\$0.4 million (1H2024: HK\$2.4 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\$5.5 million for the 1H2025 (1H2024: HK\$8.6 million), which comprised of Hong Kong profits tax, PRC corporate income tax and Canadian corporate income tax. The decrease in income tax expense was mainly due to the decrease in the profit before income tax attributable to the EPC Services in Canada. Three (1H2024: 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.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the 1H2025 amounted to HK\$4.7 million (1H2024: HK\$12.3 million). The decrease in the profitability was mainly attributable to the operating performance of the Group as analysed above.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESOURCES AND LIQUIDITY

For the 1H2025, the Group's primary sources of funding included its own working capital, the net proceeds from the rights issue in September 2022 and bank borrowings. As of 30 June 2025, the Group had net current assets of HK\$48.8 million (31 December 2024: HK\$70.5 million) and cash and cash equivalents of HK\$92.1 million (31 December 2024: HK\$111.7 million) which were mainly placed with major banks in Hong Kong, the PRC and Canada. As of 30 June 2025, the Group had bank borrowings of HK\$362.3 million (31 December 2024: HK\$467.8 million) and had unutilised banking facilities of HK\$1,018.5 million (31 December 2024: HK\$1,136.6 million).

As of 30 June 2025, the Group's gearing ratio calculated based on net debt (bank borrowings less cash and cash equivalents) divided by total equity of the Group was 26.4% (31 December 2024: 36.9%). The change in the Group's gearing level was primarily due to the decrease in bank borrowings.

CAPITAL STRUCTURE

During the 1H2025, there has been no material change in the capital structure of the Company. The capital of the Group comprises only ordinary shares.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of HK\$19.5 million for the 1H2025 (1H2024: HK\$27.3 million), which were mainly related to the acquisition of new equipment for the PV Films business.

Capital commitments contracted for but not provided for by the Group as of 30 June 2025 amounted to HK\$25.8 million (31 December 2024: HK\$12.8 million), which were mainly related to the acquisition of land and the construction and purchase of various production plants and machinery from independent third parties under different independent contracts for the development of film business in Indonesia.

PLEDGE OF ASSETS

As of 30 June 2025, a bank balance of HK\$0.7 million was pledged to secure for the Group's bills payables (31 December 2024: HK\$2.9 million).

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As of 30 June 2025, the Group had 350 (31 December 2024: 445) full-time employees, of whom 200 (31 December 2024: 298) were based in the PRC, 70 (31 December 2024: 64) were based in Hong Kong and 80 (31 December 2024: 83) were based in Malaysia and Canada. The Group maintains good relationships with all of its employees and provides the employees with sufficient training in business and professional skills and knowledge, including information on the features 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 have been 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.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN FOREIGN 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 dollars ("**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 appreciation (1H2024: depreciation) of RMB against HK\$ during the 1H2025, the Group reported non-cash translation gain (1H2024: loss) - an increase in the exchange reserve of its condensed consolidated financial position of HK\$49.4 million (1H2024: decrease HK\$36.9 million) - when converting RMB-denominated assets and liabilities into HK\$ as of 30 June 2025. As a result, the Group's consolidated exchange reserve recorded a debit balance of HK\$92.5 million as of 30 June 2025, as compared to a debit balance of HK\$142.1 million as of 31 December 2024.

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 1H2025, the Group did not use any financial instrument for hedging purpose.

MANAGEMENT DISCUSSION AND ANALYSIS

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

As of 30 June 2025, there were no significant investments held which exceed 5% of the total assets of the Group. There were no material acquisitions or disposals of subsidiaries and affiliated companies during the 1H2025. Save as the disclosed plan to set up the production facilities for film business in Indonesia, 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 30 June 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 30 June 2025 and up to the date of this report.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in directors' information are as follows:

Ms. LI Pik Yung, the executive Director, and Mr. CHAN Hak Kan, S.B.S., J.P., the independent non-executive Director, have been appointed as the members of the nomination committee of the Board with effect from 30 June 2025.

Mr. NG Wai Hung, the independent non-executive Director, retired as a non-executive director of Coolpad Group Limited (stock code: 02369), a company listed on the main board of the Stock Exchange, with effect from 7 June 2025 and resigned as an independent non-executive director of New Sparkle Roll International Group Limited (stock code: 00970), a company listed on the main board of the Stock Exchange, with effect from 12 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

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

As of 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares (the "**Shares**"), underlying Shares and debentures of the Company and 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 Rule 5.46 of the GEM Listing Rules, 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 <i>P.S.M, D.M.S.M, J.P.</i>	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		346,000	0.04

MANAGEMENT DISCUSSION AND ANALYSIS

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	295,059	0.03
Mr. WANG Mohan	Personal interest	1,882,744	0.23

MANAGEMENT DISCUSSION AND ANALYSIS

(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	350,000	16.20
	TUNG Ching Sai, J.P.	ordinary shares	
	Mr. NG Ngan Ho	80,000 ordinary shares	3.70

Save as disclosed above, as of 30 June 2025, 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 Rule 5.46 of the GEM Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

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

As of 30 June 2025, 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 <i>D.C.S.M</i>	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

MANAGEMENT DISCUSSION AND ANALYSIS

Name of Shareholder	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Mr. LI Man Yin	Interest in a controlled corporation ⁽⁸⁾	14,473,366	1.84
	Interest in a controlled corporation ⁽¹¹⁾	17,533,143	2.23
	Personal interest ⁽⁸⁾	1,876,710	0.23
	Interest in persons acting in concert ⁽¹²⁾	545,726,709	69.47
Mr. SZE Nang Sze	Interest in a controlled corporation ⁽⁹⁾	20,909,316	2.66
	Interest in a controlled corporation ⁽¹¹⁾	17,533,143	2.23
	Personal interest	1,212,420	0.15
	Interest in persons acting in concert ⁽¹²⁾	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 ⁽¹¹⁾	17,533,143	2.23
	Personal interest/Spouse interest ⁽¹⁰⁾	6,270,935	0.79
	Interest in persons acting in concert ⁽¹²⁾	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 (as defined in the prospectus of the Company dated 28 June 2016).
- (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.

MANAGEMENT DISCUSSION AND ANALYSIS

- (4) Dr. LEE Yin Yee, S.B.S.'s interests in 2,720,960 Shares are held through Xin Yuen Investment Limited, a company incorporated in the BVI with limited liability, which was 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 interest 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 30 June 2025, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE OPTION SCHEME

A share option scheme (the “**Scheme**”) was adopted by the shareholders of the Company at the annual general meeting held on 31 May 2017 and will be valid for a period of ten years from the date of adoption of the Scheme. The following table sets forth movements in the share options of the Company for the 1H2025:

		Exercise price		Number of share options					
	Grant date	(HK\$)	Exercise period	At 1/1/2025	Granted	Exercised	Cancelled	Lapsed	At 30/6/2025
Executive Directors									
– Ms. LI Pik Yung	11/5/2021	4.655	1/4/2024 - 31/3/2025	45,373	—	—	—	(45,373)	—
	11/5/2022 ⁽²⁾	3.846	1/4/2025 - 31/3/2026	67,059	—	—	—	—	67,059
	9/5/2023 ⁽³⁾	3.000	1/4/2026 - 31/3/2027	76,000	—	—	—	—	76,000
	4/3/2024 ⁽⁴⁾	1.780	1/4/2027 - 31/3/2028	76,000	—	—	—	—	76,000
	20/3/2025 ⁽⁵⁾	0.806	1/4/2028 - 31/3/2029	—	76,000 ⁽¹⁾⁽⁴⁾	—	—	—	76,000
– Mr. WANG Mohan (Chief Executive Officer)	18/12/2020	1.978	1/4/2024 - 31/3/2025	3,093,552	—	—	—	(3,093,552)	—
	11/5/2022 ⁽²⁾	3.846	1/4/2025 - 31/3/2026	42,674	—	—	—	—	42,674
	25/8/2022 ⁽²⁾	6.210	1/4/2025 - 31/3/2026	1,524,070	—	—	—	—	1,524,070
	9/5/2023 ⁽³⁾	3.000	1/4/2026 - 31/3/2027	76,000	—	—	—	—	76,000
	4/3/2024 ⁽⁴⁾	1.780	1/4/2027 - 31/3/2028	120,000	—	—	—	—	120,000
	20/3/2025 ⁽⁵⁾	0.806	1/4/2028 - 31/3/2029	—	120,000 ⁽¹⁾⁽⁴⁾	—	—	—	120,000
Continuous contract employees	18/12/2020	1.978	1/4/2024 - 31/3/2025	6,496,459	—	—	—	(6,496,459)	—
	11/5/2021	4.655	1/4/2024 - 31/3/2025	823,915	—	—	—	(823,915)	—
	11/5/2022 ⁽²⁾	3.846	1/4/2025 - 31/3/2026	993,702	—	—	—	(276,102)	717,600
	9/5/2023 ⁽³⁾	3.000	1/4/2026 - 31/3/2027	1,632,200	—	—	—	(159,000)	1,473,200
	4/3/2024 ⁽⁴⁾	1.780	1/4/2027 - 31/3/2028	1,712,500	—	—	—	(224,000)	1,488,500
	20/3/2025 ⁽⁵⁾	0.806	1/4/2028 - 31/3/2029	—	1,484,000 ⁽¹⁾⁽⁴⁾	—	—	—	1,484,000
				16,779,504	1,680,000	—	—	(11,118,401)	7,341,103

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. The closing price of the shares immediately before the date on which the options were granted on 20 March 2025 was HK\$0.820.
2. One third of the options shall vest on each of the year-end date of 2022, 2023 and 2024.
3. One third of the options shall vest on each of the year-end date of 2023, 2024 and 2025.
4. One third of the options shall vest on each of the year-end date of 2024, 2025 and 2026.
5. One third of the options shall vest on each of the year-end date of 2025, 2026 and 2027.
6. The vesting of the options is subject to satisfaction of certain performance targets as determined by the Board at its absolute discretion, either on a case-by-case basis or generally: (i) 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 and (ii) the Group has established a standard performance appraisal system for its employees to evaluate their performance and contribution to the Group. The Company will determine whether the grantees meet the individual performance target based on their performance appraisal results for the relevant year.

During the 1H2025, 1,680,000 share options were granted. The fair value of the equity-settled share options granted under the Share Option Scheme during the 1H2025 was estimated at HK\$669,000. The fair value of the share options granted to the Directors and eligible employees of the Group were HK\$78,000 and HK\$591,000, respectively. The value of the share options granted during the 1H2025 is to be expensed through the Group's statement of profit or loss and other comprehensive income over the three-year vesting period of the options. Further details are set forth in note 15 to the condensed consolidated interim financial information in this interim report.

The number of share options available for grant under the Share Option Scheme was 34,547,321 as of 1 January 2025 and 43,985,722 as of 30 June 2025.

The number of Shares that may be issued in respect of the options granted under the Scheme during the 1H2025 divided by the weighted average number of the Shares in issue for the 1H2025 is 0.21%.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the 1H2025, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including the treasury shares).

NO COMPETING BUSINESS

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

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE GOVERNANCE

The Directors confirmed that the Company has complied with the applicable code provisions as contained in the Corporate Governance Code as set forth in Part 2 of Appendix C1 to the GEM Listing Rules during the 1H2025.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transaction as set forth in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to the Directors, all Directors confirm that they have complied with such required standard of dealings and its code of conduct regarding securities transactions by Directors during the 1H2025.

INTERIM DIVIDEND

The Directors did not recommend the payment of any interim dividend for the 1H2025 (1H2024: Nil).

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are reviewing and supervising the financial reporting process and the 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 the corporate governance of the Group. The members of the Audit Committee include all 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 unaudited interim results of the Company for the 1H2025 have not been reviewed by the external auditor of the Company but have been reviewed by the Audit Committee.

By order of the Board
Xinyi Electric Storage Holdings Limited
Tan Sri Datuk TUNG Ching Sai P.S.M., D.M.S.M., J.P.
Chairman and Non-executive Director

Hong Kong, 5 August 2025