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XINYI ELECTRIC STORAGE HOLDINGS LIMITED

信義儲電控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 08328)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

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

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

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

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

FINANCIAL HIGHLIGHTS

	Nine months ended		Change
	30 September		
	2023	2022	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	962,652	697,073	+38.1%
Profit attributable to owners of the Company	48,081	50,454	-4.7%
Earnings per share - Basic	6.12 HK cents	6.92 HK cents	-11.6%

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the nine months ended 30 September 2023, together with the comparative unaudited figures for the nine months ended 30 September 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	2	411,230	346,810	962,652	697,073
Cost of revenue		(349,495)	(287,667)	(841,593)	(556,434)
Gross profit		61,735	59,143	121,059	140,639
Other income	3	23,104	1,623	65,976	5,290
Other gains, net	3	4,405	5,242	6,466	5,588
Impairment loss on financial assets		(632)	—	(967)	—
Selling and marketing costs		(10,619)	(5,077)	(25,358)	(12,550)
Administrative expenses		(30,668)	(16,774)	(91,128)	(55,499)
Share of results of an associate		—	—	(2)	(1)
Operating profit		47,325	44,157	76,046	83,467
Finance income		265	553	1,110	1,514
Finance costs		(4,368)	(3,104)	(9,718)	(4,212)
Profit before income tax		43,222	41,606	67,438	80,769
Income tax expense	4	(5,396)	(8,542)	(12,704)	(21,759)
Profit for the period		37,826	33,064	54,734	59,010
Other comprehensive income:					
<i>Item that may be subsequently reclassified to profit or loss:</i>					
Exchange differences on translation of financial statements of operations		(13,408)	(57,502)	(51,322)	(88,026)
<i>Item that will not be subsequently reclassified to profit or loss:</i>					
Change in fair value of a financial asset at fair value through other comprehensive income, net of tax		—	—	4,414	—
		(13,408)	(57,502)	(46,908)	(88,026)
Total comprehensive income for the period		24,418	(24,438)	7,826	(29,016)

	Three months ended		Nine months ended		
	30 September		30 September		
Notes	2023	2022	2023	2022	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Profit for the period					
attributable to:					
– owners of the Company	34,547	28,612	48,081	50,454	
– non-controlling interests	3,279	4,452	6,653	8,556	
	<u>37,826</u>	<u>33,064</u>	<u>54,734</u>	<u>59,010</u>	
Total comprehensive					
income for the period					
attributable to:					
– owners of the Company	21,555	(27,833)	1,081	(36,383)	
– non-controlling interests	2,863	3,395	6,745	7,367	
	<u>24,418</u>	<u>(24,438)</u>	<u>7,826</u>	<u>(29,016)</u>	
	HK cents	HK cents	HK cents	HK cents	
Earnings per share					
attributable to owners of					
the Company for					
the period					
– Basic	6(a)	4.40	3.88	6.12	6.92
– Diluted	6(b)	<u>4.39</u>	<u>3.85</u>	<u>6.09</u>	<u>6.87</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Attributable to owners of the Company										
	Share capital	Share premium	Capital reserves	Share-based payments reserve	Exchange reserve	Financial asset fair value through other comprehensive income reserve	Statutory reserves	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2023											
(Audited)	7,851	855,400	13,587	6,577	(47,792)	20,382	20,448	250,660	1,127,113	23,377	1,150,490
Comprehensive income											
Profit for the period	—	—	—	—	—	—	—	48,081	48,081	6,653	54,734
Other comprehensive income											
Exchange differences on translation of financial statements of operations	—	—	—	—	(51,414)	—	—	—	(51,414)	92	(51,322)
Change in fair value of a financial asset at fair value through other comprehensive income, net of tax	—	—	—	—	—	4,414	—	—	4,414	—	4,414
Total comprehensive income	—	—	—	—	(51,414)	4,414	—	48,081	1,081	6,745	7,826
Transactions with owners											
Employees share option scheme:											
— proceed from issue of shares	2	228	—	(46)	—	—	—	—	184	—	184
— share-based payment expense	—	—	—	4,047	—	—	—	—	4,047	—	4,047
— adjustment relating to forfeiture of share options	—	—	—	(3)	—	—	—	3	—	—	—
Total transactions with owners	2	228	—	3,998	—	—	—	3	4,231	—	4,231
Balance at 30 September 2023											
(Unaudited)	7,853	855,628	13,587	10,575	(99,206)	24,796	20,448	298,744	1,132,425	30,122	1,162,547
Balance at 1 January 2022											
(Audited)	7,133	462,176	13,587	3,059	26,149	16,658	15,113	210,091	753,966	15,368	769,334
Comprehensive income											
Profit for the period	—	—	—	—	—	—	—	50,454	50,454	8,556	59,010
Other comprehensive income											
Exchange differences on translation of financial statements of operations	—	—	—	—	(86,837)	—	—	—	(86,837)	(1,189)	(88,026)
Total comprehensive income	—	—	—	—	(86,837)	—	—	50,454	(36,383)	7,367	(29,016)
Transactions with owners											
Issue of shares by rights issue, net of expenses	714	392,487	—	—	—	—	—	—	393,201	—	393,201
Employees share option scheme:											
— proceed from issue of shares	3	671	—	(152)	—	—	—	—	522	—	522
— share-based payment expense	—	—	—	2,371	—	—	—	—	2,371	—	2,371
Appropriation to statutory reserve	—	—	—	—	—	—	1,608	(1,608)	—	—	—
Total transactions with owners	717	393,158	—	2,219	—	—	1,608	(1,608)	396,094	—	396,094
Balance at 30 September 2022											
(Unaudited)	7,850	855,334	13,587	5,278	(60,688)	16,658	16,721	258,937	1,113,677	22,735	1,136,412

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

New accounting policy adopted by the Group during the nine months ended 30 September 2023

Except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1 January 2023, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the nine months ended 30 September 2023 are consistent with those of the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with HKFRSs. The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

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

2. REVENUE

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Electric storage business	98,784	74,644	257,716	140,987
Engineering, procurement and construction services for photovoltaic power stations (the "EPC Services")	152,153	227,287	367,647	469,985
Photovoltaic films (the "PV Films")	132,647	19,112	255,471	28,388
Automobile glass repair and replacement services	13,888	13,039	37,563	33,696
Others (Trading of forklift and wind farm related business)	13,758	12,728	44,255	24,017
	411,230	346,810	962,652	697,073

3. OTHER INCOME AND OTHER GAINS, NET

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other income				
Government grants (note (a))	22,260	438	62,987	3,203
Others	844	1,185	2,989	2,087
	<u>23,104</u>	<u>1,623</u>	<u>65,976</u>	<u>5,290</u>
Other gains, net				
Net gains on disposal of				
old facilities, scrapped materials				
or property, plant and equipment (note (b))	1,950	2,712	4,467	4,017
Rent concessions	—	—	—	48
Exchange gains, net	2,455	2,530	1,999	1,523
	<u>4,405</u>	<u>5,242</u>	<u>6,466</u>	<u>5,588</u>

Notes:

- (a) For the nine months ended 30 September 2023, the balance included mainly grants obtained from the People's Republic of China (the "PRC") government to subsidise the operating costs and research and development which amounted to approximately HK\$61,240,000 (2022: Nil) and HK\$337,000 (2022: HK\$834,000), respectively.

For the nine months ended 30 September 2022, the balance included grants under the Employment Support Scheme ("ESS") introduced by HKSAR Government which amounted to approximately HK\$1,253,000. The grants were to provide time-limited financial support to employers in order to retain employees who may otherwise be made redundant during the period of economic uncertainty as a result of global pandemic outbreak of COVID-19 and were allocated over the period to match the relevant costs incurred. There were no unfulfilled and other contingencies attaching to ESS.

- (b) The Group's production operation generates scraps or recyclable materials and assets which are available for sale and give rise to disposal gains/(losses).

4. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax				
– Hong Kong profits tax (note (a))	235	104	356	267
– PRC corporate income tax (note (b))	493	3,688	2,567	8,811
– Canadian corporate income tax (note (c))	567	602	1,188	1,606
	<u>1,295</u>	<u>4,394</u>	<u>4,111</u>	<u>10,684</u>
Deferred tax charge	<u>4,101</u>	<u>4,148</u>	<u>8,593</u>	<u>11,075</u>
	<u><u>5,396</u></u>	<u><u>8,542</u></u>	<u><u>12,704</u></u>	<u><u>21,759</u></u>

Notes:

- (a) Hong Kong profits tax has been provided for at the two-tiered rate of 8.25% (2022: 8.25%) for the first HK\$2 million of the estimated assessable profits for one of the Group's Hong Kong subsidiaries for the period and 16.5% (2022: 16.5%) on the remaining estimated assessable profits for the period.
- (b) Two (2022: one) of the PRC subsidiaries, being qualified as a New and High Technology Enterprise, is entitled to a preferential corporate income tax rate of 15% (2022: 15%). Other subsidiaries of the Group in the PRC are subject to standard tax rate of 25% (2022: 25%). Provision for the PRC corporate income tax is calculated at 15% - 25% (2022: 15% - 25%) on estimated assessable profit for the period.
- (c) Canadian corporate income tax is provided on the estimated assessable profits at the federal tax rate of 15% (2022: 15%) and provincial tax rates at rates prevailing in relevant provinces of 8% - 16% (2022: 8% - 16%) for the period.

(d) In prior years, a subsidiary of the Company (the “**Subsidiary**”) has received various Notices of Assessment from the Hong Kong Inland Revenue Department (“**IRD**”) on the Subsidiary’s additional assessable profits (for Hong Kong profits tax purpose) of HK\$5,000,000 for each of the five years of assessment from 2012/2013 to 2016/2017 (the “**Additional Assessments**”). No detailed information on the Additional Assessments has been provided by the IRD regarding the basis of the assessments, and the Additional Assessments are subject to the IRD’s further enquiries and investigations into the Subsidiary’s tax affairs and are made considering the forthcoming statutory time limit of making tax assessments under the Inland Revenue Ordinance (Chapter 112 of the laws of Hong Kong). Based on the statutory tax rate of 16.5% for Hong Kong profits tax, the Subsidiary might be subject to a maximum additional profits tax liability of HK\$825,000 for each of the five years of assessment attributable from the Additional Assessments, and may be chargeable to further additional tax, subject to the forthcoming further enquiries. Due to the lack of detailed information provided by the IRD, the Subsidiary has lodged objection against the Additional Assessments and the IRD has held over the tax in dispute completely and unconditionally while pending the resolution of the case. The Subsidiary has also engaged a tax advisor to conduct tax due diligence review for each of the five years of assessment. According to the results of the tax advisor’s due diligence review, no material error or adverse matters have been observed during the five years of assessment. On this basis and the fact that all the tax payments under the Additional Assessments are held over as agreed by the IRD, no provision for such additional tax liability has been made in the financial statements for the nine months ended 30 September 2023.

5. DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 30 September 2023 (2022: Nil).

6. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the nine months ended 30 September 2023 and 2022. The weighted average number of ordinary shares in issue during the nine months ended 30 September 2022 was adjusted to reflect the bonus element arising from the rights issue completed in September 2022.

	Three months ended		Nine months ended	
	30 September		30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK\$'000)	<u>34,547</u>	<u>28,612</u>	<u>48,081</u>	<u>50,454</u>
Weighted average number of ordinary shares in issue (thousands)	<u>785,242</u>	<u>736,736</u>	<u>785,188</u>	<u>728,860</u>
Basic earnings per share (HK cents)	<u>4.40</u>	<u>3.88</u>	<u>6.12</u>	<u>6.92</u>

(b) Diluted earnings per share

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

For the nine months ended 30 September 2023 and 2022, the Company had dilutive potential ordinary shares from share options. The calculation for share options was determined by the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the period) for the same total proceeds was the number of shares issued for no consideration. The resulting number of shares issued for no consideration was included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	Three months ended		Nine months ended	
	30 September		30 September	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company used to determine the diluted earnings per share (HK\$'000)	<u>34,547</u>	<u>28,612</u>	<u>48,081</u>	<u>50,454</u>
Weighted average number of ordinary shares in issue (thousands)	785,242	736,736	785,188	728,860
Adjustment for share options (thousands)	<u>1,612</u>	<u>6,557</u>	<u>3,869</u>	<u>5,279</u>
	<u>786,854</u>	<u>743,293</u>	<u>789,057</u>	<u>734,139</u>
Diluted earnings per share (HK cents)	<u>4.39</u>	<u>3.85</u>	<u>6.09</u>	<u>6.87</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group recorded an increase in revenue by 38.1% from HK\$697.1 million for the nine months ended 30 September 2022 to HK\$962.7 million for the nine months ended 30 September 2023. Profit attributable to owners of the Company decreased by 4.7% from HK\$50.5 million for the nine months ended 30 September 2022 to HK\$48.1 million for the nine months ended 30 September 2023. The drop in performance was primarily due to (i) decreases in the overall gross profit margin, which was mainly attributable to the increasing sales of industrial and commercial energy storage products and the low gross profit margin for certain projects undertaken in respect of the EPC Services and (ii) increases in the finance costs because of the increasing use of the banking facilities for business expansion. The following sets forth brief information on the principal business segments of the Group.

New Energy - Electric Storage Business

The Group has production facilities in Zhangjiagang, Jiangsu Province for the manufacturing and sales of lithium battery and electric storage products. Through the integrated research and development (R&D), design, production, system integration and service function with self-produced lithium batteries as the core, the Group has fully leveraged the competitive advantage of the vertically integrated industrial chain. The electric storage business of the Group mainly focuses on the development and sales of the industrial and commercial energy storage products as well as the household energy storage products. The Group's products are mainly sold and installed in integrated systems comprising lithium batteries, battery management systems and other components (such as energy management systems and power conversion systems). The Group's electric storage products for industrial and commercial use are mainly being used as energy storage systems to facilitate load shifting and power stabilisation, and also being used as uninterruptible power supply. The Group's electric storage products for household use mainly include micro energy storage products and portable electric vehicle chargers.

New Energy – EPC Services

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

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

New Energy - PV Films

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

Automobile Glass Repair and Replacement Services

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

FINANCIAL REVIEW

Revenue

For the nine months ended 30 September 2023, the Group's revenue was HK\$962.7 million (2022: HK\$697.1 million), representing an increase by 38.1% mainly attributable to the change in revenue contribution by business segments as analysed as follows:

	Nine months ended 30 September					
	2023		2022		Increase/(Decrease)	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
Electric storage business	257.7	26.8	141.0	20.2	116.7	82.8
EPC Services	367.6	38.2	470.0	67.5	(102.4)	(21.8)
PV Films	255.5	26.5	28.4	4.1	227.1	799.6
Automobile glass repair and replacement services	37.6	3.9	33.7	4.8	3.9	11.6
Others (Trading of forklift and wind farm related business)	44.3	4.6	24.0	3.4	20.3	84.6
Total revenue	<u>962.7</u>	<u>100.0</u>	<u>697.1</u>	<u>100.0</u>	<u>265.6</u>	<u>38.1</u>

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

- (a) the increase in revenue attributable to the electric storage business, which contributed revenue amounting to HK\$257.7 million for the nine months ended 30 September 2023, as compared to revenue amounting to HK\$141.0 million for the nine months ended 30 September 2022, which was mainly due to increase in sales of industrial and commercial energy storage products during the period;

- (b) the increase in revenue attributable to the PV Films, which contributed revenue amounting to HK\$255.5 million for the nine months ended 30 September 2023 as compared to revenue amounting to HK\$28.4 million for the nine months ended 30 September 2022, which was mainly due to the gradual increase in sales volume following the commencement of the new business; and
- (c) the increase in revenue attributable to the others business, which contributed revenue amounting to HK\$44.3 million for the nine months ended 30 September 2023 as compared to revenue amounting to HK\$24.0 million for the nine months ended 30 September 2022, which was mainly due to the increase in the sales of the electric forklifts.

Cost of revenue

Cost of revenue mainly comprised of material cost, labour cost and depreciation charge. The cost of revenue increased by HK\$285.2 million from HK\$556.4 million for the nine months ended 30 September 2022 to HK\$841.6 million for the nine months ended 30 September 2023, which was consistent with the increase in revenue during the period.

Gross profit

The gross profit decreased by HK\$19.5 million from HK\$140.6 million for the nine months ended 30 September 2022 to HK\$121.1 million for the nine months ended 30 September 2023 despite the increase in revenue during the period. The gross profit margin decreased from 20.2% for the nine months ended 30 September 2022 to 12.6% for the nine months ended 30 September 2023, which was mainly due to the decrease in gross profit margin of the electric storage business and the EPC Services during the period. The sales of industrial and commercial energy storage products and certain EPC Services projects undertaken during the period had relatively lower gross profit margin. Besides, there was also a lower profitability of the PV Films during the startup phase of the new business.

Other income

Other income for the nine months ended 30 September 2023 mainly represented the government grants from the PRC government which were recognised based on the operating costs of the Group in connection with the production and sales of the PV Films in the PRC.

Other income for the nine months ended 30 September 2022 mainly represented government grants amounting to HK\$3.2 million which included the government grants from the PRC government in relation to the tax subsidy and R&D and from the Hong Kong government in relation to the Employment Support Scheme granted to the automobile glass repair and replacement services business.

Other gains, net

Other gains, net for the nine months ended 30 September 2023 and 2022 mainly included the gains on disposal of scrapped materials arising from the production and the exchange gains.

Expenses

Selling and marketing costs increased by HK\$12.8 million from HK\$12.6 million for the nine months ended 30 September 2022 to HK\$25.4 million for the nine months ended 30 September 2023, which was mainly due to (i) the increase in employee benefit expense as a result of the increase in average number of employees during the period and (ii) the increase in expenses in connection with selling activities such as transportation cost for delivering products to customers, advertising expenses, entertainment expenses and after-sales service expenses.

Administrative expenses increased by HK\$35.6 million from HK\$55.5 million for the nine months ended 30 September 2022 to HK\$91.1 million for the nine months ended 30 September 2023, primarily due to (i) the increase in employee benefit expense as a result of the increase in average number of employees during the period and the share-based compensation for share options granted; (ii) the increase in the expenditure for R&D of the Group's products; and (iii) the increase in professional fee relating to the possible transfer listing to the Main Board of the Stock Exchange.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the nine months ended 30 September 2023 amounted to HK\$48.1 million (2022: HK\$50.5 million). The decrease in the profitability was mainly attributable to the operating performance of the Group as analysed above.

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

As of 30 September 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

(i) Long positions in the Shares

Name of Director	Capacity	Name of the controlled corporation	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Tan Sri Datuk TUNG Ching Sai <i>P.S.M, D.M.S.M, J.P.</i>	Interest in a controlled corporation	Copark ⁽¹⁾ (as defined below)	46,114,672	5.87
		Full Guang ⁽³⁾ (as defined below)	13,285,143	1.69
	Personal interest/ Spouse interest ⁽¹⁾		122,495,571	15.59
	Interest in persons acting in concert ⁽²⁾		393,466,542	50.10
Mr. NG Ngan Ho	Interest in a controlled corporation	Linkall ⁽⁴⁾ (as defined below)	25,195,745	3.20
		Full Guang ⁽³⁾ (as defined below)	13,285,143	1.69
	Personal interest		1,343,100	0.17
	Interest in persons acting in concert ⁽²⁾		535,537,940	68.20
Ms. LI Pik Yung	Personal interest		148,328	0.01
Mr. WANG Mohan	Personal interest		62,000	0.01

Notes:

- (1) Tan Sri Datuk TUNG Ching Sai, J.P. is the beneficial owner of all the issued share capital of Copark Investment Limited (“**Copark**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly-owned by Tan Sri Datuk TUNG Ching Sai, J.P., which is the registered owner of 46,114,672 Shares. Tan Sri Datuk TUNG Ching Sai, J.P. also has personal interest in 527,802 Shares held in his own name and 121,967,769 Shares held through his spouse, Puan Sri Datin SZE Tan Hung.
- (2) Pursuant to the shareholders’ agreement dated 25 June 2016 entered into amongst the controlling shareholders (as defined in the GEM Listing Rules) (the “**Shareholders’ Agreement**”), the parties have agreed to grant a right of first offer to the other parties to the agreement if they want to sell their Shares allotted to them under the Xinyi Glass Distribution (as defined in the prospectus of the Company dated 28 June 2016).
- (3) The interests in the Shares are held through Full Guang Holdings Limited (“**Full Guang**”), a company incorporated in the BVI with limited liability. Full Guang is owned by Dr. LEE Yin Yee, S.B.S., B.B.S., M.H. as to 33.98%, Datuk Wira TUNG Ching Bor, *D.C.S.M* as to 16.20%, Tan Sri Datuk TUNG Ching Sai, J.P. as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.
- (4) Mr. NG Ngan Ho is the beneficial owner of all the issued share capital of Linkall Investment Limited (“**Linkall**”), a company incorporated in the BVI and wholly-owned by Mr. NG Ngan Ho, which is the registered owner of 25,195,745 Shares.

(ii) Share options of the Company

Name of Director	Capacity	Approximate percentage of the	
		Number of share options outstanding	issued share capital of the Company (%)
Ms. LI Pik Yung	Personal interest	233,805	0.02
Mr. WANG Mohan	Personal interest	4,736,296	0.60

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

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

Save as disclosed above, as of 30 September 2023, to the knowledge of the Company, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings concerning securities transaction set forth in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries to the Directors, all Directors confirmed that they had fully complied with the required standard of dealings as set forth in its code of conduct regarding securities transactions by directors throughout the nine months ended 30 September 2023.

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

As of 30 September 2023, the following persons (other than a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in the Shares

Name of Shareholder	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company (%)
Dr. LEE Yin Yee, S.B.S.,	Interest in a controlled corporation ⁽³⁾	132,990,198	16.93
B.B.S., M.H.	Interest in a controlled corporation ⁽⁴⁾	2,720,960	0.34
	Interest in a controlled corporation ⁽¹⁾	13,285,143	1.69
	Personal interest ⁽³⁾	41,311,215	5.26
	Interest in persons acting in concert ⁽²⁾	385,054,412	49.03
Datuk Wira TUNG Ching Bor,	Interest in a controlled corporation ⁽⁵⁾	48,878,216	6.22
<i>D.C.S.M</i>	Interest in a controlled corporation ⁽¹⁾	13,285,143	1.69
	Personal interest ⁽⁵⁾	10,855,152	1.38
	Interest in persons acting in concert ⁽²⁾	502,343,417	63.97

Name of Shareholder	Capacity	Approximate percentage of the issued share capital of the Company	
		Number of issued Shares held	(%)
Mr. LEE Sing Din	Interest in a controlled corporation ⁽⁶⁾	46,048,013	5.86
	Interest in a controlled corporation ⁽¹⁾	13,285,143	1.69
	Personal interest	3,769,755	0.48
	Interest in persons acting in concert ⁽²⁾	512,259,017	65.23
Mr. LI Ching Wai	Interest in a controlled corporation ⁽⁷⁾	21,323,578	2.71
	Interest in a controlled corporation ⁽¹⁾	13,285,143	1.69
	Interest in persons acting in concert ⁽²⁾	540,753,207	68.86
Mr. LI Man Yin	Interest in a controlled corporation ⁽⁸⁾	14,473,366	1.84
	Interest in a controlled corporation ⁽¹⁾	13,285,143	1.69
	Personal interest ⁽⁸⁾	1,876,710	0.23
	Interest in persons acting in concert ⁽²⁾	545,726,709	69.49
Mr. SZE Nang Sze	Interest in a controlled corporation ⁽⁹⁾	20,909,316	2.66
	Interest in a controlled corporation ⁽¹⁾	13,285,143	1.69
	Personal interest	1,212,420	0.15
	Interest in persons acting in concert ⁽²⁾	539,955,049	68.76
Mr. LI Ching Leung	Interest in a controlled corporation ⁽¹⁰⁾	14,287,863	1.81
	Interest in a controlled corporation ⁽¹⁾	13,285,143	1.69
	Personal interest/Spouse interest ⁽¹⁰⁾	6,270,935	0.79
	Interest in persons acting in concert ⁽²⁾	541,517,987	68.96
Madam TUNG Hai Chi	Interest in a controlled corporation ⁽⁴⁾	2,720,960	0.34
	Personal interest/Spouse interest ⁽¹¹⁾	572,640,968	72.92
Puan Sri Datin SZE Tan Hung	Personal interest/Spouse interest ⁽¹²⁾	575,361,928	73.27

Notes:

- (1) The interests in the Shares are held through Full Guang. Full Guang is owned by Dr. LEE Yin Yee, S.B.S., B.B.S., M.H. as to 33.98%, Datuk Wira TUNG Ching Bor, *D.C.S.M* as to 16.20%, Tan Sri Datuk TUNG Ching Sai, J.P. as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.
- (2) Pursuant to the Shareholders' Agreement, each of the parties has agreed to grant a right of first offer to the other parties if any of them intends to sell their Shares allotted to them under the Xinyi Glass Distribution (as defined in the prospectus of the Company dated 28 June 2016).
- (3) Dr. LEE Yin Yee, S.B.S., B.B.S., M.H.'s interests in 132,990,198 Shares are held through Realbest Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Dr. LEE Yin Yee, S.B.S., B.B.S., M.H.. Dr. LEE Yin Yee, S.B.S., B.B.S., M.H.'s interests in 41,311,215 Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.
- (4) Dr. LEE Yin Yee, S.B.S., B.B.S., M.H.'s interests in 2,720,960 Shares are held through Xin Yuen Investment Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by Xin Wong Investment Limited ("**Xin Wong**"). Xin Wong is 50% owned by Dr. LEE Yin Yee, S.B.S., B.B.S., M.H. and 50% owned by his spouse, Madam TUNG Hai Chi.
- (5) Datuk Wira TUNG Ching Bor, *D.C.S.M* is the beneficial owner of all the issued share capital of High Park Technology Limited, a company incorporated in the BVI and wholly-owned by Datuk Wira TUNG Ching Bor, *D.C.S.M*, which is the registered owner of 48,878,216 Shares. Datuk Wira TUNG Ching Bor, *D.C.S.M* also has 10,855,152 Shares held through a joint account with his spouse, Datin Wira KUNG Sau Wai.
- (6) Mr. LEE Sing Din's interests in 46,048,013 Shares are held through Telerich Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din.
- (7) Mr. LI Ching Wai's interests in 21,323,578 Shares are held through Goldbo International Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai.
- (8) Mr. LI Man Yin's interests in 14,473,366 Shares are held through Perfect All Investments Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Man Yin. Mr. LI Man Yin's interests in 1,876,710 Shares are held through a joint account with his spouse, Madam LI Sau Suet.

- (9) Mr. SZE Nang Sze's interests in 20,909,316 Shares are held through Goldpine Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.
- (10) Mr. LI Ching Leung's interests in 14,287,863 Shares are held through Herosmart Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung has personal interests in 6,198,335 Shares held in his own name and 72,600 Shares held through his spouse, Madam DY Maria Lumin.
- (11) Madam TUNG Hai Chi's interests in 41,311,215 Shares are held through a joint account with her spouse, Dr. LEE Yin Yee, S.B.S., B.B.S., M.H. and 531,329,753 Shares are held through her spouse, Dr. LEE Yin Yee, S.B.S., B.B.S., M.H..
- (12) Puan Sri Datin SZE Tan Hung has personal interests in 121,967,769 Shares held in her own name and 453,394,159 Shares held through her spouse, Tan Sri Datuk TUNG Ching Sai, J.P..

Save as disclosed above, as of 30 September 2023, the Company had not been notified by any persons (other than a Director or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme (the “**Scheme**”) was adopted by the shareholders of the Company (the “**Shareholders**”) at the annual general meeting held on 31 May 2017 and will be valid for a period of ten years from the date of adoption of the Scheme. The Company has granted 2,200,000 share options under the Scheme during the nine months ended 30 September 2023. As of 30 September 2023, a total of 16,211,807 share options were still outstanding under the Scheme.

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

During the nine months ended 30 September 2023, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

NO COMPETING BUSINESS

The Company and Xinyi Solar Holdings Limited (“**Xinyi Solar**”) (stock code: 00968), a company listed on the Main Board of the Stock Exchange, are both engaged in the provision of EPC Services. Xinyi Solar is controlled by certain Directors and controlling shareholders of the Company. Arrangements have been in place to ensure that there will be no competing business between the Company and Xinyi Solar in terms of geographical locations. There is no overlapping customer between the Company and Xinyi Solar.

Save as disclosed above, as far as the Directors are aware of, during the nine months ended 30 September 2023, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) or their respective associates (as defined in the GEM Listing Rules) have any interests in a business which competed or may compete, either directly or indirectly, with the business of the Group or have any other conflicts of interests which any such person has or may have with the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company’s corporate governance practices are based on the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set forth in Part 2 of Appendix 15 to the GEM Listing Rules. The Directors will continue to review its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company. During the nine months ended 30 September 2023, the Company had complied with the applicable code provisions set forth in the CG Code.

DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2023 (2022: Nil).

AUDIT COMMITTEE

The Company has established an audit committee of the Board (the “**Audit Committee**”) with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group, nominate and monitor external auditors and provide advice and comments to the Board on matters related to corporate governance. The members of the Audit Committee include three independent non-executive Directors, namely Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, S.B.S, J.P.. Mr. WANG Guisheng is the chairman of the Audit Committee.

The unaudited condensed consolidated financial information of the Company for the nine months ended 30 September 2023 and this announcement have been reviewed by the Audit Committee.

By order of the Board

Xinyi Electric Storage Holdings Limited
Tan Sri Datuk TUNG Ching Sai P.S.M, D.M.S.M, J.P.
Chairman

Hong Kong, 31 October 2023

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

The announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of posting and the Company’s website at www.xinyies.com.