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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this Prospectus or as to the action to be taken, you should consult a stockbroker, a licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in Xinyi Electric Storage Holdings Limited, you should at once hand the Prospectus Documents, to the purchaser or transferee or to the bank manager, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, together with the written consent referred to in the paragraphs under “8. Expert and consent” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (WUMP) Ordinance. The SFC, the Registrar of Companies in Hong Kong and the Stock Exchange take no responsibility as to the contents of any of these documents.

Dealings in the securities of the Company may be settled through CCASS operated by HKSCC. You should consult your licensed securities dealer or other registered institutions in securities, bank manager, solicitor, professional accountant or other professional advisers for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents. You should read the whole of this Prospectus including the discussions of certain risks and other factors as set forth in the paragraphs under “Warning of the risks of dealing in the Shares and nil-paid Rights Shares” in the section headed “Letter from the Board” of this Prospectus.

Distribution of the Prospectus Documents in jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Prospectus Documents comes should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability.

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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)**

## PROPOSED NON-UNDERWRITTEN RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TEN (10) EXISTING SHARES HELD ON THE RECORD DATE

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Unless the context requires otherwise, the capitalised terms used on this cover shall have the same meanings as those defined in this Prospectus.

The Rights Issue is subject to fulfillment and/or (where applicable) waiver of the conditions of the Rights Issue as set forth in the paragraphs under “Conditions of the Rights Issue” in the section headed “Letter from the Board” of this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Thursday, 8 September 2022). If the conditions of the Rights Issue are not fulfilled and/or (where applicable) waived on or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Pursuant to the Company’s constitutional document, the Companies Law, the Companies (WUMP) Ordinance and the GEM Listing Rules, save for the Rights Shares to be taken up by the Concert Group pursuant to the Irrevocable Undertakings, there is no requirement for a minimum level of subscription in the Rights Issue.

The latest time for acceptance and payment for the Rights Shares and for application for excess Rights Shares is 4:00 p.m. on Wednesday, 7 September 2022.

The procedures for acceptance and transfer of the Rights Shares are set forth in the paragraphs under “Procedures for acceptance and payment or transfer” in the section headed “Letter from the Board” of this Prospectus.

**Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form up to the latest time when the conditions of the Rights Issue are fulfilled and/or (where applicable) waived (which is expected to be 4:00 p.m. on Thursday, 8 September 2022) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.**

Dealings in the Shares have been on an ex-rights basis from Wednesday, 10 August 2022. Dealings in the Rights Shares in their nil-paid form will take place from Friday, 26 August 2022 to Friday, 2 September 2022 (both days inclusive).

24 August 2022

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## CHARACTERISTICS OF GEM

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**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 the companies listed on GEM are generally 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.**

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## DEFINITIONS

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*Unless the context requires otherwise, the capitalised terms used in this Prospectus shall have the following meanings:*

“2021 Rights Issue”	the rights issue announced and completed by the Company on 8 November 2021 and 21 December 2021, respectively;
“associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules;
“Announcement”	the announcement of the Company dated 4 August 2022 in relation to, among other things, the Rights Issue;
“Board”	the board of Directors;
“Business Day”	any day on which commercial banks in Hong Kong are generally open for business in Hong Kong (excluding Saturday, Sunday, public holiday and any day on which typhoon No. 8 or above or “black” rainstorm warning signal is hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon);
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Companies Law”	Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended from time to time;
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and supplemented from time to time;
“Company”	Xinyi Electric Storage Holdings Limited (信義儲電控股有限公司) (stock code: 08328), a company incorporated in the Cayman Islands with limited liability with all the Shares listed on GEM;
“Concert Group”	the Concert Parties, together with their respective associates (other than Full Guang);
“Concert Parties”	Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai <i>P.S.M., D.M.S.M., J.P.</i> , Mr. LEE Sing Din, Mr. LI Ching Leung, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. NG Ngan Ho and Mr. SZE Nang Sze;
“Controlling Shareholder(s)”	has the same meaning ascribed to it under the GEM Listing Rules, which include the Concert Group and Full Guang;
“Director(s)”	the director(s) of the Company;

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## DEFINITIONS

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“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for the Rights Shares in excess for their entitlements under the Rights Issue;
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue;
“Final Acceptance Date”	Wednesday, 7 September 2022, being the last day for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares or such other time or date as the Company may determine;
“FRC”	the Financial Reporting Council of Hong Kong;
“Full Guang”	Full Guang Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is jointly held by the Concert Parties;
“GEM”	The Growth Enterprise Market operated by the Stock Exchange;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Irrevocable Undertakings”	the irrevocable undertakings provided by each of the Concert Parties in favour of the Company entered into on 4 August 2022 (after trading hours), the principal terms of which are disclosed in the paragraphs under “Irrevocable Undertakings” in the section headed “Letter from the Board” of this Prospectus;
“Last Trading Day”	Thursday, 4 August 2022, being the last full trading day for the Shares before the publication of the Announcement;
“Latest Practicable Date”	Thursday, 18 August 2022, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus;

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## DEFINITIONS

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“Listing Committee”	has the meaning as defined in the GEM Listing Rules;
“Overseas Letter”	the letter to be issued by the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders will not be permitted to participate in the Rights Issue;
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as of the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong;
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue;
“Posting Date”	Wednesday, 24 August 2022, or such other date as the Company may determine in writing for the despatch of the Prospectus Documents;
“PRC”	The People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, The Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Prospectus”	this Prospectus to be issued by the Company in relation to the Rights Issue;
“Prospectus Documents”	this Prospectus, the PAL and the EAF;
“PV Film(s)”	photovoltaic films of different types, which will be used as encapsulant materials for the solar modules;
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose names appear on the register of members of the Company as of the close of business on the Record Date;
“Record Date”	Thursday, 18 August 2022;
“Registrar”	the Hong Kong branch share registrar and transfer office of the Company, being Computershare Hong Kong Investor Services Limited;
“Rights Issue”	the issue by way of rights of one (1) Rights Share for every ten existing (10) Shares in issue on the Record Date at the Subscription Price;
“Rights Share(s)”	up to 71,367,861 new Shares proposed to be allotted and issued pursuant to the Rights Issue;

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## DEFINITIONS

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“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time;
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Share Options”	the options to subscribe for Shares to be issued by the Company pursuant to the Share Option Scheme;
“Share Option Scheme”	the share option scheme adopted by the Company on 31 May 2017;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of HK\$5.52 per each Rights Share under the Rights Issue;
“Untaken Rights”	has the meanings ascribed to it in the paragraphs under “Application for excess Rights Shares” in the section headed “Letter from the Board” of this Prospectus; and
“%”	denotes per cent or percentage.

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## EXPECTED TIMETABLE

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*The expected timetable for the Rights Issue set forth below is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled or otherwise waived. Shareholders should note that the dates and times specified in this Prospectus for events in the timetable for (or otherwise in relation to) the Rights Issue may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate. All dates and times specified in this Prospectus refer to Hong Kong local dates and times.*

First day of dealings in nil-paid Rights Shares . . . . .	Friday, 26 August 2022
Latest time for splitting PALs . . . . .	4:30 p.m. on Tuesday, 30 August 2022
Last day of dealings in nil-paid Rights Shares . . . . .	Friday, 2 September 2022
Latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares . . . . .	4:00 p.m. on Wednesday, 7 September 2022
Latest time for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Thursday, 8 September 2022
Announcement of the allotment results of the Rights Issue . . . . .	Thursday, 15 September 2022
Refund cheques for wholly and partially unsuccessful excess applications to be posted . . . . .	Friday, 16 September 2022
Share certificates of fully-paid Rights Shares to be posted . . . . .	Friday, 16 September 2022
First day of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Monday, 19 September 2022
Designated broker starts to stand in the market to provide matching services for odd lots of the Shares . . . . .	9:00 a.m. on Monday, 19 September 2022
Designated broker ceases to provide matching services for odd lots of the Shares . . . . .	4:00 p.m. on Friday, 30 September 2022



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## EXPECTED TIMETABLE

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### **Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares**

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or extreme conditions caused by super typhoons:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 7 September 2022. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 7 September 2022. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on or before 4:00 p.m. on Wednesday, 7 September 2022, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. NG Ngan Ho

Ms. LI Pik Yung

*Non-executive Directors:*

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

*(Chairman)*

Mr. LEE Shing Kan

*Independent non-executive Directors:*

Mr. WANG Guisheng

Mr. NG Wai Hung

Mr. CHAN Hak Kan, *S.B.S., J.P.*

*Registered office:*

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Head office and 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

24 August 2022

*To the Qualifying Shareholders and  
the Excluded Shareholders (for information purpose only)*

Dear Sirs,

**PROPOSED NON-UNDERWRITTEN RIGHTS ISSUE ON  
THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY  
TEN (10) EXISTING SHARES HELD ON THE RECORD DATE**

**INTRODUCTION**

Reference is made to the Announcement in which the Company proposed to implement the Rights Issue on a non-underwritten basis of one (1) Rights Share for every ten (10) existing Shares held on the Record Date at the Subscription Price of HK\$5.52 per Rights Share. The Company may raise, through the Rights Issue, gross proceeds of up to HK\$393.95 million by issuing up to 71,367,861 Rights Shares.

The purpose of this Prospectus is to provide you with, among other things, (a) further information on the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you and application for excess Rights Shares; (b) the relevant financial information of the Group; and (c) certain general information of the Group.

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## LETTER FROM THE BOARD

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### PROPOSED NON-UNDERWRITTEN RIGHTS ISSUE

The Company proposes to implement the Rights Issue on a non-underwritten basis of one (1) Rights Shares for every ten (10) existing Shares held on the Record Date at the Subscription Price of HK\$5.52 per Rights Share. The Rights Issue will not be extended to the Excluded Shareholder(s). The table below sets forth the principal terms and conditions thereof:

#### Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every ten (10) existing Shares held by the Qualifying Shareholder as of the close of business on the Record Date.
Subscription Price	:	HK\$5.52 per Rights Share.
Net price per Rights Share, i.e. Subscription Price minus cost and expenses incurred in the Rights Issue for each Rights Share	:	HK\$5.51 per Rights Share (assuming that all the Rights Shares will be taken up by the Qualifying Shareholders).
Number of the Shares in issue as of the Latest Practicable Date	:	713,678,617.38 Shares.
Number of the Rights Shares to be issued	:	Up to 71,367,861 Rights Shares.
Shareholding percentages	:	Based on the total number of Shares in issue as of the Latest Practicable Date, the Rights Shares represent:  (a) 10.00% of the existing number of Shares in issue and  (b) 9.09% of the enlarged number of the Shares in issue immediately following completion of the Rights Issue.
Aggregate nominal value of the Rights Shares	:	Up to approximately HK\$713,679.
Enlarged number of the Shares in issue immediately following completion of the Rights Issue	:	Up to 785,046,478.38 Shares.

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## LETTER FROM THE BOARD

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Number of the Rights Shares undertaken to be taken up pursuant to the Irrevocable Undertakings	:	Each of the Concert Parties has undertaken to take up or to procure their respective associates to take up an aggregate of 50,744,961 Rights Shares (representing 71.10% of the total Rights Shares proposed to be provisionally allotted by the Company) under the Irrevocable Undertakings.
Right of excess application	:	All Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment.
Gross proceeds from the Rights Issue	:	Based on the Subscription Price, the Company may raise, through the Rights Issue, gross proceeds of up to HK\$393.95 million by issuing up to 71,367,861 Rights Shares.
Net proceeds from the Rights Issue	:	Based on the Subscription Price, the Company may raise, through the Rights Issue, net proceeds of up to HK\$393.20 million by issuing up to 71,367,861 Rights Shares.

The Company has adopted a share option scheme on 31 May 2017. As of the Latest Practicable Date, save for the 12,954,390 outstanding Share Options granted under the Share Option Scheme exercisable into 12,954,390 Shares, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

### Subscription Price

The Subscription Price is payable in full when (a) a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares; or (b) a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of 18.82% to the closing price of HK\$6.80 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 8.03% to the average of the closing prices per Share as quoted on the Stock Exchange for the five consecutive trading days immediately up to and including the Last Trading Day of approximately HK\$6.00;
- (iii) a discount of 7.63% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately up to and including the Last Trading Day of approximately HK\$5.98;
- (iv) a discount of 17.41% to the theoretical ex-rights price of approximately HK\$6.68 per Share based on the closing price of HK\$6.80 per Share as quoted on the Stock Exchange on the Last Trading Day;

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## LETTER FROM THE BOARD

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- (v) a premium of 427.07% to the unaudited consolidated net asset value per Share of approximately HK\$1.0473 (based on the latest published consolidated net asset value attributable to the Shareholders of approximately HK\$747.43 million as disclosed in the interim report of the Company for the six months ended 30 June 2022 and 713,678,617.38 Shares in issue as of the Latest Practicable Date);
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of a discount of 1.71% represented by the theoretical diluted price of HK\$6.68 per Share to the benchmarked price of HK\$6.80 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the closing price on the Last Trading Day of HK\$6.80 per Share and the average of the closing prices per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the Last Trading Day of approximately HK\$5.79 per Share); and
- (vii) a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of the Rights Issue in aggregation with the 2021 Rights Issue of 2.88%.

The Subscription Price was determined with reference to, among others:

- (a) the market price of the Shares under the prevailing market conditions;
- (b) the latest business performance and financial position of the Group; and
- (c) the reasons for and benefits of Rights Issue as disclosed in the paragraphs under “Reasons for and benefits of the Rights Issue and use of proceeds” below.

The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole taking into account (a) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid Rights Shares in the stock market and (b) the Rights Issue provides the Qualifying Shareholders with an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding percentage in the Company.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share for every ten (10) existing Shares held by a Qualifying Shareholder as of the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before 4:00 p.m. on the Final Acceptance Date. Any holdings (or balance of holdings) of less than ten (10) existing Shares will not entitle their holders to be provisionally allotted a Rights Share. Further information on the arrangement is set forth in the paragraphs under “Fractional entitlements to the Rights Shares” below.

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## LETTER FROM THE BOARD

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### Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment and/or waiver (as appropriate) of each of the following conditions:

- (a) the Stock Exchange having authorised the registration of, and the Companies Registry in Hong Kong having registered, respectively, no later than the Posting Date, each of the Prospectus Documents duly certified in compliance with section 342C of the Companies (WUMP) Ordinance (and all other documents required to be attached thereto or otherwise filed or delivered) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the GEM Listing Rules;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of this Prospectus and the Overseas Letter to the Excluded Shareholder(s), if any, to the extent legally permitted and for information purposes only, on or before the Posting Date;
- (c) the Listing Committee granting or agreeing to grant, the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and such listings and permission to deal not having been withdrawn or revoked;
- (d) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day immediately prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused; and
- (e) compliance with and performance of all undertakings and obligations of each of the Concert Parties under the Irrevocable Undertakings.

Save for condition (e) which can be waived (conditionally or unconditionally) by the Company, none of the above conditions can be waived. If any of the conditions referred to above are not fulfilled and/or not waived (where applicable) at or before 4:00 p.m. on Thursday, 8 September 2022, the Rights Issue will not proceed.

**As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.**

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## LETTER FROM THE BOARD

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### **Rights Issue is to be conducted on a non-underwritten basis**

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. If there is an under-subscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, the size of the Rights Issue will be reduced accordingly. Pursuant to the Company's constitutional document, the Companies Law, the Companies (WUMP) Ordinance and the GEM Listing Rules, save for the Rights Shares to be taken up by the Concert Group pursuant to the Irrevocable Undertakings, there is no requirement for a minimum level of subscription in the Rights Issue.

Each of the Concert Parties has given the Irrevocable Undertakings to undertake to maintain its current beneficial shareholding percentages of 71.10% (excluding 1.19% held through Full Guang) up to and including the Record Date and to lodge acceptance for all the 50,744,961 Rights Shares provisionally allotted to it with full payment by the Final Acceptance Date.

Subject to the commitment of the Concert Parties under the Irrevocable Undertakings as well as the satisfaction and/or waiver (where applicable) of the conditions of the Rights Issue, a minimum amount of HK\$280.11 million in respect of 50,744,961 Rights Shares will be raised under the Rights Issue.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

### **Fractional entitlements to the Rights Shares**

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights Shares arising from such aggregation will be sold by the Company in the open market if a premium (net of expenses) can be obtained. Any unsold fractions of the Rights Shares will be aggregated and made available for excess application by the Qualifying Shareholders under the EAF(s) as described in the paragraphs under "Application for excess Rights Shares" below.

### **Odd lot trading arrangement**

Upon completion of the Rights Issue, the board lots of the Company will remain as 4,000 Shares. In order to alleviate difficulties in relation to the existence of odd lots of the Shares arising from the Rights Issue, the Company has appointed Computershare Hong Kong Investor Services Limited as an agent to provide matching services on a best effort basis to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Monday, 19 September 2022 to 4:00 p.m. on Friday, 30 September 2022, both days inclusive. Holders of the Shares in odd lot represented by the existing share certificate for the Shares who wish to take

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## LETTER FROM THE BOARD

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advantage of this facility to either dispose of their odd lots of the Shares or top up their odd lots to a full board lot may directly or through their brokers contact Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (telephone number: (852) 2862 8555) during office hours (i.e. 9:00 a.m. to 4:30 p.m.) within such period. Holders of the Shares who would like to match odd lots are recommended to make an appointment in advance by dialing the telephone number of Computershare Hong Kong Investor Services Limited set forth above.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as of the close of business on the Record Date and not be an Excluded Shareholder.

The last day of dealings in the Shares on a cum-rights basis was Tuesday, 9 August 2022. The Shares have been dealt with on an ex-rights basis from Wednesday, 10 August 2022. The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares is expected to be at 4:00 p.m. on Wednesday, 7 September 2022 (or, under bad weather conditions, such later time or date as mentioned in the paragraphs under "Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares" in the section headed "Expected timetable" of this Prospectus).

**Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Subject to the fulfillment and/or waiver (where applicable) of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, amongst others, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch this Prospectus and the Overseas Letter to the Excluded Shareholders for their information only, but the Company will not send the PALs and EAFs to the Excluded Shareholders.

### **Excluded Shareholder(s) (if any)**

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

According to the register of members of the Company as of the Latest Practicable Date, there is no Overseas Shareholder. As the register of members of the Company was already closed as of the Latest Practicable Date and has remained closed up to the Record Date, there will be no Excluded Shareholder for the purpose of this Rights Issue.



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## LETTER FROM THE BOARD

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### Procedures for acceptance and payment or transfer

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on the Final Acceptance Date. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "XINYI ELECTRIC STORAGE HOLDINGS LIMITED — PAL" and crossed "Account Payee Only".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on the Final Acceptance Date, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer part/all of their rights to more than one person, the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Tuesday, 30 August 2022 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

Completion and return of the PAL will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the PAL and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order in payment for the Rights Shares applied for will constitute a warranty by such person that the cheque

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## LETTER FROM THE BOARD

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or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If any of the conditions of the Rights Issue as set forth in the paragraphs under "Conditions of the Rights Issue" above is not fulfilled and/or waived (where applicable) by the latest time for acceptance, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Friday, 16 September 2022.

It should be noted that no receipt will be issued in respect of any PAL and/or remittances received.

### **Application for excess Rights Shares**

Qualifying Shareholders are entitled to apply for, by way of excess application:

- (a) any unsold entitlements to the Rights Shares of the Excluded Shareholder(s) (if any);
- (b) any unsold Rights Shares created by aggregating fractions of the Rights Shares; and
- (c) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

(a) to (c) shall collectively be referred to as "**Untaken Rights**".

Applications for excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar on or before 4:00 p.m. on the Final Acceptance Date. The Directors will, subject to the compliance with the GEM Listing Rules (including but not limited to the public float requirement under Rule 11.23 of the GEM Listing Rules), allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and

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## LETTER FROM THE BOARD

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(iv) pursuant to Rule 10.31(3)(b) of the GEM Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Shareholders whose Shares are held by a nominee company (or which are deposited in CCASS) should note that for the purpose of the Rights Issue, the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess applications may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF (in accordance with the instructions printed thereon) and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on the Final Acceptance Date. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “**XINYI ELECTRIC STORAGE HOLDINGS LIMITED — EAF**” and crossed “**Account Payee Only**”.

An announcement of results of acceptance of and excess applications for the Rights Issue will be published on the websites of the Stock Exchange and the Company on Thursday, 15 September 2022. If no excess Rights Shares are allotted to a Qualifying Shareholder who has applied for excess Rights Shares, the remittance tendered on application is expected to be returned to the Qualifying Shareholder in full without interest by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Friday, 16 September 2022. If the number of Excess Rights Shares allotted to a Qualifying Shareholder is fewer than that applied for, the surplus application monies without interest are also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Friday, 16 September 2022.

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## LETTER FROM THE BOARD

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Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. The Company reserves the right to refuse to accept any application for excess Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

All cheques or cashier's orders accompanying completed EAF will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereto, the Company reserves the right to reject any EAF in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation, and in that event, all rights thereunder will be deemed to have been declined and will be cancelled.

The EAF is for use only by the Qualifying Shareholders to whom it is addressed and is not transferable.

The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. The Company may require such incomplete EAF to be completed by the relevant applicants at a later stage.

If any of the conditions of the Rights Issue as set forth in the paragraphs under "Conditions of the Rights Issue" above is not fulfilled and/or waived (where applicable) by the latest time for acceptance, the remittance received in respect of application for the excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Friday, 16 September 2022.

It should be noted that no receipt will be issued in respect of any EAF and/or remittances received.

### **IRREVOCABLE UNDERTAKINGS**

As of the Latest Practicable Date, the Concert Group and Full Guang collectively are interested in 515,973,293 Shares (representing 72.30% of the Shares in issue as of the Latest Practicable Date), of which 8,523,634 Shares (representing 1.19% of the Shares in issue as of the Latest Practicable Date) are registered in the name of Full Guang.

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## LETTER FROM THE BOARD

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Pursuant to the Irrevocable Undertakings, each of the Concert Parties has irrevocably undertaken to the Company:

- (a) to accept or to procure their respective associates to accept their respective assured entitlements to the Rights Shares in full (with the exception of the 8,523,634 Shares held through Full Guang) and
- (b) the 507,449,659 Shares held by them in aggregate either directly or indirectly (excluding the 8,523,634 Shares held through Full Guang), representing 71.10% of the total number of the Shares in issue as of the Latest Practicable Date, will continue to be held by them from the date of the Irrevocable Undertakings to the Record Date.

Pursuant to the Irrevocable Undertakings, each of the Concert Parties has also undertaken that each of them will not, and will procure their respective associates (other than Full Guang) that they will not, without first having obtained prior written consent of the Company:

- (i) transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire any Share or any interest therein between the date of the Irrevocable Undertakings and the Record Date; or
- (ii) transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire (except the acceptance of and procuring the acceptance of their respective assured entitlements to the Rights Shares pursuant to the Irrevocable Undertakings and the application for further additional Rights Shares by way of excess application under the Rights Issue) any Share or any interest therein between the Record Date and the Final Acceptance Date.

Full Guang is not part of the Irrevocable Undertakings because, as a separate investment entity with a business investment portfolio on its own, Full Guang will consider its own operational and financial conditions and the general market conditions before making a decision on the Rights Issue. The Directors confirm that there is nothing in relation to Full Guang that otherwise ought to be brought to the attention of the Shareholders and the Stock Exchange.

Save for the Irrevocable Undertakings, the Company has not received any information or irrevocable undertaking from any substantial shareholders (as defined in the GEM Listing Rules) of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as of the Latest Practicable Date.

### **POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS**

The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme.

The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditor of the Company (as the case may be).

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## LETTER FROM THE BOARD

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### APPLICATION FOR LISTING OF THE RIGHTS SHARES

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 4,000 Shares in one board lot.

### RIGHTS SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### Stamp duty and other applicable fees and charges

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, FRC transaction levy or any other applicable fees and charges in Hong Kong.

### Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholder(s) (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation.

None of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

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## LETTER FROM THE BOARD

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### Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue set forth in the paragraphs under “Conditions of the Rights Issue” above, Share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Friday, 16 September 2022.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Friday, 16 September 2022 by ordinary post to the applicants’ registered address, at their own risks.

### REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the production and sales of electric storage products and PV Film products in the PRC. The Group is also providing engineering, procurement and construction services (the “EPC Services”) for solar energy projects in the PRC and other countries. In Hong Kong, the Group provides automobile glass repair and replacement services. The production and sales of PV Film products require significant amount of initial funding, and the net proceeds from the Rights Issue are planned to be used in these business activities.

As of 30 June 2022, the Group’s cash and cash equivalents amounted to HK\$168.27 million. Most of the Group’s current cash and cash equivalents was generated from the daily business activities of the Group as well as external debt financing which amounted to HK\$355.78 million as of 30 June 2022.

Since the fourth quarter of 2021, the Group has been actively preparing for the development of the production and sales of PV Film products, and is in the process of constructing and installing PV Film production facility in Wuhu City, Anhui Province. PV Films products of the Group include ethylene vinyl acetate (EVA), polyolefin elastomer (POE) and co-extrusion (EPE) films, which are used as encapsulant materials for solar modules. The target customers of the Group are manufacturers of solar modules and require the PV Films for production purpose. With the support of national policies for the use of new energy industry, such as (a) “Notice on Issuing the 14th Five-Year Circular Economy Development Plan\*” (《關於印發「十四五」循環經濟發展規劃的通知》); (b) “Action Plan for Carbon Dioxide Peaking Before 2030\*” (《2030年前碳達峰行動方案》); and (c) “Implementation Plan for Promoting High-Quality Renewable Energy in the New Era\*” (《關於促進新時代新能源高品質發展的實施方案》), the Directors consider that the business of the Group in the PRC will continue to grow. The Directors also expect that the demand for PV Film products will increase alongside the continuous growth of the solar power industry in the PRC and that the Group will require more funding for the development of the PV Film production business.

The Group has started the construction of the production facility in Wuhu City, Anhui Province since March 2022. The construction of the production facility is substantially completed, and other infrastructure, such as the warehouse and staff quarters, is expected to be completed by the end of 2022. Along with that, the Group has also entered into agreements with a supplier to purchase PV Film production lines. The first batch of production lines has been delivered and the installation of which

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## LETTER FROM THE BOARD

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is expected to be completed by August 2022; and the second batch of the PV Film production lines will be installed and tested during the period from September to November 2022. The Directors expect to commence the commercial production of the PV Films following the installation and testing of the first batch of the PV Film production lines.

Other than the production facility in Wuhu City, Anhui Province, the Group also has PV Film production lines in Malaysia that are expected to be installed in September 2022. The Group expects the commercial production of the PV Films from production lines in Malaysia will commence by end of 2022 following the installation and testing of the PV Film production lines.

The Directors consider that the Rights Issue will enable the Company to enhance its capital base, improve its financial position and provide the Qualifying Shareholders with an opportunity to participate in the growth and development of the Group without any unnecessary dilution. The Board has considered other fund raising alternatives such as debt financing, but the Group would need to bear interest expense which would affect the profitability of the Group. The Board considers it is prudent to adopt equity financing, which will not increase the Group's finance costs and financial burden. Accordingly, the Directors are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

In view of the above and taking into account the intended use of proceeds as set forth below, the Board considers that raising funds by way of the Rights Issue is beneficial to the Company and its Shareholders as a whole.

As of the Latest Practicable Date, the net proceeds raised from the 2021 Rights Issue of HK\$100.00 million has been used for the investment in the PV Film production lines, namely acquisition of land and equipment and construction for the production facility in Wuhu City. Additional funding would be required for the purchase of raw materials and other production utensils for the production of PV Film, such as EVA and POE. The Company may raise, through the Rights Issue, gross proceeds of up to HK\$393.95 million by issuing up to 71,367,861 Rights Shares. The net proceeds from the Rights Issue, after deducting the professional fees and other related expenses, if subscribed in full by the Qualifying Shareholders, would be up to HK\$393.20 million. The Company intends to apply all of the net proceeds from the Rights Issue of HK\$393.20 million for additional working capital for the development of the PV Film business. The Directors expect that the net proceeds from the Rights Issue would be fully utilised for the purpose by 31 December 2023.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be reduced.

Assuming nil acceptance by the Qualifying Shareholders other than the Concert Group who will take up the Rights Shares pursuant to the Irrevocable Undertakings, the minimum net proceeds from the Rights Issue will be HK\$279.36 million. In such case, the Company will apply all of the net proceeds for additional working capital for the development of the PV Film business. The Directors confirm that the net proceeds from the Rights Issue are sufficient to satisfy the approved plans of the Group in relation to the production of the PV Films, taking into consideration the financial resources presently available to the Group. The Directors do not have any plan to conduct any further rights issue before the end of 2022 and will explore all other fund raising alternatives, both in equity and in debt, in 2023 following the determination of the business expansion plans for the year.



## LETTER FROM THE BOARD

### CHANGES IN THE SHAREHOLDING STRUCTURE

The following table sets forth the possible changes in the shareholding structure of the Company (a) as of the Latest Practicable Date; (b) immediately following completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders; and (c) immediately following completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than the Concert Group who will take up the Rights Shares pursuant to the Irrevocable Undertakings:

	As of the Latest Practicable Date		Immediately following completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders)		Immediately following completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than the Concert Group who will take up the Rights Shares pursuant to the Irrevocable Undertakings)	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<b>Controlling Shareholders</b>						
Concert Group ( <i>Note 1</i> )	507,449,659	71.10	558,194,620	71.10	558,194,620	73.02
Full Guang ( <i>Note 2</i> )	8,523,634	1.19	9,375,997	1.19	8,523,634	1.12
Ms. LI Pik Yung ( <i>Note 3</i> )	93,596	0.01	102,955	0.01	93,596	0.01
Mr. WANG Mohan ( <i>Note 4</i> )	62,000	0.01	68,200	0.01	62,000	0.01
Public Shareholders	197,549,728.38	27.68	217,304,706.38	27.68	197,549,728.38	25.84
<b>Total</b>	<b>713,678,617.38</b>	<b>100.00</b>	<b>785,046,478.38</b>	<b>100.00</b>	<b>764,423,578.38</b>	<b>100.00</b>

*Notes:*

- (1) The Concert Group are Dr. LEE Yin Yee, B.B.S., Mr. TUNG Ching Bor, Tan Sri Datuk TUNG Ching Sai *P.S.M., D.M.S.M., J.P.*, Mr. LEE Sing Din, Mr. LI Ching Leung, Mr. LI Ching Wai, Mr. LI Man Yin, Mr. NG Ngan Ho and Mr. SZE Nang Sze and their respective associates (other than Full Guang).
- (2) 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 *P.S.M., D.M.S.M., 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%.
- (3) Ms. LI Pik Yung is an executive Director. As of the Latest Practicable Date, Ms. LI Pik Yung owns 93,596 Shares.
- (4) Mr. WANG Mohan is the chief executive officer of the Company. As of the Latest Practicable Date, Mr. WANG Mohan owns 62,000 Shares.
- (5) Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

## LETTER FROM THE BOARD

### FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Apart from the fund raising activities set forth below, the Company has not conducted any equity fund raising activities in the 12 months immediately prior to the Latest Practicable Date.

<u>Date of announcement/ prospectus</u>	<u>Fund raising activity</u>	<u>Net proceeds</u>	<u>Intended use of the net proceeds as announced</u>	<u>Actual use of the net proceeds</u>
8 November 2021; 26 November 2021; 17 December 2021	The 2021 Rights Issue	HK\$228.11 million	(i) 46.20%, or HK\$105.29 million for additional capital for electric storage business and EPC Services business;	(i) HK\$105.29 million has been utilised for electric storage business and EPC Services business;
			(ii) 43.80%, or HK\$100.00 million for investment in the PV Film production lines; and	(ii) HK\$100.00 million has been utilised for investment in the PV Film production lines;
			(iii) 10.00%, or HK\$22.81 million for general working capital.	(iii) HK\$9.46 million has been utilised for general working capital; and
				(iv) HK\$13.35 million has not been utilised and is currently placed with bank and to be used as intended.

### IMPLICATIONS UNDER THE GEM LISTING RULES

As the Rights Issue will not increase either the number of the Shares in issue or the market capitalisation of the Company by more than 50% (on its own or when aggregated with the 2021 Rights Issue) within 12 months immediately preceding the Latest Practicable Date and is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective associates), the Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules and will be carried out in compliance with Rule 10.31(1) of the GEM Listing Rules.

The Rights Issue (whether on its own or when aggregated with the 2021 Rights Issue) does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

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## LETTER FROM THE BOARD

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### **RISK FACTORS**

The Directors believe that there are certain risks involved in the operations of the Group and the Rights Issue, including but not limited to the following:

#### **RISKS RELATING TO THE OPERATION OF THE GROUP**

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

##### **In relation to the electric storage business**

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

The Group also relies on a stable supply of raw materials for its production requirement. Any disruption to the supply of raw materials from the suppliers could materially and adversely affect the business. The Group purchases raw materials from selected manufacturers, and the production process is carried out with strict quality control in full compliance with the applicable international and local standards. The Group also provides ongoing technical trainings to its production staffs, implement internal quality control procedures and ensure adequate supervision on its production process in order to ensure the quality of its products. However, there can be no assurance that customers of the Group will be satisfied with the quality of the Group's electric storage products, or the quality of its services, in which case there may be complaints for the quality of the products provided by the Group.

##### **In relation to the EPC Services Business of Photovoltaic Power Stations**

The Group launched a new business segment of provision of EPC Services for photovoltaic power stations in 2020. The Group's experience in this business segment is relatively new and there is no assurance that the demand for EPC Services will continue to grow and that customers of the Group will be satisfied with the quality of the Group's services, in which case there may be complaints for the quality of the services provided by the Group. Any complaints or claims by our customers or negative publicity on our Group could materially and adversely affect our reputation and business. The performance of the EPC Services business is also dependent on the Group's ability to source quality products and subcontractors at reasonable prices. Any disruption to the supply of products from the suppliers or shortage in subcontractors could materially and adversely affect the business.

##### **In relation to the PV Films**

The Group launched a new business segment of production and sales of the PV Films since the fourth quarter in 2021. The Group's experience in this business segment is relatively new.

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## LETTER FROM THE BOARD

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

The Group also relies on a stable supply of raw materials for its production requirement. Any disruption to the supply of raw materials from the suppliers could materially and adversely affect the business. The Group purchases raw materials from selected manufacturers, and the production process is carried out with strict quality control in full compliance with the applicable international and local standards. The Group also provides ongoing technical trainings to its production staffs, implement internal quality control procedures and ensure adequate supervision on its production process in order to ensure the quality of its products. However, there can be no assurance that customers of the Group will be satisfied with the quality of the Group's PV Film products, or the quality of its services, in which case there may be complaints for the quality of the products provided by the Group.

### **In relation to the automobile glass repair and replacement services business**

The business and financial conditions and operating results of the automobile glass repair and replacement services business of the Group depend on the constant supply of automobile glass and the ability of the Group to effectively manage and maintain level of inventories. Any disruption to the supply of automobile glass from the suppliers could materially and adversely affect the business. Besides, the profitability of the automobile glass repair and replacement services business of the Group is subject to the rise and fluctuation of the prices of the automobile glass.

The Group purchases automobile glass from automobile glass manufacturers or distributors, and the Group provides the workmanship necessary for the installation of automobile glass onto its customers' automobile. The automobile glass purchased by the Group is in full compliance with the applicable international and local standards, and the Group performs regular inspections and quality checks on the automobile glass on a random basis. The Group also provides ongoing technical trainings to its technicians, implement internal quality control procedures and ensure adequate supervision on its technicians in order to ensure the quality of its installation services. However, there can be no assurance that the customers of the Group will be satisfied with the quality of the automobile glass that the Group procures, or the quality of workmanship involved in the services of the Group, in which case there may be complaints for the quality of the services provided by the Group.

### **RISKS RELATING TO THE INDUSTRY IN WHICH THE GROUP OPERATES**

#### **The business and profitability of the Group could be materially and adversely affected by any slowdown, downturn or disruption in the energy storage market in the PRC**

The demand for the Group's production and sales of electric storage products hinges directly on the market condition in the energy storage market in the PRC. Any slowdown, downturn or disruption in the demand for energy storage and forklift markets in the PRC would in turn result in the decline in demand for the Group's electric storage products.

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## LETTER FROM THE BOARD

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

There can be no assurance that the lithium battery or energy storage market and forklift market in the PRC would not slow down or take a downturn due to any changes in the social, political and economic conditions of the PRC, changes in the controls and regulations in respect of motor vehicles, fuel or vehicle-related products in the PRC, the lithium battery, energy storage and forklift in the PRC or the global economic and financial conditions. In any of those events, the demand for the Group's products could be materially and adversely affected.

### **The business and profitability of the Group could be materially and adversely affected by any slowdown, downturn or disruption in the solar energy and the EPC Services industry in the PRC**

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

There can be no assurance that the solar energy and EPC Services market in the PRC would not slow down or take a downturn due to any changes in the social, political and economic conditions of the PRC, changes in the controls and regulations in respect of clean energy in the PRC or the global economic and financial conditions. In any of those events, the demand for the Group's products or services could be materially and adversely affected.

### **The competition in the automobile glass repair and replacement industry in Hong Kong, the lithium battery, energy storage and forklift industry, PV Film industry and EPC Services industry in the PRC is intense**

The market for the automobile glass repair and replacement services industry in Hong Kong, the lithium battery, energy storage and forklift industry, PV Film industry and EPC Services industry in the PRC is competitive. The Group may need to maintain its price competitiveness by controlling its cost and increasing its efficiency and the quality and reputation of its products and services. However, there can be no assurance that the Group may succeed in these areas, and its failure in any of these could adversely affect its competitiveness and its ability to attract new customers and retain existing customers.

### **Economic and political risks**

The business operations of the Group are primarily based in the PRC, Hong Kong and Canada, any significant change in the general economic and political developments in the PRC, Hong Kong and Canada may adversely affect the Group's operations and financial position.

### **FINANCIAL RISKS RELATING TO THE GROUP**

The risks associated with the Group's major financial instruments include trade and other receivables, bank balances, bank borrowings and trade and other payables.

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## LETTER FROM THE BOARD

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### **Foreign exchange risk**

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

### **Credit risk**

The Group's exposure to credit risk would be due to failure to discharge an obligation by the counterparties on the carrying amounts of the respective financial assets.

### **Liquidity risk**

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

### **RISKS RELATING TO THE SHARE PRICE**

The price and trading volume of the Shares are determined by demand and supply of investors for the Shares in the public market price and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to the Group's operation, acquisitions or disposals, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and general political, economic, social and market conditions could cause the market price of the Shares to change substantially.

### **RISKS RELATING TO THE RIGHTS ISSUE**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. If there is an under-subscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Rights Issue may not become unconditional or may not proceed. Should the Rights Issue proceed as intended, the shareholding interest of the existing Shareholders in the Company will be diluted if they do not or cannot subscribe for the Rights Shares which they are entitled to.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should note that if such condition to the Rights Issue are not satisfied, the Rights Issue will not proceed.**

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## LETTER FROM THE BOARD

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The Rights Issue is also subject to the fulfilment and/or waiver (where applicable) of other conditions. Further information is set forth in the paragraphs under “Conditions of the Rights Issue” above. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied and/or waived (where applicable), the Rights Issue will not proceed.

The Rights Issue will be proceeded with on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. If there is any Untaken Rights not being fully taken up by (a) the Qualifying Shareholders or (b) transferees of nil-paid Rights Shares, the size of the Rights Issue will reduce accordingly.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled and/or waived (where applicable), and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set forth in the appendices to this Prospectus.

*\* For identification purpose only*

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*

**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the Group for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 respectively have been set forth in the following documents which have been published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.xyglass.com.hk](http://www.xyglass.com.hk):

- (i) Annual report of the Company for the year ended 31 December 2019 published on 30 March 2020 (pages 43 to 119)
- (ii) Annual report of the Company for the year ended 31 December 2020 published on 31 March 2021 (pages 44 to 123)
- (iii) Annual report of the Company for the year ended 31 December 2021 published on 30 March 2022 (pages 41 to 131)

**2. INDEBTEDNESS STATEMENT**

As at the close of business on 30 June 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the publication of this Prospectus, the Group had bank borrowings and lease liabilities of approximately HK\$355,780,000 and HK\$6,401,000, respectively, which are analysed as follows:

	<i>HK\$'000</i>
Bank borrowings, unsecured and guaranteed	355,780
Lease liabilities, secured by rental deposits and unguaranteed	<u>6,401</u>
<b>Total</b>	<b><u>362,181</u></b>

As at 30 June 2022, the Group has banking facilities amounting to HK\$723,092,000 in total, of which approximately HK\$367,312,000 was not utilised.

As at 30 June 2022, the Group's bank borrowings were secured by corporate guarantees of approximately HK\$203,589,000 executed by the Company and of approximately HK\$152,191,000 executed by the Company and a subsidiary of the Company.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or contingent liabilities.



### **3. WORKING CAPITAL SUFFICIENCY**

The Directors are of the opinion that, after taking into account the estimated net proceeds from the Rights Issue and the present available financial resources, including internally generated funds and existing banking facilities, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this Prospectus.

### **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, so far as was known to the Directors, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up).

### **5. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

The Group is principally engaged in the production and sales of electric storage products and PV Film products in the PRC. The Group is also providing the EPC Services for solar energy projects in the PRC and other countries. In Hong Kong, the Group provides automobile glass repair and replacement services.

For the year ended 31 December 2021, the Group recorded 132.1% increase in revenue from HK\$218.1 million in 2020 to HK\$506.2 million in 2021. The profit attributable to the owners of the Company increased by 214.4% from HK\$19.9 million in 2020 to HK\$62.6 million in 2021. The increase was primary due to the increase in the revenue and the gross profit attributable to the EPC Services during the year ended 31 December 2021.

Under the goal of “carbon emission peak and carbon neutrality (碳達峰、碳中和)”, the PRC government has issued a number of policies related to the energy storage industry, to further establish the foundation for the commercialisation of the energy storage industry, establish the status and value of the energy storage industry in the market, which accelerates the recent development of the energy storage industry significantly. New energy power generation such as photovoltaic and wind power is an unstable power supply, which needs to be combined with energy storage to improve the reliability of power supply. With the increase in the proportion of new energy power generation, the integrated development of new energy and energy storage has become a future development trend. The Group believes that with commercialisation and scale of energy storage driven by policies and demands, the development prospect of the energy storage industry will be increasingly mature and create development opportunities for the Group. The Group is ready to meet the opportunities brought by its vigorous development, and will continue to strive to improve the comprehensive performance of products, produce core products, reduce production costs, strengthen market development capabilities and customer service levels to enhance the Group’s competitiveness in the market.

Since the Group launched the EPC Services business in 2020, the business has developed rapidly, bringing considerable revenue and profit growth to the Group. With the successive release of domestic electricity price policies in 2021, the peak-to-valley price gap in some provinces has widened and peak hours have been extended, resulting in an increase in the overall average price of industrial electricity. Enterprises investing in the installation of distributed photovoltaic power

stations will effectively reduce electricity costs and reduce potential risks of rationing the power supply to enterprises. Against this background, more enterprises are willing to utilise their roofs to develop and invest in distributed photovoltaic power stations, further expanding the market for distributed photovoltaic power stations and bringing opportunities to the Group's EPC Services business. At the same time, the Group's EPC Services in Canada have also developed steadily. The Group will continue to strengthen its promotion in the market, further expand its EPC Services business in Canada, increase its market share, and continue to contribute to the Group.

In addition, in the context of the continuous increase in the market demand for photovoltaics, the photovoltaic market has huge development space. PV Film is an important encapsulant material for photovoltaic modules. The demand for PV Film is expected to grow rapidly as the demand for photovoltaic power generation continues to increase. The Group makes full use of its advantages as a new energy enterprise to actively deploy and develop new business of producing PV Films. The Group is currently constructing production facility for PV Film in Wuhu, Anhui Province and is making sound progress in its preparatory work, which will start the installation and commissioning of the production lines and gradually put it into production. With the rapid increase in demand for photovoltaics and the support of national policies, the Group found an opportunity to develop the PV Film business. The Directors expect that the PV Film business will bring considerable growth to the Group's revenue and profits, and will benefit the Group's continuous development in the new energy industry.

## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

*For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.*

### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with Rule 7.31 of the GEM Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 as if the Rights Issue had taken place on 30 June 2022.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and based on the judgements, estimates and assumptions of the Directors, and because of the hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information of the Group as at 30 June 2022 is prepared by the Directors based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2022, extracted from the published interim report of the Company for the six months ended 30 June 2022, with adjustments described below.

Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 immediately after completion of the Rights Issue	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 per Share	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 immediately after completion of the Rights Issue per Share
<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$</i>	<i>HK\$</i>
<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>	<i>(Note 4)</i>
Based on 71,367,861 Rights Shares to be issued at Subscription Price of HK\$5.52 per Rights Share				
<u>737,644</u>	<u>393,201</u>	<u>1,130,845</u>	<u>1.03</u>	<u>1.44</u>

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## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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*Notes:*

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 is based on the unaudited consolidated net assets attributable to owners as at 30 June 2022 of HK\$747,432,000 after deducting intangible assets of the Group attributable to owners of the Company of HK\$9,788,000. The intangible assets attributable to owners of the Company of HK\$9,788,000 is calculated based on the intangible assets of HK\$13,805,000 as extracted from the published interim report of the Company for the six months ended 30 June 2022 after deducting the intangible assets attributable to non-controlling interests of HK\$4,017,000.
2. The estimated net proceeds from the Rights Issue are based on 71,367,861 Rights Shares to be issued at the Subscription Price of HK\$5.52 each per Rights Share, after deduction of the related expenses including, among others, professional fees, and without taking into account of any additional Shares to be issued, if any, upon the exercise of any Share Options. The estimated net proceeds are approximately HK\$393,201,000.
3. The unaudited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 30 June 2022 per Share was HK\$1.03 which was based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 of approximately HK\$737,644,000, divided by 713,605,350.38 Shares in issue as at 30 June 2022.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 immediately after completion of the Rights Issue per Share is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 immediately after completion of Rights Issue of approximately HK\$1,130,845,000, divided by 784,973,211.38 Shares deemed to be in issue, being the total of 713,605,350.38 Shares in issue as at 30 June 2022 and 71,367,861 Rights Shares have been issued under the Rights Issue assuming the Rights Issue has been completed on 30 June 2022 but takes no account of any Shares to be issued, if any, upon the exercise of Share Options.
5. No adjustment has been made to the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any operating results or other transactions of the Group entered into subsequent to 30 June 2022.

**B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

*The following is the text of a report, prepared for the purpose of inclusion in this Prospectus, received from the reporting accountant of the Company, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group.*



Tel : +852 2218 8288  
Fax: +852 2815 2239  
www.bdo.com.hk

25<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong

電話 : +852 2218 8288  
傳真 : +852 2815 2239  
www.bdo.com.hk

香港干諾道中111號  
永安中心25樓

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

**TO THE DIRECTORS OF XINYI ELECTRIC STORAGE HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Xinyi Electric Storage Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of consolidated net tangible assets of the Group as at 30 June 2022, and related notes as set out in Section A of Appendix II to the prospectus of the Company dated 24 August 2022 (the “**Prospectus**”) in connection with the proposed rights issue on the basis of one rights share for every ten existing shares of the Company (the “**Rights Issue**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group’s condensed consolidated financial position as at 30 June 2022 as if the Rights Issue had taken place as at 30 June 2022. As part of this process, information about the Group’s unaudited condensed consolidated financial position has been extracted by the Directors from the Group’s financial information for the six months ended 30 June 2022, on which no auditor’s report or review report has been published.

**Directors’ Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue as at 30 June 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

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## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

**BDO Limited**

Certified Public Accountants

Hong Kong

24 August 2022

**1. RESPONSIBILITY STATEMENT**

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 Prospectus misleading.

**2. SHARE CAPITAL****The authorised and issued share capital of the Company**

The authorised and issued share capital of the Company (a) as of Latest Practicable Date and (b) immediately following completion of the Rights Issue (assuming that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue and all Qualifying Shareholders have taken up the Rights Shares to which they are entitled) are as follows:

**(a) As of the Latest Practicable Date**

<i>Authorised:</i>		<i>HK\$</i>
<u>2,000,000,000,000</u>	Shares . . . . .	<u>20,000,000,000</u>
 <i>Issued and fully paid:</i>		
<u>713,678,617.38</u>	Shares . . . . .	<u>7,136,786.17</u>



(b) *Immediately following completion of the Rights Issue (assuming that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue and all Qualifying Shareholders have taken up the Rights Shares to which they are entitled)*

<i>Authorised:</i>		<i>HK\$</i>
<u>2,000,000,000,000</u>	Shares .....	<u>20,000,000,000</u>
 <i>Issued and fully paid:</i>		
713,678,617.38	Shares .....	7,136,786.17
71,367,861	Rights Shares (assuming that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue and all Qualifying Shareholders have taken up the Rights Shares to which they are entitled) .....	713,678.61
<u>785,046,478.38</u>	<b>Total</b>	<u>7,850,464.78</u>

All of the Rights Shares to be issued will rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital, and once issued and fully paid, with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the GEM.

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No Share or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As of the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived. Save as disclosed below, the Company has no other outstanding convertible securities, options or warrants, which confer any right to subscribe for or convert or exchange into the Shares.

### 3. SHARE OPTION SCHEME

The Company has adopted a share option scheme on 31 May 2017. As of the Latest Practicable Date, save for the 12,954,390 outstanding Share Options granted under the Share Option Scheme exercisable into 12,954,390 Shares, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Details of the outstanding Share Options of the Company as of the Latest Practicable Date are set forth below:

<u>Name of the grantee</u>	<u>Date of grant</u>	<u>Exercise price per Share of Share Options (HK\$)</u>	<u>Exercise period of Share Options</u>	<u>Number of Share Options outstanding as of the Latest Practicable Date</u>
<b>Director and chief executive of the Company</b>				
Ms. LI Pik Yung	3 September 2019	1.153	1 April 2022 - 31 March 2023	44,646
	24 August 2020	1.379	1 April 2023 - 31 March 2024	44,646
	11 May 2021	4.730	1 April 2024 - 31 March 2025	44,646
	11 May 2022	3.908	1 April 2025 - 31 March 2026	66,000
Mr. WANG Mohan	18 December 2020	2.010	1 April 2024 - 31 March 2025	3,044,694
	11 May 2022	3.908	1 April 2025 - 31 March 2026	42,000
<b>Others</b>				
Employees	3 September 2019	1.153	1 April 2022 - 31 March 2023	105,913
	24 August 2020	1.379	1 April 2023 - 31 March 2024	364,053
	18 December 2020	2.010	1 April 2024 - 31 March 2025	6,393,858
	11 May 2021	4.730	1 April 2024 - 31 March 2025	1,377,934
	11 May 2022	3.908	1 April 2025 - 31 March 2026	1,426,000
<b>Total</b>				<b><u>12,954,390</u></b>

## 4. DISCLOSURE OF INTERESTS

## (i) Directors and chief executive

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and 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 or 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, were as follows:

## (i) Long position in the Shares

<u>Name of Director/ Chief Executive</u>	<u>Capacity</u>	<u>Name of the controlled corporation</u>	<u>Number of issued Shares held</u>	<u>Approximate percentage of the issued share capital of the Company (%)<sup>(5)</sup></u>
Tan Sri Datuk TUNG Ching Sai, J.P.	Interest in a controlled corporation	Copark <sup>(1)</sup> (as defined below)	40,864,638	5.73
		Full Guang <sup>(3)</sup>	8,523,634	1.19
	Personal interest/ Spouse interest <sup>(1)</sup>		111,359,610	15.60
	Interest in persons acting in concert <sup>(2)</sup>		515,973,293	72.30
Mr. NG Ngan Ho	Interest in a controlled corporation	Linkall <sup>(4)</sup> (as defined below)	22,738,746	3.19
		Full Guang <sup>(3)</sup>	8,523,634	1.19
	Personal interest		1,221,000	0.17
	Interest in persons acting in concert <sup>(2)</sup>		515,973,293	72.30
Ms. LI Pik Yung	Personal interest		93,596	0.01
Mr. WANG Mohan	Personal interest		62,000	0.01

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*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. 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.
- (5) The percentage is calculated based on the total number of 713,678,617.38 Shares in issue as of the Latest Practicable Date, i.e., without taking account of any Rights Shares to be issued pursuant to the Rights Issue.

(ii) *Share options of the Company*

<b>Name of Director/ Chief Executive</b>	<b>Capacity</b>	<b>Number of share options outstanding</b>	<b>Approximate percentage of the issued share capital of the Company (%)<sup>(1)</sup></b>
Ms. LI Pik Yung	Personal interest	199,968	0.03
Mr. WANG Mohan	Personal interest	3,086,694	0.43

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*Notes:*

- (1) The percentage is calculated based on the total number of 713,678,617.38 Shares in issue as at the Latest Practicable Date, i.e., without taking account of any Rights Shares to be issued pursuant to the Rights Issue.

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

<u>Name of associated corporation</u>	<u>Name of Director</u>	<u>Class and number of shares held in the associated corporation</u>	<u>Approximate percentage of the issued share capital of the associated corporation (%)</u>
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 the Latest Practicable Date, 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.

*(iv) Directorship or employment in a company which has an interest or short position which is discloseable under divisions 2 and 3 of Part XV of the SFO*

So far as is known to the Directors and the chief executives of the Company, as of the Latest Practicable Date, the following Director(s) is a director or employee of the following entities which had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<u>Name of Director</u>	<u>Name of companies which had such discloseable interest or short position</u>	<u>Position within such company</u>
Tan Sri Datuk TUNG Ching Sai, J.P.	Copark	Director

Except as disclosed above, as of the Latest Practicable Date, none of the Directors or proposed Directors (if any) is a director or employee of any person or corporation who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO.

**(ii) Substantial Shareholders**

So far as is known to the Directors, as of the Latest Practicable Date, 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 of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

*Long positions in the Shares*

<b>Name of the Shareholder</b>	<b>Capacity</b>	<b>Number of issued Shares held</b>	<b>Approximate percentage of the issued share capital of the Company (%)<sup>(11)</sup></b>
Dr. LEE Yin Yee, B.B.S.	Interest in a controlled corporation <sup>(3)</sup>	119,786,909	16.78
	Interest in a controlled corporation <sup>(4)</sup>	2,473,600	0.35
	Interest in a controlled corporation <sup>(1)</sup>	8,523,634	1.19
	Personal interest <sup>(3)</sup>	37,555,650	5.26
	Interest in persons acting in concert <sup>(2)</sup>	515,973,293	72.30
Mr. TUNG Ching Bor	Interest in a controlled corporation <sup>(5)</sup>	44,059,821	6.17
	Interest in a controlled corporation <sup>(1)</sup>	8,523,634	1.19
	Personal interest <sup>(5)</sup>	9,868,320	1.38
	Interest in persons acting in concert <sup>(2)</sup>	515,973,293	72.30
Mr. LEE Sing Din	Interest in a controlled corporation <sup>(6)</sup>	41,549,328	5.82
	Interest in a controlled corporation <sup>(1)</sup>	8,523,634	1.19
	Personal interest	3,427,050	0.48
	Interest in persons acting in concert <sup>(2)</sup>	515,973,293	72.30
Mr. LI Ching Wai	Interest in a controlled corporation <sup>(7)</sup>	19,251,310	2.70
	Interest in a controlled corporation <sup>(1)</sup>	8,523,634	1.19
	Interest in persons acting in concert <sup>(2)</sup>	515,973,293	72.30
Mr. LI Man Yin	Interest in a controlled corporation <sup>(8)</sup>	13,053,905	1.83
	Interest in a controlled corporation <sup>(1)</sup>	8,523,634	1.19
	Personal interest <sup>(8)</sup>	1,706,100	0.24
	Interest in persons acting in concert <sup>(2)</sup>	515,973,293	72.30
Mr. SZE Nang Sze	Interest in a controlled corporation <sup>(9)</sup>	18,870,619	2.64
	Interest in a controlled corporation <sup>(1)</sup>	8,523,634	1.19
	Personal interest	1,102,200	0.15
Mr. LI Ching Leung	Interest in persons acting in concert <sup>(2)</sup>	515,973,293	72.30
	Interest in a controlled corporation <sup>(10)</sup>	12,860,003	1.80
	Interest in a controlled corporation <sup>(1)</sup>	8,523,634	1.19
	Personal interest/Spouse interest <sup>(10)</sup>	5,700,850	0.80
	Interest in persons acting in concert <sup>(2)</sup>	515,973,293	72.30

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*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 2,473,600 Shares are held through Xin Yuen Investment Limited, a company incorporated in the BVI with limited liability on 17 January 2019, which was 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.
- (11) The percentage is calculated based on the total number of 713,678,617.38 Shares in issue as of the Latest Practicable Date, i.e., without taking account of any Rights Shares to be issued pursuant to the Rights Issue.

Save as disclosed above, as of the Latest Practicable Date, 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 which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## 5. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation).

## 6. LITIGATION

As of the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

## 7. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF SIGNIFICANCE

As of the Latest Practicable Date, none of the Directors have any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2021, the date to which the latest published audited consolidated financial statements of the Group were made up.

Save as disclosed in the continuing connected transactions and the related party transactions in the annual report published by the Company for the year ended 31 December 2021 and the announcement for the continuing connected transactions dated 2 March 2022 published by the Company, no contract or arrangement in which a Director is materially interested and which is significant in relation to the business of the Group subsisted as of the Latest Practicable Date.

## 8. EXPERT AND CONSENT

The following is the qualifications of the expert who has given opinion or advice included in this Prospectus:

<u>Name</u>	<u>Qualifications</u>
BDO Limited	Certified Public Accountants

As of the Latest Practicable Date, BDO Limited has given and confirmed that it has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its report and the references to its name included in the form and context in which it is included.

As of the Latest Practicable Date, BDO Limited did not have any direct or indirect shareholding interest in any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As of the Latest Practicable Date, BDO Limited did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.



## 9. COMPETING INTERESTS

The Company and Xinyi Solar Holdings Limited (“**Xinyi Solar**”) (stock code: 00968), a company listed on the Stock Exchange, are both engaged in the provision of EPC Services. 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, as of the Latest Practicable Date, none of the Directors or the Controlling Shareholders or their respective close associates (as defined in the GEM Listing Rules) have any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or have any other conflicts of interests which any such person has or may have with the Group.

## 10. GENERAL

- (a) As of the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside of Hong Kong.
- (b) As of the Latest Practicable Date, save for the Irrevocable Undertakings, the Board had not received any information from any substantial Shareholders of their intention to take up the Rights Shares to be provisionally allotted or offered to them under the Rights Issue.
- (c) As of the Latest Practicable Date, the Group had sufficient foreign exchange to meet its foreign exchange liabilities as they become due.
- (d) The business address of each of the Directors and senior management of the Company is at Unit 2116-2117, 21st Floor, Rykadan Capital Tower, No. 135 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.
- (e) The English text of this Prospectus shall prevail over the Chinese text for the purpose of interpretation.
- (f) The company secretary of the Company is Mr. CHEUNG Siu On Victor, who is a certified public accountant.
- (g) The compliance officer of the Company is Mr. NG Ngan Ho.

## 11. MATERIAL CONTRACTS

The following contracts were entered into by the members of the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) The joint venture agreement dated 7 April 2021 entered into between Xinyi Energy Investment (Suzhou) Company Limited (信義能源投資(蘇州)有限公司) (“**Xinyi Energy Investment (Suzhou)**”), a wholly-owned subsidiary of the Company and Shenzhen Boneng New Energy Technology Co., Ltd.\* (深圳市博能新能源科技有限公司) in relation to the establishment of a joint venture company in the PRC to be held by Xinyi Energy Investment (Suzhou) as to 68.0%. Pursuant to the joint venture agreement, Xinyi Energy Investment (Suzhou) has agreed to make cash contribution of RMB30.0 million to the joint venture;
- (b) the irrevocable undertakings provided by each of the Concert Parties in favour of the Company entered into on 8 November 2021 in relation to the 2021 Rights Issue; and
- (c) the Irrevocable Undertakings.

## 12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

<b>Registered office</b>	Windward 3, Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Headquarters and principal place of business in Hong Kong</b>	Unit 2116-2117, 21st Floor Rykadan Capital Tower No. 135 Hoi Bun Road Kwun Tong, Kowloon Hong Kong
<b>Principal share registrar and transfer office</b>	Ocorian Trust (Cayman) Limited Windward 3, Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Branch share registrar and transfer office in Hong Kong</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen’s Road East Wanchai, Hong Kong
<b>Company Secretary</b>	Mr. CHEUNG Siu On Victor (張兆安), FCPA Unit 2116-2117, 21st Floor Rykadan Capital Tower No. 135 Hoi Bun Road Kwun Tong, Kowloon Hong Kong

<b>Compliance officer</b>	Mr. NG Ngan Ho (吳銀河)
<b>Authorised representatives</b>	Mr. NG Ngan Ho (吳銀河) Flat A, 19/F, The Signature 8 Chun Fai Terrace Tai Hang, Hong Kong Mr. CHEUNG Siu On Victor (張兆安), FCPA Unit 2116-2117, 21st Floor Rykadan Capital Tower No. 135 Hoi Bun Road Kwun Tong, Kowloon Hong Kong
<b>Business address of Directors and authorised representatives</b>	Unit 2116-2117, 21st Floor Rykadan Capital Tower No. 135 Hoi Bun Road Kwun Tong, Kowloon Hong Kong
<b>Legal adviser to the Company as to Hong Kong law</b>	Squire Patton Boggs 29th Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong
<b>Auditor and reporting accountant</b>	BDO Limited <i>Certified Public Accountant</i> 25/F, Wing On Centre 111 Connaught Road Central Hong Kong
<b>Principal bankers</b>	<b>Bank of China (Hong Kong) Limited</b> 24/F, Bank of China Tower, Central, Hong Kong <b>DBS Bank Ltd.</b> 16/F, The Center, 99 Queen's Road Central, Hong Kong <b>Hang Seng Bank Limited</b> 20/F, 83 Des Voeux Road Central, Hong Kong <b>The Hongkong and Shanghai Banking Corporation Limited</b> 1 Queen's Road Central, Hong Kong <b>Bank of China Limited</b> No. 1 Fuxingmen Nei Dajie, Xicheng District, Beijing, PRC <b>Huishang Bank Corporation Limited</b> Block A, Tianhui Building, 79 Anqing Road, Hefei, Anhui Province, PRC <b>Industrial Bank Co., Ltd.</b> No.154, Hudong Rd, Fuzhou, Fujian Province, PRC <b>China Construction Bank Corporation</b> No. 25, Finance Street, Xicheng District, Beijing, PRC

**13. PROFILES OF DIRECTORS AND SENIOR MANAGEMENT***Chairman and non-executive Director*

**Tan Sri Datuk TUNG Ching Sai** *P.S.M, D.M.S.M, J.P.* (董清世), aged 57, is a non-executive Director and the Chairman and is responsible for the formulation of the Group's overall business strategy. Tan Sri Datuk TUNG Ching Sai, J.P. has joined the Group since December 1996. Tan Sri Datuk TUNG Ching Sai, J.P. has been working with Xinyi Glass Holdings Limited (“**Xinyi Glass**”), a company listed on the Stock Exchange (stock code: 00868), and its subsidiaries for 33 years since its inception and is currently an executive director and the chief executive officer of Xinyi Glass, the vice chairman and non-executive director of Xinyi Solar and the vice chairman and executive director of Xinyi Energy Holdings Limited, a company listed on the Stock Exchange (stock code: 03868). Tan Sri Datuk TUNG Ching Sai, J.P. is a standing committee member of the twelve session of the Guangxi Zhuang Autonomous Regional Committee of the Chinese People's Political Consultative Conference, a member of the executive committee of All-China Federation of Industry and Commerce, chairman of the Happy Hong Kong Foundation, president of Hong Kong Industrial & Commercial Association, and vice chairman of the China Architectural and Industrial Glass Association. Tan Sri Datuk TUNG Ching Sai, J.P. obtained the Third Shenzhen Municipal Ten Outstanding Young Entrepreneur award in September 2001 and was awarded the “Young Industrialist Awards of Hong Kong 2006”. Tan Sri Datuk TUNG Ching Sai, J.P. graduated from the Sun Yat-Sen University with a senior executive master degree in business administration. Tan Sri Datuk TUNG Ching Sai, J.P. is the uncle of Ms. LI Pik Yung, an executive Director, and Mr. LEE Shing Kan, a non-executive Director. Tan Sri Datuk TUNG Ching Sai, J.P. is the brother-in-law of Dr. LEE Yin Yee, B.B.S., one of the Controlling Shareholders, and brother of Mr. TUNG Ching Bor, one of the Controlling Shareholders.

*Executive Directors*

**Mr. NG Ngan Ho** (吳銀河), aged 57, is an executive Director. Mr. NG is responsible for overseeing the daily operations and management of the Group. Mr. NG has joined the Group since July 2016 and was the chief executive officer from 14 November 2018 to 26 February 2021. Mr. NG was appointed as an executive Director in May 2020. Mr. NG joined Xinyi Glass in August 2003 and was responsible for overseeing the finance and procurement of the industrial park in Dongguan, the PRC of Xinyi Glass. Mr. NG was appointed as an executive director of Xinyi Glass on 25 June 2004 and has been re-designated as one of the non-executive directors of Xinyi Glass since 1 July 2007.

**Ms. LI Pik Yung** (李碧蓉), aged 50, is an executive Director and the chief operation officer. Ms. LI is responsible for overseeing the daily management, sales and marketing activities and human resources matters of the Group, as well as the daily operations of the Group's automobile glass repair and replacement services business. Ms. LI has been working for the Group for over 20 years and was promoted as an executive Director in December 2015. Ms. LI is a niece of Tan Sri Datuk TUNG Ching Sai, J.P., a non-executive Director and the Chairman and one of the Controlling Shareholders and a cousin of Mr. LEE Shing Kan, a non-executive Director.

*Non-executive Director*

**Mr. LEE Shing Kan (李聖根)**, aged 42, is a non-executive Director. Mr. LEE has joined the Group since April 2004. Mr. LEE has been working in Xinyi Glass for over 16 years. Mr. LEE is currently an executive director of Xinyi Glass and is responsible for overseeing the automobile glass business segment of Xinyi Glass. Mr. LEE holds a bachelor's degree in commerce from the University of Melbourne and a master's degree in applied finance from Monash University. Mr. LEE is a committee member of the Fujian Province Committee of Chinese People's Political Consultative Conference and the chief supervisor of the Federation of HK Sichuan Community Organisations. Mr. LEE was a director of Tung Wah Group of Hospitals from 2012 to 2014. Mr. LEE has been the executive committee member and the vice chairman of the Lok Sin Tong Benevolent Society, Kowloon since 2018 and April 2020, respectively. Mr. LEE is a nephew of Tan Sri Datuk TUNG Ching Sai, J.P., a non-executive Director and the Chairman and one of the Controlling Shareholders, and a cousin of Ms. LI Pik Yung, an executive Director. Mr. LEE is the son of Dr. LEE Yin Yee, B.B.S., one of the Controlling Shareholders.

*Independent non-executive Directors*

**Mr. WANG Guisheng (王貴升)**, aged 52, is an independent non-executive Director since June 2016. Mr. WANG obtained a master's degree in business administration from China Europe International Business School in August 2014. Mr. WANG is qualified as Certified Public Accountant with the Chinese Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants ("HKICPA") and has been a member of the Association of Chartered Certified Accountants of England since April 2003. From May 2011 to March 2018, Mr. WANG served as an executive director and the chief financial officer of Man Wah Holdings Limited, a company listed on the Stock Exchange (stock code: 01999). Mr. WANG was an independent director of Sunshine Global Circuits Co., Ltd. (stock code: 300739), a company listed on the Shenzhen Stock Exchange from January 2016 to February 2022. Currently, Mr. WANG is an executive director, chief financial officer and joint company secretary of Smoore International Holdings Limited, a company listed on the Stock Exchange (stock code: 06969). Mr. WANG is the chairman of the audit committee of the Board. Mr. WANG is also a member of the nomination committee and the remuneration committee of the Board.

**Mr. NG Wai Hung (吳偉雄)**, aged 58, is an independent non-executive Director since June 2016. Mr. NG graduated from the University of Hong Kong with a bachelor's degree in laws in 1987. Mr. NG is a practising solicitor and a partner in Iu, Lai & Li, a Hong Kong firm of solicitors. Mr. NG practices in the areas of securities law, corporate law and commercial law in Hong Kong. As of the Latest Practicable Date, Mr. NG is an independent non-executive director of three companies listed on the Stock Exchange, namely, Lajin Entertainment Network Group Limited (formerly known as China Star Cultural Media Group Limited) (stock code: 08172), 1957 & Co. (Hospitality) Limited (stock code: 08495) and Winshine Science Company Limited (stock code: 00209) and a non-executive director of another company listed on the Stock Exchange, Coolpad Group Limited (stock code: 02369). Mr. NG is a member of the audit committee and the nomination committee of the Board.

**Mr. CHAN Hak Kan, S.B.S., J.P. (陳克勤)**, aged 46, is an independent non-executive Director since June 2016. Mr. CHAN graduated from The Chinese University of Hong Kong, obtained a bachelor's degree in social science in December 1997, and further obtained a master's degree in social science in December 2003. From January 2000 to December 2003, Mr. CHAN served as an elected member of the Sha Tin District Council. From October 2008 to October 2011, July 2012 to June 2018 and October 2016 to September 2021, Mr. CHAN served as a member of the Council of The Chinese University of Hong Kong, Beat Drugs Fund Association Governing Committee, and Tung Wah Group of Hospitals Advisory Board, respectively. Mr. CHAN has been a member of the HKSAR Legislative Council, ICAC Advisory Committee on Corruption, Witness Protection Review Board Panel, Po Leung Kuk Advisory Board, and the HKSAR Executive Council since October 2008, January 2017, January 2019, March 2022 and July 2022, respectively. In June 2012, Mr. CHAN was appointed as the Justice of the Peace by the Chief Executive of Hong Kong. Currently, Mr. CHAN is also an independent non-executive director of another two companies listed on the Stock Exchange, namely Oshidori International Holdings Limited (formerly known as Enerchina Holdings Limited) (stock code: 00622) and Imagi International Holdings Limited (stock code: 00585). Mr. CHAN is the chairman of the remuneration committee and also a member of the audit committee of the Board.

#### *Senior management*

**Mr. WANG Mohan (王墨涵)**, aged 37, is a chief executive officer of the Company since 4 August 2022. Mr. Wang is also currently the president of Polaron Energy Corp. (“PEC”), a company established in Canada and a non-wholly subsidiary of the Company. Mr. WANG is also interested in 6.0% of the issued share capital of PEC. Mr. WANG is graduated from Goodman School of Business of Brock University with a bachelor's degree of accounting in 2009 and a master's degree of accountancy in 2011. Mr. WANG is a non-practising certified public accountant and certified management accountant in Canada. Mr. WANG has approximately 10 years of experience in the solar photovoltaic industry operations focusing on the sales and production, project management and financial management.

**Mr. CHEUNG Siu On Victor (張兆安)**, aged 35, is the financial controller and company secretary of the Company and is responsible for the overall financial and company secretarial matters of the Group. Mr. CHEUNG joined the Group in April 2020. Mr. CHEUNG obtained a bachelor's degree in business administration in accountancy from The Hong Kong Polytechnic University. Mr. CHEUNG has over 10 years of experience in auditing and prior to joining the Group, Mr. CHEUNG worked for Xinyi Glass. Mr. CHEUNG is a fellow member of the HKICPA.

#### **14. AUDIT COMMITTEE OF THE BOARD**

As of the Latest Practicable Date, the audit committee of the Board comprised all of the independent non-executive Directors, namely Mr. WANG Guisheng as the chairman and Mr. NG Wai Hung and Mr. CHAN Hak Kan, S.B.S., J.P. as the members. The background, directorship and past directorship (if any) of each of the members of the audit committee of the Board are set forth in the paragraphs under “13. Profiles of Directors and senior management” in this appendix. The audit committee of the Board was established with written terms of reference adopted in compliance with the GEM Listing Rules to (i) review and supervise the financial reporting process and risk management and internal control systems of the Group; (ii) nominate and monitor external auditors; and (iii) provide advice and comments to the Board on matters related to corporate governance.

**15. EXPENSES**

The expenses in connection with the Rights Issue, including printing, registration, legal and accounting fees, are estimated to be approximately HK\$0.75 million and are payable by the Company.

**16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the consent letter as referred to under the paragraphs under “8. Expert and consent” in this appendix, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (WUMP) Ordinance.

**17. BINDING EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

**18. DOCUMENTS AVAILABLE ON DISPLAY**

Copies of the following documents will be available on display on the websites of the Company ([www.xyglass.com.hk](http://www.xyglass.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) for the period of 14 days from the date of this Prospectus:

- (1) the memorandum of association and articles of association of the Company;
- (2) the annual reports of the Company for the three years ended 31 December 2021;
- (3) the report from BDO Limited on the unaudited pro forma financial information of the Group, the text of which is set forth in Appendix II to this Prospectus;
- (4) the material contracts referred to in the paragraphs under “11. Material contracts” in this appendix;
- (5) the written consent referred to in the paragraphs under “8. Expert and consent” in this appendix;  
and
- (6) the Prospectus Documents.

\* *For identification purpose only*