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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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 announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

	Nine months ended 30 September		
	2021	2020	Change
	HK\$'000	HK\$'000	
Revenue	253,059	153,258	+65.1%
Profit attributable to owners of the Company	14,025	13,355	+5.0%
Earnings per share - Basic	2.16 HK cents	2.06 HK cents	+4.9%

The Board is pleased to present the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2021 together with the comparative unaudited figures for the nine months ended 30 September 2020, as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the three months and nine months ended 30 September 2021

		Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	<i>2</i>	137,231	72,349	253,059	153,258
Cost of revenue		(103,429)	(55,738)	(193,622)	(120,240)
Gross profit		33,802	16,611	59,437	33,018
Other income	<i>3</i>	2,451	1,946	13,921	3,507
Other (losses)/gains, net	<i>3</i>	(189)	(598)	(2,660)	641
Impairment loss on a financial asset		—	—	(3,135)	—
Selling and marketing costs		(4,257)	(1,715)	(7,802)	(3,765)
Administrative expenses		(17,677)	(8,655)	(37,773)	(22,765)
Operating profit		14,130	7,589	21,988	10,636
Finance income		671	847	1,236	3,182
Finance costs		—	—	—	—
Profit before income tax		14,801	8,436	23,224	13,818
Income tax expense	<i>4</i>	(4,052)	(188)	(6,683)	(463)
Profit for the period		10,749	8,248	16,541	13,355
Other comprehensive income:					
<i>Item that may be subsequently reclassified to profit or loss:</i>					
Exchange differences on translation of financial statements of operations		53	13,451	3,661	6,252
Total comprehensive income for the period		10,802	21,699	20,202	19,607

		Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Notes</i>		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to:					
	– owners of the Company	8,637	8,248	14,025	13,355
	– non-controlling interests	2,112	—	2,516	—
		<u>10,749</u>	<u>8,248</u>	<u>16,541</u>	<u>13,355</u>
Total comprehensive income for the period attributable to:					
	– owners of the Company	8,774	21,699	17,756	19,607
	– non-controlling interests	2,028	—	2,446	—
		<u>10,802</u>	<u>21,699</u>	<u>20,202</u>	<u>19,607</u>
Earnings per share attributable to owners of the Company for the period (HK cents)					
	– Basic	6(a) 1.33	1.27	2.16	2.06
	– Diluted	6(b) 1.32	1.27	2.14	2.06

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	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 assets at fair value through other comprehensive 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 2021											
(Audited)	6,482	234,150	13,587	505	14,305	10,710	10,652	151,917	442,308	171	442,479
Comprehensive income											
Profit for the period	—	—	—	—	—	—	—	14,025	14,025	2,516	16,541
Other comprehensive income											
Exchange differences on translation of financial statements of operations	—	—	—	—	3,731	—	—	—	3,731	(70)	3,661
Total comprehensive income	—	—	—	—	3,731	—	—	14,025	17,756	2,446	20,202
Transactions with owners											
Capital injection into a subsidiary	—	—	—	—	—	—	—	—	—	11,564	11,564
Employees share option scheme:											
— proceed from issue of shares	3	569	—	(139)	—	—	—	—	433	—	433
— share-based payment expense	—	—	—	1,971	—	—	—	—	1,971	—	1,971
— adjustment relating to forfeiture of share options	—	—	—	(6)	—	—	—	6	—	—	—
Balance at 30 September 2021											
(Unaudited)	6,485	234,719	13,587	2,331	18,036	10,710	10,652	165,948	462,468	14,181	476,649
Balance at 1 January 2020											
(Audited)	6,481	233,987	13,587	3,194	(10,789)	9,636	8,590	131,113	395,799	—	395,799
Comprehensive income											
Profit for the period	—	—	—	—	—	—	—	13,355	13,355	—	13,355
Other comprehensive income											
Exchange differences on translation of financial statements of operations	—	—	—	—	6,252	—	—	—	6,252	—	6,252
Total comprehensive income	—	—	—	—	6,252	—	—	13,355	19,607	—	19,607
Transactions with owners											
Employees share option scheme:											
— share-based payment expense	—	—	—	67	—	—	—	—	67	—	67
Balance at 30 September 2020											
(Unaudited)	6,481	233,987	13,587	3,261	(4,537)	9,636	8,590	144,468	415,473	—	415,473

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial information is presented in Hong Kong dollars (“**HK\$**”) which is the same as the functional currency of the Company.

New accounting policy adopted by the Group during the nine months ended 30 September 2021

Except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which are effective for the Group’s financial year beginning on 1 January 2021, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the nine months ended 30 September 2021 are consistent with those of the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with HKFRSs. The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020.

The Group has not applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. The Group has commenced an assessment of the impact of these new standards and amendments, but is not yet in a position to state whether they would have a significant impact on its results and financial position.

2. REVENUE

An analysis of the revenue from the Group's principal activities, which is also the Group's turnover, is as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Electric storage business	28,658	21,655	72,569	66,028
Engineering, procurement and construction services (the "EPC Services")	75,391	30,084	104,789	30,084
Automobile glass repair and replacement services	11,986	12,250	31,957	34,286
Others (Trading of forklift and wind farm related business)	21,196	8,360	43,744	22,860
	<u>137,231</u>	<u>72,349</u>	<u>253,059</u>	<u>153,258</u>

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other income				
Government grants	1,550	1,849	2,814	3,294
Others	901	97	11,107	213
	<u>2,451</u>	<u>1,946</u>	<u>13,921</u>	<u>3,507</u>
Other (losses)/gains, net				
Rent concessions	—	69	—	1,229
Net (losses)/gains on disposal of old facilities, scrapped materials or plant and equipment	793	199	(2,399)	326
Exchange losses, net	(982)	(866)	(261)	(914)
	<u>(189)</u>	<u>(598)</u>	<u>(2,660)</u>	<u>641</u>

4. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax				
– Hong Kong profits tax	86	241	86	315
– The People's Republic of China (the "PRC") corporate income tax ("CIT")	518	(214)	2,030	265
– Overseas income tax	3,480	—	4,663	—
	4,084	27	6,779	580
Deferred tax	(32)	161	(96)	(117)
	<u>4,052</u>	<u>188</u>	<u>6,683</u>	<u>463</u>

Notes:

Hong Kong profits tax has been provided for at the two-tiered rate of 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% on the remaining estimated assessable profits for the period.

CIT is provided on the estimated taxable profits of the subsidiaries established in the PRC for the period, calculated in accordance with the relevant tax rules and regulations. One of the PRC subsidiaries, being qualified as a New and High Technology Enterprise, is entitled to a preferential CIT rate of 15%.

Taxation on overseas profits includes Canada income tax which has been calculated on the estimated assessable profits for the period at the federal and provincial corporate income tax rate of 26.5%.

5. DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 30 September 2021 (2020: Nil).

6. 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 nine months ended 30 September 2021 and 2020.

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	<u>8,637</u>	<u>8,248</u>	<u>14,025</u>	<u>13,355</u>
Weighted average number of ordinary shares in issue (thousands)	<u>648,427</u>	<u>648,136</u>	<u>648,342</u>	<u>648,136</u>
Basic earnings per share (HK cents)	<u>1.33</u>	<u>1.27</u>	<u>2.16</u>	<u>2.06</u>

(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 nine months ended 30 September 2021, the Company had dilutive potential ordinary shares from share options. The calculation for share options was determined by the number of shares that could have been acquired at fair value (determined as the average market 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 period) 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 earnings per share.

For the nine months ended 30 September 2020, the outstanding share options were anti-dilutive.

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company used to determine the diluted earnings per share (HK\$'000)	8,637	8,248	14,025	13,355
Weighted average number of ordinary shares in issue (thousands)	648,427	648,136	648,342	648,136
Adjustment for share options (thousands)	6,755	—	6,112	—
	655,182	648,136	654,454	648,136
Diluted earnings per share (HK cents)	1.32	1.27	2.14	2.06

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

New Energy - Electric Storage Business

The Group has production facilities for manufacturing and sales of lithium battery products. Products of the Group are mainly sold and installed in integrated systems comprising lithium batteries, battery management systems and other components (such as energy management systems and power conditioning systems).

The Group is engaged in the development, processing and sales of energy storage facilities with lithium batteries, including large-scale power banks for manufacturing facilities to facilitate load shifting and power stabilization, uninterruptible power supply and micro energy storage products. The Group is also engaged in the provision of contract processing services of battery packs and energy storage products to its customers.

On 31 March 2021, the Group moved out of the production facilities in Wuhu City, Anhui Province, the PRC as mutually agreed with the PRC government to early terminate the lease agreements for factory and office premises. The Group's lithium battery production plant relocated to Zhangjiagang, Jiangsu Province, the PRC in the first half of 2021 and has gradually commenced operation.

New Energy – EPC Services

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

In the fourth quarter of 2020, the Group established a subsidiary in Canada, Polaron Energy Corp., for the provision of EPC Services in which it holds a 68% equity stake. This subsidiary is principally engaged in the provision of EPC Services for photovoltaic power systems, which represents the foundation for the Group to develop its business in overseas markets.

Automobile Glass Repair and Replacement Services Business

The Group currently has four service centres in Hong Kong and a motorcade service team for the provision of automobile glass repair and replacement services.

Others

Since the third quarter of 2017, the Group has been providing wind farm management services to Xinyi Wind Power (Jinzhai) Company Limited, a company in which the Group holds 18% equity interest.

In addition, some of the Group's customers of power batteries and battery pack systems have been engaged in the production of forklifts. The Group has agreed with some of these customers to purchase forklifts for forklift trading business, which contributed an additional source of revenue for the Group.

FINANCIAL REVIEW

Revenue

For the nine months ended 30 September 2021, the Group's revenue was HK\$253.1 million (2020: HK\$153.3 million), representing an increase by 65.1% mainly attributable to the change in revenue contribution by business segments as analysed as follows:

	Nine months ended 30 September					
	2021		2020		Increase/(Decrease)	
	HK\$'million	%	HK\$'million	%	HK\$'million	%
Electric storage business	72.6	28.7	66.0	43.1	6.6	10.0
EPC Services	104.8	41.4	30.1	19.6	74.7	248.2
Automobile glass repair and replacement services	32.0	12.6	34.3	22.4	(2.3)	(6.7)
Others (Trading of forklift and wind farm related business)	43.7	17.3	22.9	14.9	20.8	90.8
Total revenue	<u>253.1</u>	<u>100.0</u>	<u>153.3</u>	<u>100.0</u>	<u>99.8</u>	<u>65.1</u>

The increase in revenue was primarily because of the following reasons:

- (a) the increase in revenue attributable to our new business, the EPC Services for photovoltaic power stations, commenced from the third quarter of 2020, which contributed revenue amounting to HK\$104.8 million during the nine months ended 30 September 2021 as compared to the revenue amounting to HK\$30.1 million during the nine months ended 30 September 2020;
- (b) the increase in revenue attributable to “Others” business segment by HK\$20.8 million or 90.8% mainly due to the increase in sales of the forklifts and the increase in service fee for managing wind farm as a result of the service fee adjustment pursuant to the wind farm management agreement entered into as of 6 November 2020; and
- (c) partially offset by the decrease in revenue attributable to the automobile glass repair and replacement services by HK\$2.3 million or 6.7%, which was mainly due to the continuous adverse impact on the demand for the services as a result of the outbreak of COVID-19.

Cost of revenue and gross profit

Cost of revenue comprised of HK\$61.2 million (2020: HK\$53.2 million) arising from the electric storage business, HK\$75.7 million (2020: HK\$23.2 million) arising from the EPC Services, HK\$24.7 million (2020: HK\$25.9 million) arising from the automobile glass repair and replacement services, and HK\$32.0 million (2020: HK\$18.0 million) arising from others (trading of forklift and wind farm related business).

Cost of revenue for the electric storage business of HK\$61.2 million (2020: HK\$53.2 million) mainly represented the material cost, labour cost and depreciation charge of the plant and machinery. The gross profit of the electric storage business decreased from HK\$12.8 million for the nine months ended 30 September 2020 to HK\$11.4 million for the nine months ended 30 September 2021 due to the increase in purchase cost of certain raw materials for production which resulted in the decrease in gross profit margin of this segment.

Cost of revenue for the EPC Services of HK\$75.7 million (2020: HK\$23.2 million) mainly represented the material cost, installation cost and subcontracting cost. The gross profit of the EPC Services increased from HK\$6.9 million for the nine months ended 30 September 2020 to HK\$29.1 million for the nine months ended 30 September 2021 mainly due to the increase in revenue attributable to this segment.

Cost of revenue for the automobile glass repair and replacement services decreased from HK\$25.9 million for the nine months ended 30 September 2020 to HK\$24.7 million for the nine months ended 30 September 2021. The gross profit of the automobile glass repair and replacement services decreased from HK\$8.4 million for the nine months ended 30 September 2020 to HK\$7.3 million for the nine months ended 30 September 2021 mainly because the rental and other overhead expenses (including labour costs) were generally stable, while revenue decreased.

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

The overall gross profit margin increased from 21.5% for the nine months ended 30 September 2020 to 23.5% for the nine months ended 30 September 2021 mainly due to the relatively higher gross profit margin attributable to the new business, the EPC Services for photovoltaic power stations, of 27.7%.

Other income and others (losses)/gains, net

Other income mainly represented the government grants from the PRC government and the compensation from the PRC government in relation to the early termination of lease agreements for our factory and office premises in Wuhu City, Anhui Province, the PRC.

Upon the request by the PRC government to move out of the factory and office premises in Wuhu City for the change of utilisation plan of the zone area, the Group entered into a termination agreement with the PRC government in March 2021 to early terminate the lease agreements for the factory and office premises. The Group was entitled to receive a compensation from the PRC government mutually agreed which was calculated with reference to the remaining rental payments under the lease agreements. On 31 March 2021, the Group moved out of the premises in accordance with the termination agreement.

Other losses, net mainly included the write off of certain plant and equipment of factory premises as a result of the move out as set out above; and partially offset by the gain on disposal of scrapped materials.

Selling and marketing costs

Selling and marketing costs increased by HK\$4.0 million from HK\$3.8 million for the nine months ended 30 September 2020 to HK\$7.8 million for the nine months ended 30 September 2021, which was mainly due to (i) the increase in employee benefit expense as a result of the increase in number of employees; and (ii) the increase in expenses in connection with selling activities such as transportation cost for delivering products to customers and travelling and entertainment expenses as a result of promoting our products and services to customers.

Administrative expenses

Administrative expenses increased by HK\$15.0 million from HK\$22.8 million for the nine months ended 30 September 2020 to HK\$37.8 million for the nine months ended 30 September 2021, primarily due to (i) the expenses incurred for the termination of employment with certain employees in connection with the move out of factory; and (ii) the increase in employee benefit expense as a result of the increase in number of employees and the share-based compensation for share options granted in August 2020, December 2020 and May 2021.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the nine months ended 30 September 2021 amounted to HK\$14.0 million (2020: HK\$13.4 million). The increase in the profitability was mainly attributable to the operating performance of the Group as analysed above.

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

As at 30 September 2021, the interests or short positions of the Directors and the chief executive of the Company in the shares of the Company (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**”)) which are required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions of the SFO); or (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) Long positions in the Shares

Name of Director/ Chief Executive	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)	37,039,885	5.71
		Full Guang ⁽³⁾ (as defined below)	4,436,100	0.68
	Personal interest/ Spouse interest ⁽¹⁾		99,465,100	15.34
	Interest in persons acting in concert ⁽²⁾		461,393,649	71.15
Mr. NG Ngan Ho	Interest in a controlled corporation	Linkall ⁽⁴⁾ (as defined below)	20,654,086	3.19
		Full Guang ⁽³⁾ (as defined below)	4,436,100	0.68
	Personal interest		1,110,000	0.17
	Interest in persons acting in concert ⁽²⁾		461,393,649	71.15
Ms. LI Pik Yung	Personal interest		85,088	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 37,039,885 Shares. Tan Sri Datuk TUNG Ching Sai, J.P. also has personal interest in 436,200 Shares held in his own name and 99,028,900 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 the Shares are held through Full Guang Holdings Limited (“**Full Guang**”), a company incorporated in the BVI with limited liability on 19 December 2005. Full Guang is owned by Dr. LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor 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 20,654,086 Shares.

(ii) Share options of the Company

Name of		Number of share options outstanding	Approximate percentage of the issued share capital of the Company (%)
Director/Chief Executive	Capacity		
Ms. LI Pik Yung	Personal interest	132,000	0.02
Mr. ZHA Xue Song	Personal interest	1,044,000	0.16

(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 at 30 September 2021, 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) which are required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO); or (b) entered in register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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 set forth in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by directors during the nine months ended 30 September 2021.

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

So far as is known to the Directors, as of 30 September 2021, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in the Shares

Name of the Shareholder	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
			(%)
Dr. LEE Yin Yee, B.B.S.	Interest in a controlled corporation ⁽³⁾	108,781,432	16.78
	Interest in a controlled corporation ⁽⁴⁾	936,000	0.14
	Interest in a controlled corporation ⁽¹⁾	4,436,100	0.68
	Personal interest ⁽³⁾	34,141,500	5.27
	Interest in persons acting in concert ⁽²⁾	461,393,649	71.15
Mr. TUNG Ching Bor	Interest in a controlled corporation ⁽⁵⁾	40,014,968	6.17
	Interest in a controlled corporation ⁽¹⁾	4,436,100	0.68
	Personal interest ⁽⁵⁾	8,971,200	1.38
	Interest in persons acting in concert ⁽²⁾	461,393,649	71.15

Name of the Shareholder	Capacity	Approximate percentage of the issued share capital of the Company (%)	
		Number of issued Shares held	
Mr. LEE Sing Din	Interest in a controlled corporation ⁽⁶⁾	37,739,263	5.82
	Interest in a controlled corporation ⁽¹⁾	4,436,100	0.68
	Personal interest	3,115,500	0.48
	Interest in persons acting in concert ⁽²⁾	461,393,649	71.15
Mr. LI Ching Wai	Interest in a controlled corporation ⁽⁷⁾	17,487,129	2.70
	Interest in a controlled corporation ⁽¹⁾	4,436,100	0.68
	Interest in persons acting in concert ⁽²⁾	461,393,649	71.15
Mr. LI Man Yin	Interest in a controlled corporation ⁽⁸⁾	11,856,285	1.83
	Interest in a controlled corporation ⁽¹⁾	4,436,100	0.68
	Personal interest ⁽⁸⁾	1,551,000	0.24
	Interest in persons acting in concert ⁽²⁾	461,393,649	71.15
Mr. SZE Nang Sze	Interest in a controlled corporation ⁽⁹⁾	17,140,616	2.64
	Interest in a controlled corporation ⁽¹⁾	4,436,100	0.68
	Personal interest	1,002,000	0.15
	Interest in persons acting in concert ⁽²⁾	461,393,649	71.15
Mr. LI Ching Leung	Interest in a controlled corporation ⁽¹⁰⁾	11,678,085	1.80
	Interest in a controlled corporation ⁽¹⁾	4,436,100	0.68
	Personal interest/Spouse interest ⁽¹⁰⁾	4,273,500	0.66
	Interest in persons acting in concert ⁽²⁾	461,393,649	71.15

Notes:

- (1) The interests in the Shares are held through Full Guang. Full Guang is owned by Dr. LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor 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, B.B.S.'s interests in 108,781,432 Shares are held through Realbest Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Dr. LEE Yin Yee, B.B.S.. Dr. LEE Yin Yee, B.B.S.'s interests in 34,141,500 Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.
- (4) Dr. LEE Yin Yee, B.B.S.'s interests in 936,000 Shares are held through Xin Yuen Investment Limited, a company incorporated in the BVI with limited liability on 17 January 2019, which is wholly-owned by Xin Wong Investment Limited ("**Xin Wong**"). Xin Wong is 50% owned by Dr. LEE Yin Yee, B.B.S. and 50% owned by his spouse, Madam TUNG Hai Chi.
- (5) Mr. TUNG Ching Bor's interests in 40,014,968 Shares are held through High Park Technology Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor. Mr. TUNG Ching Bor's interests in 8,971,200 Shares are held through a joint account with his spouse, Madam KUNG Sau Wai.
- (6) Mr. LEE Sing Din's interest in 37,739,263 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 17,487,129 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 11,856,285 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 1,551,000 Shares are held through a joint account with his spouse, Madam LI Sau Suet.
- (9) Mr. SZE Nang Sze's interests in 17,140,616 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 11,678,085 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 4,213,500 Shares held in his own name and 60,000 Shares held through his spouse, Madam DY Maria Lumin.

Save as disclosed above, as at 30 September 2021, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme (the “**Scheme**”) was adopted by the shareholders of the Company (the “**Shareholders**”) 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 Company has granted 1,590,000 share options under the Scheme during the nine months ended 30 September 2021. As at 30 September 2021, a total of 12,998,968 options were still outstanding under the Scheme.

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

During the nine months ended 30 September 2021, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

NO COMPETING BUSINESS

The Company and Xinyi Solar Holdings Limited (“**Xinyi Solar**”) (stock code: 00968), a company listed on the Main Board of the Stock Exchange, are both engaged in the provision of EPC Services for photovoltaic power stations.

Arrangements have been implemented that there will be no competing business between the Company and Xinyi Solar in terms of geographical locations. There is no overlapping customer between the Company and Xinyi Solar.

Save as disclosed above, as far as the Directors are aware of, during the nine months ended 30 September 2021, 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) have any interests in a business which competed 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. Hence, the Deed of Non-Competition (as defined in the prospectus of the Company dated 28 June 2016) has been duly complied with.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is committed to ensuring and upholding a high standard of corporate governance, transparency and business practices, which are fundamental to the success of the Group and protecting the overall interests of the Company and the Shareholders.

The Company's corporate governance practices are based on the principles of the Corporate Governance Code (the “**CG Code**”) as set forth in Appendix 15 to the GEM Listing Rules. During the nine months ended 30 September 2021, the Company had complied with the applicable code provisions set forth in the CG Code.

DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2021 (2020: Nil).

AUDIT COMMITTEE

The Company has established an audit committee of the Board (the “**Audit Committee**”) with written terms of reference in compliance with 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 systems of the Group, nominate and monitor external auditors and 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, B.B.S, J.P.. Mr. WANG Guisheng is the chairman of the Audit Committee.

The unaudited condensed consolidated financial information of the Company for the nine months ended 30 September 2021 and this announcement 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

Hong Kong, 8 November 2021

As of the date of this announcement, the executive Directors are Mr. NG Ngan Ho and Ms. LI Pik Yung, the non-executive Directors are Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P. (Chairman) and Mr. LEE Shing Kan, and the independent non-executive Directors are Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, B.B.S, J.P..

The announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and be posted on the website of the Company at www.xyglass.com.hk.