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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2022

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 the 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 aspects 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

	Three months ended 31 March		
	2022	2021	Change
	HK\$'000	HK\$'000	
Revenue	105,984	43,253	+145.0%
Profit attributable to owners of the Company	3,751	201	+1,766.2%
Earnings per share - Basic	0.53 HK cents	0.03 HK cents*	+1,666.7%

* Basic earnings per share for the three months ended 31 March 2021 has been restated to take into account of the effects of the rights issue of the Company completed in December 2021.

The Board is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2022 together with the comparative unaudited figures for the three months ended 31 March 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2022

		Three months ended 31 March	
	<i>Notes</i>	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	2	105,984	43,253
Cost of revenue		(77,370)	(36,281)
Gross profit		28,614	6,972
Other income	3	976	11,470
Other gains/(losses), net	3	711	(3,721)
Impairment loss on a financial asset		—	(3,135)
Selling and marketing costs		(3,192)	(1,236)
Administrative expenses		(19,081)	(9,660)
Operating profit		8,028	690
Finance income		503	198
Finance costs		(201)	—
Profit before income tax		8,330	888
Income tax expense	4	(4,101)	(620)
Profit for the period		4,229	268
Other comprehensive income:			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange difference on translation of financial statements of operations		4,201	(2,927)
Total comprehensive income for the period		8,430	(2,659)
Profit for the period attributable to:			
– owners of the Company		3,751	201
– non-controlling interests		478	67
		4,229	268
Total comprehensive income for the period attributable to:			
– owners of the Company		7,730	(2,729)
– non-controlling interests		700	70
		8,430	(2,659)
		HK cents	HK cents (Restated)
Earnings per share attributable to owners of the Company for the period			
– Basic	6	0.53	0.03
– Diluted	6	0.52	0.03

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	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 though 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 2022 (Audited)	7,133	462,176	13,587	3,059	26,148	16,658	15,112	210,093	753,966	15,368	769,334
Comprehensive income											
Profit for the period	—	—	—	—	—	—	—	3,751	3,751	478	4,229
Other comprehensive income	—	—	—	—	3,979	—	—	—	3,979	222	4,201
Total comprehensive income for the period	—	—	—	—	3,979	—	—	3,751	7,730	700	8,430
Transactions with owners											
Employees share option scheme:											
– proceed from issue of shares	1	297	—	(74)	—	—	—	—	224	—	224
– share-based payment expense	—	—	—	710	—	—	—	—	710	—	710
Total transactions with owners	1	297	—	636	—	—	—	—	934	—	934
Balance at 31 March 2022 (Unaudited)	7,134	462,473	13,587	3,695	30,127	16,658	15,112	213,844	762,630	16,068	778,698
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	—	—	—	—	—	—	—	201	201	67	268
Other comprehensive income	—	—	—	—	(2,930)	—	—	—	(2,930)	3	(2,927)
Total comprehensive income for the period	—	—	—	—	(2,930)	—	—	201	(2,729)	70	(2,659)
Transactions with owners											
Employees share option scheme:											
– proceed from issue of shares	1	151	—	(35)	—	—	—	—	117	—	117
– share-based payment expense	—	—	—	548	—	—	—	—	548	—	548
– adjustment relating to forfeiture of share options	—	—	—	(4)	—	—	—	4	—	—	—
Total transactions with owners	1	151	—	509	—	—	—	4	665	—	665
Balance at 31 March 2021 (Unaudited)	6,483	234,301	13,587	1,014	11,375	10,710	10,652	152,122	440,244	241	440,485

Notes:

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 three months ended 31 March 2022

Except for the adoption of 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 2022, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the three months ended 31 March 2022 are consistent with those of the annual financial statements for the year ended 31 December 2021, 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 2021.

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 are as follows:

	Three months ended	
	31 March	
	2022	2021
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Electric storage business	20,383	18,967
Engineering, procurement and construction services for photovoltaic power stations (the “ EPC Services ”)	70,962	5,380
Automobile glass repair and replacement services	8,747	9,619
Others (Trading of forklift and wind farm related business)	5,892	9,287
	105,984	43,253

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

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income		
Government grants	629	1,264
Others	347	10,206
	<u>976</u>	<u>11,470</u>
Other gains/(losses), net		
Net losses on disposal of old facilities, scraps or property, plant and equipment	(133)	(4,026)
Exchange gains, net	844	305
	<u>711</u>	<u>(3,721)</u>

4. INCOME TAX EXPENSE

	Three months ended 31 March	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong profits tax (note (a))	—	—
– The People's Republic of China (the "PRC") corporate income tax (note (b))	983	509
– Canadian corporate income tax (note (c))	394	143
	<u>1,377</u>	<u>652</u>
Deferred tax expense/(credit)	2,724	(32)
	<u>4,101</u>	<u>620</u>

Notes:

- (a) Hong Kong profits tax has been provided 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.
- (b) One of the PRC subsidiaries, being qualified as a New and High Technology Enterprise, is entitled to a preferential corporate income tax rate of 15% (2021: 15%). Other subsidiaries of the Group in the PRC are subject to standard tax rate of 25% (2021: 25%). Provision for the PRC corporate income tax is calculated at 15% - 25% (2021: 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% (2021: 15%) and provincial tax rates at rates prevailing in relevant provinces of 8% - 16% (2021: 8% - 16%) for the period.

5. DIVIDENDS

The Board does not recommend the payment of dividend for the three months ended 31 March 2022 (2021: 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 three months ended 31 March 2022 (2021: the weighted average number of ordinary shares in issue were restated to reflect the bonus element arising from the rights issue completed in December 2021).

	Three months ended	
	31 March	
	2022	2021
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	<u>3,751</u>	<u>201</u>
		(Restated)
Weighted average number of ordinary shares in issue (thousands)	<u>713,318</u>	<u>657,906</u>
		(Restated)
Basis earnings per share (HK cents)	<u>0.53</u>	<u>0.03</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 potential dilutive ordinary shares.

For the three months ended 31 March 2022 and 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.

	Three months ended	
	31 March	
	2022	2021
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company used to determine the diluted earnings per share (HK\$'000)	<u>3,751</u>	<u>201</u>
		(Restated)
Weighted average number of ordinary shares in issue (thousands)	713,318	657,906
Adjustment for share options (thousands)	<u>4,818</u>	<u>5,539</u>
	<u>718,136</u>	<u>663,445</u>
		(Restated)
Diluted earnings per share (HK cents)	<u>0.52</u>	<u>0.03</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group recorded a significant increase in revenue by 145.0% from HK\$43.3 million for the three months ended 31 March 2021 to HK\$106.0 million for the three months ended 31 March 2022. Profit attributable to owners of the Company also increased significantly by 1,766.2% from HK\$0.2 million for the three months ended 31 March 2021 to HK\$3.8 million for the three months ended 31 March 2022. The remarkable performance was primarily due to the increase in the sales revenue and gross profit attributable to EPC Services in the three months ended 31 March 2022. The following sets forth brief information on the principal business segments of the Group.

New Energy — Electric Storage Business

The Group has production facilities in Zhangjiagang, Jiangsu Province for the 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's energy storage facilities are installed with lithium batteries, which are being used as large-scale power banks for manufacturing facilities to facilitate load shifting and power stabilisation, uninterruptible power supply and a wide range of micro energy storage products. The Group is also engaged in the provision of contract processing services for battery packs and energy storage products to its customers.

New Energy — EPC Services

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

In addition to the domestic market in the PRC, the Group has a subsidiary in Canada, namely Polaron Energy Corp., for the provision of EPC Services in the overseas market.

Automobile Glass Repair and Replacement Services Business

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

FINANCIAL REVIEW

Revenue

For the three months ended 31 March 2022, the Group's revenue was HK\$106.0 million (2021: HK\$43.3 million), representing an increase by 145.0% mainly attributable to the change in revenue contributed by business segments analysed as follows:

Revenue — by segment

	Three months ended 31 March					
	2022		2021		Increase/(decrease)	
	HK\$'million	%	HK\$'million	%	HK\$'million	%
Electric storage business	20.4	19.2	19.0	43.9	1.4	7.4
EPC Services	71.0	67.0	5.4	12.5	65.6	1,214.8
Automobile glass repair and replacement services	8.7	8.2	9.6	22.2	(0.9)	(9.4)
Others (Trading of forklift and wind farm related business)	5.9	5.6	9.3	21.4	(3.4)	(36.6)
Total revenue	<u>106.0</u>	<u>100.0</u>	<u>43.3</u>	<u>100.0</u>	<u>62.7</u>	<u>145.0</u>

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

- (a) the increase in revenue attributable to the EPC Services, which contributed revenue amounting to HK\$71.0 million for the three months ended 31 March 2022 as compared to revenue amounting to HK\$5.4 million for the three months ended 31 December 2021, which was mainly due to increase in number of EPC Services contracts undertaken in the PRC and Canada; and

- (b) partially offset by (i) the decrease in revenue attributable to the automobile glass repair and replacement services by HK\$0.9 million or 9.4%, which was mainly due to the adverse impact on the demand for the services as a result of the explosive community outbreak of COVID-19 in Hong Kong since January 2022; and (ii) the decrease in revenue attributable to “Others” business segment by 36.6%, which was mainly due to the decrease in sales of the forklifts.

Cost of revenue and gross profit

Cost of revenue comprised of HK\$18.1 million (2021: HK\$18.0 million) arising from the electric storage business, HK\$48.0 million (2021: HK\$4.4 million) arising from the EPC Services, HK\$7.9 million (2021: HK\$7.9 million) arising from the automobile glass repair and replacement services, and HK\$3.3 million (2021: HK\$6.0 million) arising from others (trading of forklift and wind farm related business).

Cost of revenue for the electric storage business of HK\$18.1 million (2021: HK\$18.0 million) mainly comprised of the material cost, labour cost and depreciation charge of property, plant and equipment. The gross profit of the electric storage business increased from HK\$1.0 million for the three months ended 31 March 2021 to HK\$2.3 million for the three months ended 31 March 2022 mainly due to the change in product mix as a result of the increase in sales of battery packs and energy storage products during the period, which have relatively higher gross profit margin than lithium batteries.

Cost of revenue for the EPC Services of HK\$48.0 million (2021: HK\$4.4 million) mainly comprised of the material cost, installation cost and subcontracting cost. The gross profit of the EPC Services increased from HK\$1.0 million for the three months ended 31 March 2021 to HK\$22.9 million for the three months ended 31 March 2022 mainly due to the increase in number of EPC Services contracts undertaken in the PRC and Canada during the period.

Cost of revenue for the automobile glass repair and replacement services amounted to HK\$7.9 million (2021: HK\$7.9 million). The gross profit of the automobile glass repair and replacement services decreased from HK\$1.7 million for the three months ended 31 March 2021 to HK\$0.9 million for the three months ended 31 March 2022 mainly because the rental and the 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 16.1% for the three months ended 31 March 2021 to 27.0% for the three months ended 31 March 2022 mainly due to the relatively higher gross profit margin attributable to the EPC Services for photovoltaic power stations, of 32.3%.

Other income

Other income for the three months ended 31 March 2022 mainly represented the government grants from the PRC government.

Other income for the three months ended 31 March 2021 mainly represented 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.

Other gains/(losses), net

Other gains, net for the three months ended 31 March 2022 mainly included exchange gains.

Other losses, net for the three months ended 31 March 2021 mainly included the write off of certain plant and equipment of factory premises as a result of the early termination of lease agreements as set out above.

Expenses

Selling and marketing costs increased by HK\$2.0 million from HK\$1.2 million for the three months ended 31 March 2021 to HK\$3.2 million for the three months ended 31 March 2022, which was mainly due to the increase in number of employees.

Administrative expenses increased by HK\$9.4 million from HK\$9.7 million for the three months ended 31 March 2021 to HK\$19.1 million for the three months ended 31 March 2022, primarily due to (i) the increase in number of employees and the share-based compensation for share options granted and (ii) the increase in the expenditure for research and development of the Group's products.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the three months ended 31 March 2022 amounted to HK\$3.8 million (2021: HK\$0.2 million). The change 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 of 31 March 2022, 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

Director/ Chief Executive	Capacity	Name of the controlled corporations	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Tan Sri Datuk TUNG Ching Sai	Interest in a controlled corporation	Copark ⁽¹⁾ (as defined below)	40,864,638	5.73
<i>P.S.M, D.M.S.M,</i> <i>J.P.</i>	Personal interest/ Spouse interest ⁽¹⁾	Full Guang ⁽³⁾ (as defined below)	4,883,634	0.68
	Interest in persons acting in concert ⁽²⁾		111,359,610	15.61
			510,889,293	71.61

Director/ Chief Executive	Capacity	Name of the controlled corporations	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Mr. NG Ngan Ho	Interest in a controlled corporation	Linkall ⁽⁴⁾ (as defined below)	22,738,746	3.19
		Full Guang ⁽³⁾ (as defined below)	4,883,634	0.68
	Personal interest		1,221,000	0.17
	Interest in persons acting in concert ⁽²⁾		510,889,293	71.61
Ms. LI Pik Yung	Personal interest		93,596	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 40,864,638 Shares. Tan Sri Datuk TUNG Ching Sai, J.P. also has personal interest in 479,820 Shares held in his own name and 110,879,790 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 (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 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 22,738,746 Shares.

(ii) Share options of the Company

Director/Chief Executive	Capacity	Number of share options outstanding	Approximate percentage of the issued share capital of the Company (%)
Ms. LI Pik Yung	Personal interest	133,968	0.02
Mr. ZHA Xue Song	Personal interest	1,059,554	0.15

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

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

Save as disclosed above, as of 31 March 2022, 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 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.

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 set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of 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 three months ended 31 March 2022.

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

So far as is known to the Directors, as of 31 March 2022, 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

Shareholder	Capacity	Approximate percentage of the issued share capital of the Company	
		Number of issued Shares held	(%)
Dr. LEE Yin Yee, B.B.S.	Interest in a controlled corporation ⁽³⁾	119,786,909	16.79
	Interest in a controlled corporation ⁽⁴⁾	1,029,600	0.14
	Interest in a controlled corporation ⁽¹⁾	4,883,634	0.68
	Personal interest ⁽³⁾	37,555,650	5.26
	Interest in persons acting in concert ⁽²⁾	510,889,293	71.61
Mr. TUNG Ching Bor	Interest in a controlled corporation ⁽⁵⁾	44,059,821	6.18
	Interest in a controlled corporation ⁽¹⁾	4,883,634	0.68
	Personal interest ⁽⁵⁾	9,868,320	1.38
	Interest in persons acting in concert ⁽²⁾	510,889,293	71.61
Mr. LEE Sing Din	Interest in a controlled corporation ⁽⁶⁾	41,549,328	5.82
	Interest in a controlled corporation ⁽¹⁾	4,883,634	0.68
	Personal interest	3,427,050	0.48
	Interest in persons acting in concert ⁽²⁾	510,889,293	71.61
Mr. LI Ching Wai	Interest in a controlled corporation ⁽⁷⁾	19,251,310	2.70
	Interest in a controlled corporation ⁽¹⁾	4,883,634	0.68
	Interest in persons acting in concert ⁽²⁾	510,889,293	71.61

Shareholder	Capacity	Approximate percentage of the issued share capital of the Company	
		Number of issued Shares held	(%)
Mr. LI Man Yin	Interest in a controlled corporation ⁽⁸⁾	13,053,905	1.83
	Interest in a controlled corporation ⁽¹⁾	4,883,634	0.68
	Personal interest ⁽⁸⁾	1,706,100	0.24
	Interest in persons acting in concert ⁽²⁾	510,889,293	71.61
Mr. SZE Nang Sze	Interest in a controlled corporation ⁽⁹⁾	18,870,619	2.65
	Interest in a controlled corporation ⁽¹⁾	4,883,634	0.68
	Personal interest	1,102,200	0.15
	Interest in persons acting in concert ⁽²⁾	510,889,293	71.61
Mr. LI Ching Leung	Interest in a controlled corporation ⁽¹⁰⁾	12,860,003	1.80
	Interest in a controlled corporation ⁽¹⁾	4,883,634	0.68
	Personal interest/Spouse interest ⁽¹⁰⁾	5,700,850	0.80
	Interest in persons acting in concert ⁽²⁾	510,889,293	71.61

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 119,786,909 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 37,555,650 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 the 1,029,600 Shares are held through Xin Yuen Investment Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by Xin Wong Investment Limited ("**Xin Wong**"). Xin Wong is 50% owned by Dr. LEE Yin Yee, B.B.S. and 50% owned by his spouse, Madam TUNG Hai Chi.
- (5) Mr. TUNG Ching Bor's interests in 44,059,821 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 9,868,320 Shares are held through a joint account with his spouse, Madam KUNG Sau Wai.
- (6) Mr. LEE Sing Din's interest in 41,549,328 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 19,251,310 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 13,053,905 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 1,706,100 Shares are held through a joint account with his spouse, Madam LI Sau Suet.
- (9) Mr. SZE Nang Sze's interests in 18,870,619 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 12,860,003 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 5,634,850 Shares held in his own name and 66,000 Shares held through his spouse, Madam DY Maria Lumin.

Save as disclosed above, as of 31 March 2022, 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 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. No share option was granted under the Scheme during the three months ended 31 March 2022. As of 31 March 2022, a total of 12,815,825 options were still outstanding under the Scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the three months ended 31 March 2022, neither the Company, nor any of its subsidiaries 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. Xinyi Solar is controlled by certain Directors and controlling shareholders of the Company. Arrangements have been in place to ensure 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 three months ended 31 March 2022, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company 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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set forth in Part 2 of Appendix 15 to the GEM Listing Rules. The Directors will continue to review its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company. During the three months ended 31 March 2022, 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 three months ended 31 March 2022 (2021: 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, S.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 three months ended 31 March 2022 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, 10 May 2022

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, S.B.S., J.P..

The announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.hk 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.