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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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025**

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

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

**Given that the companies listed on GEM are 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which 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. 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**

	Year ended 31 December		Change
	<u>2025</u>	<u>2024</u>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	<b>1,048,317</b>	1,233,870	-15.0%
Loss attributable to owners of the Company	<b>(57,110)</b>	(197,069)	-71.0%
Loss per share - Basic	<b>(7.27) HK cents</b>	(25.09) HK cents	-71.0%

The board (the “**Board**”) of Directors is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**FY2025**”), together with the comparative figures for the year ended 31 December 2024 (the “**FY2024**”), as follows:

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

**For the year ended 31 December 2025**

	Notes	<u>2025</u>	<u>2024</u>
		<i>HK\$’000</i>	<i>HK\$’000</i>
<b>Revenue</b>	3	<b>1,048,317</b>	1,233,870
Cost of revenue		<b>(867,765)</b>	(1,030,753)
<b>Gross profit</b>		<b>180,552</b>	203,117
Other income	4	<b>84,391</b>	19,587
Other losses, net	4	<b>(5,893)</b>	(96,446)
Impairment loss on financial assets		<b>(7,619)</b>	(1,841)
Impairment loss on property, plant and equipment		<b>(87,484)</b>	(49,498)
Impairment loss on intangible assets		<b>(27,211)</b>	(60,645)
Selling and marketing costs		<b>(44,501)</b>	(33,188)
Administrative expenses		<b>(147,281)</b>	(157,614)
Share of results of joint ventures		<b>18,402</b>	3,857
Share of results of an associate		<b>(5)</b>	(5)
<b>Operating loss</b>		<b>(36,649)</b>	(172,676)
Finance income	6	<b>775</b>	1,037
Finance costs	6	<b>(13,801)</b>	(17,721)
<b>Loss before income tax</b>	5	<b>(49,675)</b>	(189,360)
Income tax expense	7	<b>(9,463)</b>	(18,329)
<b>Loss for the year</b>		<b>(59,138)</b>	(207,689)
<b>Other comprehensive income:</b>			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of financial statements of foreign operations		<b>49,632</b>	(68,493)
Share of other comprehensive income of joint ventures		<b>(432)</b>	(86)
<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		<b>(25,116)</b>	9,263
		<b>24,084</b>	(59,316)
<b>Total comprehensive income for the year</b>		<b>(35,054)</b>	(267,005)

	Notes	<u>2025</u>	<u>2024</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss for the year attributable to:</b>			
– owners of the Company		(57,110)	(197,069)
– non-controlling interests		<u>(2,028)</u>	<u>(10,620)</u>
		<u>(59,138)</u>	<u>(207,689)</u>
<b>Total comprehensive income</b>			
<b>attributable to:</b>			
– owners of the Company		(33,796)	(254,086)
– non-controlling interests		<u>(1,258)</u>	<u>(12,919)</u>
		<u>(35,054)</u>	<u>(267,005)</u>
		<i>HK Cents</i>	<i>HK Cents</i>
<b>Loss per share attributable</b>			
<b>to owners of the Company for the year</b>			
– Basic and diluted	8	<u>(7.27)</u>	<u>(25.09)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2025**

	<i>Notes</i>	<u>2025</u>	<u>2024</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		472,492	534,033
Intangible assets		5,996	36,816
Financial asset at fair value through other comprehensive income		—	39,783
Interests in joint ventures		25,958	6,180
Interests in an associate		288	293
Finance lease receivables	10	502,245	473,257
Prepayments for property, plant and equipment	10	10,605	665
Deferred tax assets		13,388	14,399
		<u>1,030,972</u>	<u>1,105,426</u>
<b>Current assets</b>			
Inventories		211,837	139,153
Contract assets, trade and other receivables and prepayments	10	637,934	652,323
Income tax recoverable		3,691	2,233
Pledged bank deposits		15,235	2,934
Restricted bank balance		952	—
Cash and cash equivalents		115,458	111,706
		<u>985,107</u>	<u>908,349</u>
<b>Current liabilities</b>			
Contract liabilities, trade and other payables	11	634,505	513,713
Provision for tax		1,605	2,665
Lease liabilities		9,115	8,520
Bank borrowings	12	304,562	312,927
		<u>949,787</u>	<u>837,825</u>
<b>Net current assets</b>		<u>35,320</u>	<u>70,524</u>
<b>Total assets less current liabilities</b>		<u>1,066,292</u>	<u>1,175,950</u>
<b>Non-current liabilities</b>			
Trade and other payables	11	26,782	265
Lease liabilities		9,000	7,421
Bank borrowings	12	47,207	154,896
Deferred tax liabilities		50,355	49,476
		<u>133,344</u>	<u>212,058</u>
<b>Net assets</b>		<u>932,948</u>	<u>963,892</u>
<b>EQUITY</b>			
Share capital		7,855	7,855
Reserves		904,496	932,292
		<u>912,351</u>	<u>940,147</u>
Non-controlling interests		20,597	23,745
<b>Total equity</b>		<u>932,948</u>	<u>963,892</u>

## NOTES:

### 1. General information

The Company was incorporated in the Cayman Islands on 18 November 2015 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

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

The shares of the Company have been listed on GEM of the Stock Exchange since 11 July 2016.

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK\$'000") unless otherwise stated. These consolidated financial statements have been approved and authorised for issue by the Board on 2 March 2026.

### 2. Adoption of HKFRS Accounting Standards

#### 2.1 Adoption of new or revised HKFRS Accounting Standards – effective 1 January 2025

In the current year, the Group has applied for the first time the following new or revised HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements

The Group has not early applied any new or revised HKFRS Accounting Standards that is not yet effective for the current accounting period. Impact on the applications of these amended HKFRS Accounting Standards are summarised below.

***Amendments to HKAS 21 - Lack of Exchangeability***

The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

***Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 - Disclosure about Uncertainties in the Financial Statements***

On 13 February 2026, the HKICPA issued Disclosures about Uncertainties in the Financial Statements, which amended multiple HKFRS Accounting Standards to include illustrative examples demonstrating how companies can apply HKFRS Accounting Standards when reporting the effects of uncertainties in their financial statements. The illustrative examples are accompanying materials to HKFRS Accounting Standards and do not have an effective date. The Group has considered these illustrative examples in its preparation of the consolidated financial statements and no additional disclosures or changes in presentation were considered necessary.

The application of these amendments has had no material impact on the Group's financial positions and performance for the current and prior years.

## 2.2 New or revised HKFRS Accounting Standards that have been issued but are not yet effective

The following new or revised HKFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>1</sup>
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>1</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>2</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>3</sup> The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

The Directors anticipate that the application of these new or revised HKFRS Accounting Standards will have no material impact on the Group's consolidated financial performance and positions and/or the disclosures to the consolidated financial statements of the Group.

### 3. Segment information

Management has determined the operating segments based on the reports reviewed by the executive Directors that are used to make strategic decision.

The executive Directors determine the reportable segments from service/product perspective. The executive Directors identified five operating segments, which represent the Group's reportable segments, respectively, including (1) electric storage business; (2) EPC Services; (3) PV Films; (4) automobile glass repair and replacement services; and (5) other segments (trading of forklift and wind farm related business).

- Electric storage business** : The Group is engaged in the development and sales of battery pack and energy storage system facilities with lithium batteries, like large-scale power banks for manufacturing facilities to facilitate load shifting and power stabilisation, uninterruptible power supply and power banks for households. The Group is also engaged in the development and sales of electric vehicle chargers.
- EPC Services** : The Group is engaged in the provision of EPC Services for photovoltaic power stations.
- PV Films** : The Group is engaged in the production, processing and sales of PV Films and other film products.
- Automobile glass repair and replacement services** : The Group operates service centres and a motorcade service team for the automobile glass repair and replacement services in Hong Kong.
- Others** : (a) Trading of forklift – The Group is engaged in trading of forklift business.
- (b) Wind farm related business – The Group had an equity investment in a wind farm project and has provided management services for the wind farm operations and is engaged in investment and development in wind farm projects in the PRC.

The executive Directors assess the performance of the operating segments based on a measure of gross profit. Set forth below is a summary list of performance indicators reviewed by the executive Directors on a regular basis:

(a) **Segment results**

	Year ended 31 December 2025					
	Electric storage business	EPC Services	PV Films	Automobile glass repair and replacement services	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>362,966</u>	<u>488,805</u>	<u>94,207</u>	<u>66,296</u>	<u>36,043</u>	<u>1,048,317</u>
Timing of revenue recognition within the scope of HKFRS 15						
– At a point in time	362,966	95,033	94,207	66,296	25,831	644,333
– Over time	—	365,988	—	—	10,212	376,200
	<u>362,966</u>	<u>461,021</u>	<u>94,207</u>	<u>66,296</u>	<u>36,043</u>	<u>1,020,533</u>
Revenue from other source:						
Finance lease income	—	27,784	—	—	—	27,784
Total revenue	<u>362,966</u>	<u>488,805</u>	<u>94,207</u>	<u>66,296</u>	<u>36,043</u>	<u>1,048,317</u>
Cost of revenue	<u>(338,496)</u>	<u>(368,522)</u>	<u>(91,987)</u>	<u>(43,986)</u>	<u>(24,774)</u>	<u>(867,765)</u>
Gross profit	<u>24,470</u>	<u>120,283</u>	<u>2,220</u>	<u>22,310</u>	<u>11,269</u>	<u>180,552</u>
Depreciation charge of property, plant and equipment	15,092	4,295	18,053	7,934	—	45,374
Amortisation charge of intangible assets	1,966	—	2,475	—	—	4,441
Impairment loss on property, plant and equipment	—	—	87,484	—	—	87,484
Impairment loss on intangible assets	—	—	27,211	—	—	27,211

Year ended 31 December 2024

	Electric storage business	EPC Services	PV Films	Automobile glass repair and replacement services	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>172,387</u>	<u>611,817</u>	<u>341,527</u>	<u>57,413</u>	<u>50,726</u>	<u>1,233,870</u>
Timing of revenue recognition within the scope of HKFRS 15						
– At a point in time	172,387	106,123	341,527	57,413	40,486	717,936
– Over time	<u>—</u>	<u>484,377</u>	<u>—</u>	<u>—</u>	<u>10,240</u>	<u>494,617</u>
	172,387	590,500	341,527	57,413	50,726	1,212,553
Revenue from other source:						
Finance lease income	<u>—</u>	<u>21,317</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>21,317</u>
Total revenue	172,387	611,817	341,527	57,413	50,726	1,233,870
Cost of revenue	<u>(163,995)</u>	<u>(454,336)</u>	<u>(332,972)</u>	<u>(39,101)</u>	<u>(40,349)</u>	<u>(1,030,753)</u>
Gross profit	<u>8,392</u>	<u>157,481</u>	<u>8,555</u>	<u>18,312</u>	<u>10,377</u>	<u>203,117</u>
Depreciation charge of property, plant and equipment	31,789	3,131	15,838	7,965	—	58,723
Amortisation charge of intangible assets	6,269	—	1,969	—	—	8,238
Impairment loss on property, plant and equipment	8,118	—	41,380	—	—	49,498
Impairment loss on intangible assets	56,279	—	4,366	—	—	60,645
Loss on disposal of lithium battery production lines (note 4(d))	<u>95,617</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>95,617</u>

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

	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment gross profit	<b>180,552</b>	203,117
Unallocated items:		
Other income	<b>84,391</b>	19,587
Other losses, net	<b>(5,893)</b>	(96,446)
Impairment loss on financial assets	<b>(7,619)</b>	(1,841)
Impairment loss on property, plant and equipment	<b>(87,484)</b>	(49,498)
Impairment loss on intangible assets	<b>(27,211)</b>	(60,645)
Selling and marketing costs	<b>(44,501)</b>	(33,188)
Administrative expenses	<b>(147,281)</b>	(157,614)
Share of results of joint ventures	<b>18,402</b>	3,857
Share of results of an associate	<b>(5)</b>	(5)
Finance income	<b>775</b>	1,037
Finance costs	<b>(13,801)</b>	(17,721)
Loss before income tax	<b><u>(49,675)</u></b>	<b><u>(189,360)</u></b>

Revenue from the following customers account for 10% or more of the total revenue:

	<b>Electric storage business</b>
	<i>HK\$'000</i>
<b>Year ended 31 December 2025</b>	
Revenue from	
– Customer A	<u>141,221</u>

During the year ended 31 December 2024, none of the Group's customers account for more than 10% of the total revenue of the Group.

**(b) Disaggregation of revenue from contract with customers**

An analysis of the Group's sales by geographical area of its customers is as follows:

	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
The PRC	<b>628,659</b>	723,458
Canada	<b>308,805</b>	430,516
Hong Kong	<b>66,332</b>	57,432
Others	<b>44,521</b>	22,464
	<u><b>1,048,317</b></u>	<u>1,233,870</u>

(c) Segment assets and liabilities

31 December 2025						
	Electric storage business	EPC Services	PV Films	Automobile glass repair and replacement services	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	<u>675,838</u>	<u>956,065</u>	<u>307,600</u>	<u>49,427</u>	<u>26,721</u>	<u>2,015,651</u>
Total assets included:						
Additions to non-current assets during the year (other than financial instruments and deferred tax assets)	<u>904</u>	<u>8,642</u>	<u>54,197</u>	<u>9,041</u>	<u>—</u>	<u>72,784</u>
Total liabilities	<u>(303,563)</u>	<u>(206,702)</u>	<u>(183,258)</u>	<u>(22,381)</u>	<u>(13,673)</u>	<u>(729,577)</u>
31 December 2024						
	Electric storage business	EPC Services	PV Films	Automobile glass repair and replacement services	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	<u>483,104</u>	<u>889,680</u>	<u>530,590</u>	<u>48,668</u>	<u>61,288</u>	<u>2,013,330</u>
Total assets included:						
Additions to non-current assets during the year (other than financial instruments and deferred tax assets)	<u>25,630</u>	<u>26,813</u>	<u>15,603</u>	<u>3,976</u>	<u>—</u>	<u>72,022</u>
Total liabilities	<u>(173,773)</u>	<u>(241,515)</u>	<u>(101,651)</u>	<u>(17,083)</u>	<u>(46,197)</u>	<u>(580,219)</u>

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

	Assets		Liabilities	
	2025	2024	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment				
assets/(liabilities)	<b>2,015,651</b>	2,013,330	<b>(729,577)</b>	(580,219)
Unallocated items:				
Prepayments, deposits				
and other receivables	<b>285</b>	301	—	—
Cash and cash equivalents	<b>143</b>	144	—	—
Bank borrowings	—	—	<b>(351,769)</b>	(467,823)
Other creditors and accruals	—	—	<b>(1,785)</b>	(1,841)
Total assets/(liabilities)	<b><u>2,016,079</u></b>	<u>2,013,775</u>	<b><u>(1,083,131)</u></b>	<u>(1,049,883)</u>

An analysis of the Group's non-current assets other than financial instruments and deferred tax assets by geographical area in which the assets are located is as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
The PRC	<b>407,701</b>	525,293
Canada	<b>11,840</b>	9,696
Hong Kong	<b>18,887</b>	22,900
Malaysia	<b>20,733</b>	20,098
Indonesia	<b>56,178</b>	—
	<b><u>515,339</u></b>	<u>577,987</u>

#### 4. Other income and other losses, net

	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other income</b>		
Government grants (note (a))	23,331	2,358
Dividend income from financial asset at fair value through other comprehensive income (“FVOCI”) (note (b))	46,183	—
Others (note (c))	14,877	17,229
	<u>84,391</u>	<u>19,587</u>
<b>Other losses, net</b>		
Net gains/(losses) on disposal/write-off of facilities, scrapped materials, property, plant and equipment or intangible assets (note (d))	3,182	(99,883)
Exchange (losses)/gains, net	(8,950)	3,690
Others	(125)	(253)
	<u>(5,893)</u>	<u>(96,446)</u>

Notes:

- (a) The balance included mainly grants obtained from the PRC government to subsidise the operating costs amounting to HK\$21,650,000 (2024: Nil) and also tax subsidy amounting to Nil (2024: HK\$787,000).
- (b) The balance represented the dividend income from the financial asset at FVOCI, Xinyi Wind Power (Jinzhai) Company Limited.
- (c) The balance included mainly the additional deduction of input value-added tax and income from sale of electricity generated from the Group’s distributed photovoltaic power generation facilities and income from provision of energy management solutions for energy storage stations.
- (d) For the year ended 31 December 2024, the balance included mainly a loss on disposal of lithium battery production lines amounting to HK\$95,617,000. Remaining balances are scraps or recyclable materials generated from the Group’s production and operation which are available for sale and give rise to disposal gains/(losses).

## 5. Loss before income tax

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

	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories	<b>689,975</b>	825,120
Write-off and provision for impairment of inventories	<b>1,045</b>	7,045
Auditor's remuneration – audit services	<b>1,250</b>	1,400
Depreciation charge:		
– Property, plant and equipment owned	<b>35,145</b>	48,472
– Right-of-use assets	<b>10,229</b>	10,251
Amortisation charge	<b>4,441</b>	8,238
Employee benefit expense (including directors' emoluments)	<b>118,545</b>	102,092
Expense relating to short-term leases	<b>2,840</b>	2,755
Research and development expenses	<b>33,105</b>	49,874

## 6. Finance income and costs

	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Finance income</b>		
Interest income from bank deposits	<b>775</b>	1,037
<b>Finance costs</b>		
Interest on bank borrowings	<b>11,771</b>	16,982
Interest on lease liabilities	<b>763</b>	860
Interest on discounted bills	<b>1,852</b>	3,092
	<b>14,386</b>	20,934
Less: amounts capitalised (note)	<b>(585)</b>	(3,213)
	<b>13,801</b>	17,721

Note:

The capitalisation rate of 2.95% (2024: 3.87%) used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year.

## 7. Income tax expense

	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax (note (a))	<b>1,954</b>	1,948
– PRC corporate income tax (note (b))	<b>4,208</b>	14,071
– Canadian corporate income tax (note (c))	<b>(2,649)</b>	1,966
– Under-provision for prior years	<b>168</b>	171
	<b>3,681</b>	18,156
Deferred tax charge	<b>5,782</b>	173
	<b>9,463</b>	18,329

Notes:

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

## 8. Loss per share

### (a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss attributable to owners of the Company	<u>(57,110)</u>	<u>(197,069)</u>
	<i>('000)</i>	<i>('000)</i>
Weighted average number of ordinary shares in issue	<u>785,534</u>	<u>785,485</u>
	<i>HK Cents</i>	<i>HK Cents</i>
Basic loss per share	<u>(7.27)</u>	<u>(25.09)</u>

### (b) Diluted loss per share

Diluted loss per share is the same as basic loss per share for the years ended 31 December 2025 and 2024. There are no dilutive effects on the impact of the exercise of the share options as they are anti-dilutive.

## 9. Dividends

No final dividend was proposed during the year (2024: Nil).

## 10. Contract assets, trade and other receivables and prepayments

	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance lease – gross receivables	<b>709,438</b>	673,979
Less: Unearned finance income	<b>(167,545)</b>	(169,928)
	<hr/>	<hr/>
Present value of minimum lease payments	<b>541,893</b>	504,051
Less: Loss allowance	<b>(1,935)</b>	(1,739)
	<hr/>	<hr/>
	<b>539,958</b>	502,312
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Trade receivables (note (a))		
– Third parties	<b>387,014</b>	292,674
– Related companies	<b>28,548</b>	47,818
	<hr/>	<hr/>
	<b>415,562</b>	340,492
Less: Loss allowance	<b>(11,368)</b>	(3,131)
	<hr/>	<hr/>
	<b>404,194</b>	337,361
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Contract assets	<b>99,829</b>	143,931
Less: Loss allowance	<b>(386)</b>	(734)
	<hr/>	<hr/>
	<b>99,443</b>	143,197
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Bills receivables at FVOCI (note (b))	<b>14,954</b>	92,837
Prepayments	<b>48,218</b>	27,102
Value-added tax recoverable	<b>6,150</b>	5,899
Deposits and other receivables	<b>37,867</b>	17,537
	<hr/>	<hr/>
	<b>1,150,784</b>	1,126,245
Less: Non-current portion		
Finance lease receivables	<b>(502,245)</b>	(473,257)
Prepayments for property, plant and equipment	<b>(10,605)</b>	(665)
	<hr/>	<hr/>
Current portion	<b>637,934</b>	652,323
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

Notes:

(a) Trade receivables

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

	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	265,839	232,797
91 – 180 days	35,708	42,878
181 – 365 days	53,833	28,770
Over 365 days	60,182	36,047
	<u>415,562</u>	<u>340,492</u>
Less: Loss allowance	<u>(11,368)</u>	<u>(3,131)</u>
	<u><u>404,194</u></u>	<u><u>337,361</u></u>

(b) Bills receivables

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

***Transferred financial assets that are not derecognised in their entirety***

As at 31 December 2025, the Group endorsed certain unmatured bills receivables accepted by banks in the PRC (the “**Endorsed Bills**”) with a carrying amount of HK\$14,931,000 (2024: HK\$22,659,000) to certain of its suppliers in order to settle the trade and other payables due to such suppliers (the “**Endorsement**”). In addition, as at 31 December 2025, the Group discounted certain unmatured bills receivables accepted by banks in the PRC (the “**Discounted Bills**”) with a carrying amount of Nil (2024: HK\$12,599,000) to certain banks to finance its operating cash flows (the “**Discount**”). In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills and Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade and other payables settled amounting to HK\$14,931,000 (2024: HK\$22,659,000), and the Discounted Bills and the associated borrowings amounting to Nil (2024: HK\$12,599,000). Subsequent to the Endorsement and Discount, the Group did not retain any rights on the use of the Endorsed Bills and Discounted Bills, including the sale, transfer or pledge to any other third parties.

***Transferred financial assets that are derecognised in their entirety***

As at 31 December 2025, the Group had unmatured Endorsed Bills with an aggregate carrying amount of HK\$67,056,000 (2024: HK\$46,254,000) and unmatured Discounted Bills with an aggregate carrying amount of HK\$17,117,000 (2024: HK\$155,811,000) that have been transferred and derecognised (the “**Derecognised Bills**”). The Derecognised Bills have maturity from six months (2024: six months) at the end of the reporting period. In accordance with the relevant laws and regulations in the PRC and relevant discounting arrangements with certain banks, the holders of the Derecognised Bills have a right of recourse against the Group if the accepting banks default (the “**Continuing Involvement**”). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2025 and 2024, the Group had not recognised any gain or loss arising from the Derecognised Bills. No gain or loss were recognised from the Continuing Involvement, both during the years or cumulative years.

## 11. Contract liabilities, trade and other payables

	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables (note)		
– Third parties	219,185	173,646
– Related companies	2,335	1,635
	<u>221,520</u>	<u>175,281</u>
Bills payables	293,899	163,297
Contract liabilities	25,868	19,696
Accrued salaries and bonus	24,709	24,645
Other payables for purchase of property, plant and equipment	30,670	60,003
Other creditors and accruals	42,706	36,041
Value-added tax payable	12,756	9,237
Deferred revenue in respect of government grants	8,894	25,513
Defined benefit obligations	265	265
	<u>661,287</u>	<u>513,978</u>
Less: Non-current portion	<u>(26,782)</u>	<u>(265)</u>
Current portion	<u>634,505</u>	<u>513,713</u>

Note:

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

	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	69,402	101,251
31 – 90 days	64,842	17,564
91 – 180 days	36,379	20,316
Over 180 days	50,897	36,150
	<u>221,520</u>	<u>175,281</u>

## 12. Bank borrowings

The Group's bank borrowings are repayable as follows:

	<u>2025</u>	<u>2024</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
On demand or within one year	<b>304,562</b>	312,927
In the second year	<b>47,207</b>	154,896
Wholly repayable within five years	<b>351,769</b>	467,823
Less: portion due on demand or within one year under current liabilities	<b>(304,562)</b>	(312,927)
Portion due over one year under non-current liabilities	<b>47,207</b>	154,896

Notes:

- (a) The Group's bank borrowings amounting to HK\$49,402,000 (2024: HK\$346,915,000) were carried at a floating rate at 2.2% per annum (2024: 2.3% to 5.9% per annum) and HK\$302,367,000 (2024: HK\$108,309,000) were carried at fixed rates ranging from 2.2% to 3.9% per annum (2024: 2.3% to 3.9% per annum). As at 31 December 2024, HK\$12,599,000 of the current bank borrowings was related to the Discounted Bills (note 10(b)) and was carried at fixed rates ranged from 0.7% to 1.8% per annum.
- (b) As at 31 December 2025 and 2024, the Group's bank borrowings were secured by corporate guarantee given by the Company.
- (c) As at 31 December 2025, the Group had banking facilities amounting to HK\$1,455,698,000 (2024: HK\$1,804,262,000), out of which HK\$781,414,000 (2024: HK\$1,136,562,000) were not utilised.

## 13. Comparative information

Certain comparative figures have been reclassified to conform with current year's presentation.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group recorded a decrease in revenue by 15.0% from HK\$1,233.9 million in 2024 to HK\$1,048.3 million in 2025, mainly attributable to the decrease in revenue attributable to the PV Films. Loss attributable to owners of the Company amounted to HK\$57.1 million in 2025 which was mainly attributable to the amount of provision for the impairment of the value of production facilities and other assets in relation to the PV Films as a result of the severe operating environment of the industry and a more prudent sales strategy implemented by the Group.

### **Renewable Energy – Electric Storage Business**

The Group has production facilities in Zhangjiagang, Jiangsu Province for the manufacturing and sales of electric storage products and is engaged in the integrated research and development (R&D), design, production, system integration and service function with lithium batteries as the core to further develop into different types of lithium battery products and energy storage products, which have become the core business activities of the Group. The 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 residential 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 residential use mainly include micro energy storage products and electric vehicle (“EV”) chargers.

### **Renewable 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 and a joint venture in Indonesia, for the provision of EPC Services in Canada and Indonesia, respectively.

### **Renewable 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 a 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 service centres and a motorcade service team for the automobile glass repair and replacement services in Hong Kong.

## **BUSINESS REVIEW**

### **Electric Storage Business – Recovery of the delivery of industrial and commercial energy storage projects with results of overseas market expansion yielding**

The Group is dedicated to the development and application of different types of battery pack, energy storage system products and residential “photovoltaic, storage and charging” products, and is engaged in the R&D, design, production, system integration and service function with lithium batteries as the core to further develop into different types of lithium battery products and energy storage products, which have become the core business activities of the Group. The Group has always adhered to the scientific and technological innovation, and the Directors believe that R&D is the key to success of the Group’s long-term development. Therefore, the Group has provided strong support to the investment in R&D and has strengthened continuously the investment in R&D. In response to the customers’ demands and the market changes, R&D and production of energy storage system products and other associated products have been strengthened for the purpose of offering customers a wider range of energy storage products, technical services and comprehensive system solutions.

The Directors are of the view that the demand for the industrial and commercial energy storage products and the residential “photovoltaic, storage and charging” products will serve as the growth drivers in the future, thus active deployment is being carried out for the dual development in these business activities. The Group’s industrial and commercial energy storage products are part of the Group’s comprehensive product solutions, with products including air cooling energy storage system and liquid cooling energy storage system, and are suitable for different applications, such as power generation, power supply and user-side.

As disclosed in the 2024 Annual Report of the Company, the Group ceased the lithium battery production during 2024, corresponding adjustments were needed for the R&D of its energy storage system products, aiming at assessing and improving the impact of using different lithium batteries on such products, while appropriate R&D and switching were required subsequently in terms of the technology of the energy storage system products, resulting in lower revenue from industrial and commercial energy storage projects in 2024. Following technical switching and design optimisation, production and delivery of the Group’s industrial and commercial energy storage projects resumed normal operations in the fourth quarter of 2024, resulting in a 110.6% increase in revenue from electric storage business in 2025 as compared to last year.

Concurrently, the energy storage products of the Group also achieved progress in Canada during the year. Leveraging its distribution channels in Canada, successful sales and installations of energy storage products of the Group were completed for residential, and industrial and commercial projects integrated with photovoltaic systems, laying a solid foundation for its energy storage products in overseas markets.

In respect of the EV chargers, the Group is gradually developing the related business, with sales growing steadily and business relationships established with certain customers. Negotiations are underway with more customers with the expectation that more sales orders will be secured in the near future.

**Engineering, procurement and construction (“EPC”) services business for photovoltaic power stations – Business volume increased driven by policy transition period triggers installation rush in the PRC, while the industrial and commercial photovoltaic EPC market in Canada gradually expanded**

Because of the rapid development in the distributed photovoltaic field, the Group has formed a professional and efficient photovoltaic EPC team and has commenced the EPC Services business in the PRC, Canada and Indonesia. Under the realisation of “carbon emission peak and carbon neutrality (碳達峰、碳中和)” goal actively promoted by the PRC government, the applications of the photovoltaics are increasing in all scenarios. The distributed photovoltaic power stations are built on roofs for achieving energy-saving and carbon dioxide emission reduction, which provided an enormous market for the photovoltaic business. The Group is also engaged in the provision of photovoltaic EPC Services for residential users in Canada in the form of one-stop energy solution covering the design and development, financial planning, installation and the post-completion maintenance.

In the PRC market, driven by the policy incentives, the industrial and commercial distributed photovoltaic projects experienced a surge in the installations during the first half of 2025, among which (i) the projects grid-connected before 30 April 2025 were eligible for full feed-in tariff benefits, while those connected after this date could only opt for self-consumption or partial grid sales without full tariff benefits, and the installed capacity of industrial and commercial projects is generally capped at 6 megawatts and (ii) distributed photovoltaic projects commissioned after 31 May 2025 were required to trade all electricity through market mechanisms, with prices determined through competitive bidding and no longer eligible for fixed feed-in tariffs. Therefore, many customers chose to complete project installations and grid connections by 30 April or 31 May 2025. In 2025, the photovoltaic EPC Services business of the Group in the PRC recorded an increase in installed capacity as compared to last year, yet the revenue remained stable as compared to last year, primarily attributable to a decrease in average selling price per unit for EPC projects in the PRC, influenced by the overall conditions of the renewable energy market.

In the Canadian market, the suspension of federal government subsidy applications at the national level in 2024 has impacted both order intake and installation volumes for the Group's photovoltaic EPC Services in Canada, resulting in a decrease in revenue from the EPC Services in Canada, as compared to last year. Nevertheless, with years of dedicated efforts and a strong reputation, the Group's solid and reliable foundation continues to maintain its photovoltaic EPC Services business in a leading position in the Canadian market. In 2025, the Group further expanded its industrial and commercial project development in the Canadian photovoltaic EPC Services business, and also actively promoted the transition of its business model from photovoltaic EPC to photovoltaic-plus-storage EPC solutions. Currently, both residential and industrial and commercial photovoltaic-plus-storage EPC projects are progressing well.

In addition, the Group has established a joint venture in Indonesia with a prominent local enterprise in 2024 for the purpose of providing photovoltaic EPC Services to the domestic users in Indonesia to further expand the photovoltaic EPC Services business overseas. The inaugural project has been completed, with subsequent projects now underway, providing new momentum for the Group's international business development. The Group's joint venture in Indonesia achieved outstanding results in 2025, demonstrating that the Group's EPC model and capabilities are recognised by the market, laying a solid foundation for the Group's further development of EPC business overseas.

### **PV Films business – Controlling order intake to mitigate operating risks**

In alignment with Xinyi's strategic objective of becoming a major supplier of key components of photovoltaic modules, the Group has actively expanded its PV Films production business. The Group's PV Films products are mainly ethylene vinyl acetate (EVA) films, polyolefin elastomer (POE) films and co-extruded POE (EPE) films, which are developed according to the customers' demands for the type and technical requirements of photovoltaic modules, so as to provide them with PV Films products that meet their requirements. The Group's PV Films production lines are located in Wuhu City, Anhui Province, the PRC and Malacca, Malaysia.

The photovoltaic industry continues to face severe challenges and intensified competition which has put enormous pressure on its overall profitability from cyclical adjustments from changes in supply and demand in last year, with both small-to-medium and large-scale module enterprises generally reporting losses experiencing considerable operational pressure. Concurrently, an increase in the overall production capacity of the PV Films industry caused market capacity to exceed demand. This supply-demand imbalance triggered a period of price competition, during which enterprises lowered their prices. Consequently, both the selling prices and gross profit margins of PV Films products declined, severely impacting the overall profitability of enterprises. Beyond industry leaders, most PV Films enterprises faced profitability challenges, with accounts receivable risks intensifying. The market is further concentrating on leading enterprises possessing capital, cost, and technological advantages, squeezing order intake and profit margins for other PV Films manufacturers. Under such difficult operating environment, the Group, while actively promoting the sales volume increase, shall also consider factors including profit of orders and recoverability risk of receivables. Taking a more prudent sales strategy and control of order scale when appropriate, the Group will develop the PV Films business with certain profitability to protect the long-term healthy development of this business. The Group has temporarily restricted order acceptance for PV Films products in the PRC market, awaiting the signs of market recovery. Consequently, under this cautious order acceptance strategy, the revenue from the PV Films business decreased in 2025, as compared to last year.

#### **Others – Cessation of wind farm related business**

In December 2025, the Company has completed the disposal of 18% equity interest of Xinyi Wind Power (Jinzhai) Company Limited\* (金寨信義風能有限公司) (“**Jinzhai Wind Power**”), which is the owner and operator of a wind farm situated at Jinzhai City, Anhui Province with the approved power generating capacity of 64 megawatts, to a subsidiary of Xinyi Energy Holdings Limited (stock code: 03868). As such, the wind farm business of the Group was ceased during the year.

## FINANCIAL REVIEW

### Revenue

For the FY2025, the Group's revenue was HK\$1,048.3 million (2024: HK\$1,233.9 million), representing a decrease by 15.0% mainly attributable to the change in revenue contributed by business segments analysed as follows:

#### *Revenue — by segment*

	Year Ended 31 December					
	2025		2024		Increase/(decrease)	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
Electric storage business	<b>363.0</b>	<b>34.6</b>	172.4	14.0	190.6	110.6
EPC Services	<b>488.8</b>	<b>46.6</b>	611.8	49.6	(123.0)	(20.1)
PV Films	<b>94.2</b>	<b>9.0</b>	341.5	27.7	(247.3)	(72.4)
Automobile glass repair and replacement services	<b>66.3</b>	<b>6.3</b>	57.4	4.6	8.9	15.5
Others (Trading of forklift and wind farm related business)	<b>36.0</b>	<b>3.5</b>	50.8	4.1	(14.8)	(29.1)
Total revenue	<b><u>1,048.3</u></b>	<b><u>100.0</u></b>	<u>1,233.9</u>	<u>100.0</u>	<u>(185.6)</u>	<u>(15.0)</u>

#### *Revenue — by geographical area*

	Year Ended 31 December					
	2025		2024		Increase/(decrease)	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
The PRC	<b>628.7</b>	<b>60.0</b>	723.5	58.6	(94.8)	(13.1)
Canada	<b>308.8</b>	<b>29.5</b>	430.5	34.9	(121.7)	(28.3)
Hong Kong	<b>66.3</b>	<b>6.3</b>	57.4	4.7	8.9	15.5
Others	<b>44.5</b>	<b>4.2</b>	22.5	1.8	22.0	97.8
Total revenue	<b><u>1,048.3</u></b>	<b><u>100.0</u></b>	<u>1,233.9</u>	<u>100.0</u>	<u>(185.6)</u>	<u>(15.0)</u>

The Group's revenue from the sales of electric storage products increased from HK\$172.4 million for the FY2024 to HK\$363.0 million for the FY2025. The increase in revenue was mainly due to the resumption of delivery of industrial and commercial energy storage products to customers, following the Group's earlier suspension of lithium battery production, which required corresponding adjustments for R&D of its energy storage system products.

Revenue from the EPC Services decreased from HK\$611.8 million for the FY2024 to HK\$488.8 million for the FY2025. The decrease in revenue was mainly due to the decrease in average selling prices in Mainland China market and the decrease in installation volume in Canadian market following the suspension of Canadian federal government subsidy applications at the national level.

Revenue from the PV Films decreased from HK\$341.5 million for the FY2024 to HK\$94.2 million for the FY2025. The decrease in revenue was mainly due to the market oversupply of the PV Films products in the industry and the corresponding decrease in average selling prices. The Group has also implemented a strict control over the order scale to mitigate the operation risks, which also led to the decrease in revenue.

Revenue from the automobile glass repair and replacement services increased from HK\$57.4 million for the FY2024 to HK\$66.3 million for the FY2025. The increase in revenue was mainly driven by the higher average selling price, as more customers chose the automobile glasses with value-added functions and features for replacement.

### **Cost of revenue and gross profit**

Cost of revenue comprised of HK\$338.5 million (2024: HK\$164.0 million) arising from the electric storage business, HK\$368.5 million (2024: HK\$454.3 million) arising from the EPC Services, HK\$92.0 million (2024: HK\$333.0 million) arising from the PV Films, HK\$44.0 million (2024: HK\$39.1 million) arising from the automobile glass repair and replacement services, and HK\$24.8 million (2024: HK\$40.3 million) arising from others (trading of forklift and wind farm related business).

Cost of revenue for the electric storage business of HK\$338.5 million (2024: HK\$164.0 million) mainly comprised of the material cost, labour cost and depreciation charge of property, plant and equipment. The gross profit of the electric storage business increased from HK\$8.4 million for the FY2024 to HK\$24.5 million for the FY2025. The increase in gross profit was mainly due to the increase in revenue during the year. The increase in gross profit margin was mainly due to the increase in sales volume, which led to the decrease in average unit cost, and also sales to overseas market which had a higher gross profit margin.

Cost of revenue for the EPC Services of HK\$368.5 million (2024: HK\$454.3 million) mainly comprised of the material cost, installation cost and other subcontracting costs. The gross profit of the EPC Services decreased from HK\$157.5 million for the FY2024 to HK\$120.3 million for the FY2025 mainly due to the decreases in revenue and gross profit margin during the year. The slight decrease in gross profit margin was mainly due to the decrease in average selling price in the PRC market.

Cost of revenue for the PV Films of HK\$92.0 million (2024: HK\$333.0 million) mainly comprised of material cost, labour cost and depreciation charge of property, plant and equipment. The gross profit of the PV Films decreased from HK\$8.6 million for the FY2024 to HK\$2.2 million for the FY2025 mainly due to the decrease in revenue during the year. The decrease in revenue was mainly due to the implementation of control over order scale to mitigate the operation risk.

Cost of revenue for the automobile glass repair and replacement services of HK\$44.0 million (2024: HK\$39.1 million) mainly comprised of labour costs and depreciation charge of property, plant and equipment (including the depreciation charge of right-of-use assets of lease contracts). The gross profit of the automobile glass repair and replacement services increased from HK\$18.3 million for the FY2024 to HK\$22.3 million for the FY2025 mainly because the depreciation charge and other overhead expenses (including labour costs) were generally stable, while revenue increased.

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

The gross profit decreased by HK\$22.5 million from HK\$203.1 million for the FY2024 to HK\$180.6 million for the FY2025, which was mainly attributable to the decrease in gross profit of the EPC Services. The gross profit margin slightly increased from 16.5% for the FY2024 to 17.2% for the FY2025, mainly due to the decrease in revenue attributable to the PV Films, which had a relatively lower gross profit margin as compared to other businesses of the Group.

### **Other income**

Other income for the FY2025 mainly represented the dividend income of HK\$46.2 million from Jinzhai Wind Power, a company owned by the Group as to 18.0% and classified as a financial asset at FVOCI. The Group's equity interest in Jinzhai Wind Power was disposed in December 2025. Details of the disposal are set forth in the announcements of the Company dated 23 December 2025 and 16 January 2026. Other income for the FY2025 also included government grants, additional deduction of input value-added tax, income from sale of electricity generated from the Group's distributed photovoltaic power generation facilities and income from provision of energy management solutions for energy storage stations.

Other income for the FY2024 mainly represented tax subsidy, additional deduction of input value-added tax, income from sale of electricity generated from the Group's distributed photovoltaic power generation facilities and income from provision of energy management solutions for energy storage stations.

### **Other losses, net**

Other losses, net for the FY2025 mainly included net exchange loss.

Other losses, net for the FY2024 mainly included the loss on disposal of the battery production lines amounting to HK\$95.6 million. Loss on disposal of HK\$95.6 million was recognised during the FY2024, representing the difference between the carrying amount of the battery production lines and the consideration. Details of the disposal of battery production lines are set forth in the announcements of the Company dated 6 December and 18 December 2024.

### **Impairment loss on financial assets**

The impairment loss on financial assets mainly represented the expected credit losses recognised for finance lease receivables, trade receivables and contract assets. The increase in impairment loss recognised for the FY2025 mainly attributable to the additional provision for certain trade receivables that were individually assessed to be potentially non-recoverable.

### **Impairment losses on property, plant and equipment and intangible assets**

The details of the impairment losses on property, plant and equipment and intangible assets are as follows:

#### *PV Films business*

In view of the imbalance between the market demand and supply of the PV Films products, the market prices of the PV Films products decreased significantly. During the year, the Directors decided to implement a more prudent sales strategy and control of order scale to mitigate the operation risks, therefore the revenue attributable to the PV Films decreased and the PV Films business recorded operating loss during the year. The Directors concluded there was an impairment indicator and carried out an impairment assessment and a review of the recoverable amount of the PV Films business.

Due to the changes in operation strategy and circumstance of the PV Films business, the future cash flows arisen from the non-financial assets related to the PV Films business were expected to decrease and the related value in use was estimated to be minimal. Therefore, the recoverable amount of the PV Films business was changed to be determined using the fair value less costs of disposal calculation (2024: value in use calculation) based on an individual basis using a combination of market approach by making reference to the current prices or asking prices of similar assets in similar locations and replacement cost approach with including adjustment on allowance for physical deterioration and all forms of obsolescence and optimisation.

In respect of the determination of the fair value less costs of disposal calculation of the cash-generating unit of PV Films business for financial reporting purpose, the Group has engaged an independent valuer to assist the Company in the relevant calculation of the fair value less costs of disposal. Based on the valuation carried out by the independent valuer as of 31 December 2025, the carrying amounts of certain assets of the PV Films business were written down to their respective recoverable amounts. As a result, an impairment loss on property, plant and equipment of HK\$87.5 million (2024: HK\$41.4 million) was recognised for the FY2025. Meanwhile, as the Directors decided to suspend the subsequent R&D and promotion of the projects under the current circumstances of the PV Films industry, a full impairment loss on intangible assets in relation to capitalised development costs of HK\$27.2 million (2024: HK\$4.4 million) was also recognised for the FY2025.

#### *EV charger business*

In view of the intense competition of the EV charger products in the market and the accelerated technical development, the revenue generated from the EV charger business was still at a low level during the year. The Directors concluded there was an impairment indicator and carried out an impairment assessment and a review of the recoverable amount of the EV charger business. The recoverable amount of the EV charger business was determined using the value in use calculation based on the cash flow projections covering a five-year period. In respect of the determination of the value in use of the cash-generating unit of the EV charger business for financial reporting purpose, the Group has engaged an independent valuer to assist the Company in the relevant calculation of the value in use. Based on the valuation carried out by the independent valuer as of 31 December 2025, the recoverable amount of the EV charger business was higher than its carrying amount. Therefore, no further impairment loss was recognised for the FY2025 (2024: HK\$18.0 million).

#### *Electric storage business*

In view of the intense competition of the electric storage products in the market and the accelerated technical development, the profitability and gross profit margin of the electric storage business remained at a low level during the year. The Directors concluded there was an impairment indicator and carried out an impairment assessment and a review of the recoverable amount of the electric storage business. The recoverable amount of the electric storage business was determined using the value in use calculation based on the cash flow

projections covering a five-year period. In respect of the determination of the value in use of the cash-generating unit of the electric storage business for financial reporting purpose, the Group has engaged an independent valuer to assist the Company in the relevant calculation of the value in use. Based on the valuation carried out by the independent valuer as of 31 December 2025, the recoverable amount of the electric storage business was higher than its carrying amount. Therefore, no impairment loss was recognised for the FY2025 (2024: Nil).

### **Selling and marketing costs**

Selling and marketing costs increased by HK\$11.3 million from HK\$33.2 million for the FY2024 to HK\$44.5 million for the FY2025, which was mainly due to the increase in advertising expenses during the year.

### **Administrative expenses**

Administrative expenses decreased by HK\$10.3 million from HK\$157.6 million for the FY2024 to HK\$147.3 million for the FY2025, primarily due to (i) the decrease in share-based compensation for share options granted; (ii) the decrease in expenditure for R&D following the suspension of R&D for lithium battery; and (iii) the decrease in depreciation charge of property, plant and equipments, partially offset by the increase in employee benefit expense incurred for administrative duties.

### **Share of results of joint ventures**

Share of results of joint ventures was mainly contributed from the Company's joint venture in Indonesia, namely PT Xinkai Solar Indonesia (“**PT Xinkai**”), which was incorporated and commenced operation in 2024. PT Xinkai is principally engaged in the EPC Services in Indonesia. Share of results of joint ventures increased by HK\$14.5 million from HK\$3.9 million for the FY2024 to HK\$18.4 million in the FY2025. The increase in share of results from PT Xinkai in the FY2025 as compared to the FY2024 was mainly due to its operation commencing only in the second half of 2024, and most of the installation work of its first project was carried out in 2025 and accordingly more profit was generated in 2025.

## **Finance costs**

Finance costs decreased by HK\$3.9 million from HK\$17.7 million (or HK\$20.9 million before capitalisation) for the FY2024 to HK\$13.8 million (or HK\$14.4 million before capitalisation) for the FY2025. The decrease in finance costs before capitalisation was due to (i) the re-finance of the Hong Kong dollars (“**HK\$**”) bank borrowings by Renminbi (“**RMB**”) bank borrowings, taking advantage of the lower RMB borrowing rates as compared to those of HK\$ and (ii) the decrease in average balance of bank borrowings. The decrease in amounts eligible for capitalisation was mainly due to the decrease in qualifying assets during the year. During the year, interest expense of HK\$0.6 million (2024: HK\$3.2 million) was mainly capitalised into the property, plant and equipment of the PV Films production facilities. The capitalised amounts will depreciate together with the relevant assets over their estimated useful lives.

## **Income tax expense**

The Group incurred income tax expense of HK\$9.5 million for the FY2025 (2024: HK\$18.3 million), which comprised of Hong Kong profits tax, PRC corporate income tax and Canadian corporate income tax. The decrease in income tax expense was mainly due to the decrease in the profit before income tax attributable to the EPC Services in Canada. Three (2024: Three) of the PRC subsidiaries, being qualified as New and High Technology Enterprise, were entitled to a preferential corporate income tax rate of 15% and tax incentives for research and development tax credit.

## **Loss attributable to owners of the Company**

Loss attributable to owners of the Company for the FY2025 amounted to HK\$57.1 million (2024: HK\$197.1 million). The reduction of loss attributable to owners of the Company was mainly due to (i) the absence of the loss arising from the disposal of the battery production lines amounting to HK\$95.6 million and the amount of provision for the impairment of the intangible assets in relation to the capitalised development costs for the lithium battery products amounting to HK\$15.8 million recognised in the FY2024; (ii) the dividend income recognised for the declaration of dividend by Jinzhai Wind Power; and (iii) partially offset by the amount of provision for the impairment of the value of the production facilities and other assets attributable to the PV Films business.

## **BUSINESS OUTLOOK**

The Group currently focuses on a diversified approach of “3E” renewable energy business, namely Energy storage, EPC Services and EVA Films.

Currently, the renewable energy industry as a whole has been confronted with multiple challenges such as supply-demand mismatch, downside product prices and narrowing gross margins, which has further led to operating pressures and losses incurred by many market participants. Despite such difficult operating conditions, the Group remains firmly committed to investing in R&D and expansion of overseas markets. The Group will continue to focus on the market development, strengthen the R&D and optimise the product standards, while focusing on the development of overseas markets, in which resources will be deployed to strengthen and accelerate the product R&D and certification applicable to overseas markets.

The Group will increase its resources on investment in overseas photovoltaic-plus-storage EPC business and actively explore development opportunities in other overseas markets. Benefiting from the presence of EPC Services business in North America and the successive completion of product certification, the Group has already been steadily securing orders through the mode of photovoltaic-plus-storage EPC in North America. Based on the solid foundation of photovoltaic EPC Services and established brand reputation in North America, the Group will further deepen its presence in the region and improve the utilisation of its integrated photovoltaic-plus-storage solutions. In addition, the industrial and commercial photovoltaic EPC market in Canada is emerging as a new growth focus. After meticulous planning, the Group has successfully secured a number of projects and will continue to expand this business segment in the future. In the future, overseas market development will remain a key focus for future growth of the Group, which will expand its business footprint through strategic overseas deployment and has already identified several promising overseas countries for developing photovoltaic and photovoltaic-plus-storage EPC operations, including South Korea and New Zealand. The Group’s EPC business in Indonesia through joint venture achieved remarkable results during the year, demonstrating the viability of its business model in the market. The Group will continue to explore the development of photovoltaic EPC and photovoltaic-plus-storage storage EPC businesses in other countries through this model to further expand into overseas markets. In terms of electric storage business, the Group has entered into strategic cooperation agreements with certain enterprises to manufacture and supply energy storage products for them. Such collaborations are progressing steadily, with the expectation that the cooperative model will enable long-term, stable growth in delivery volumes and market share in the future.

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

Looking forward, the Group will continue to focus on the development and innovation of the selected sectors in renewable energy such as energy storage, EPC Services and PV Films. The Group will continue to integrate internal resources, promote product upgrades, expand into overseas markets and adhere to prudent financial management principles, in order to consolidate its competitive advantages and increase its market share. Although the energy storage and photovoltaic industries are currently undergoing a phase of adjustment, the application of photovoltaics and energy storage remains indispensable. It is believed that such development prospects remain robust and are both likely to represent the future trend for renewable energy. The Group has accumulated extensive experience of deep involvement in both industries over many years. Against the positive backdrop, the Directors remain confident in the long-term development prospect of these industries, and believe that through clear strategic planning and flexible operational model, the Group will successfully cope with and overcome multiple challenges arising from the changes in the renewable energy market, escalating trade barriers, and geopolitical tensions with abilities to stand out in the renewable energy industry, delivering satisfactory returns to the shareholders and continuously contributing to the global green energy transition.

## **FINANCIAL RESOURCES AND LIQUIDITY**

For the FY2025, the Group's primary sources of funding included its own working capital and bank borrowings. As of 31 December 2025, the Group had net current assets of HK\$35.3 million (31 December 2024: HK\$70.5 million) and cash and cash equivalents of HK\$115.5 million (31 December 2024: HK\$111.7 million) which were mainly placed with major banks in Hong Kong, the PRC and Canada. As of 31 December 2025, the Group had bank borrowings of HK\$351.8 million (31 December 2024: HK\$467.8 million) and had unutilised banking facilities of HK\$781.4 million (31 December 2024: HK\$1,136.6 million).

As of 31 December 2025, the Group's gearing ratio calculated based on net debt (bank borrowings less cash and cash equivalents) divided by the total equity of the Group was 25.3% (31 December 2024: 36.9%). The change in the Group's gearing level was primarily due to the decrease in bank borrowings.

## **CAPITAL STRUCTURE**

There has been no material change in the capital structure of the Company during the year. The capital of the Group comprises only ordinary shares.

## **CAPITAL EXPENDITURES AND COMMITMENTS**

The Group incurred capital expenditures of HK\$72.8 million for the FY2025 (2024: HK\$50.8 million), which was mainly related to the construction and acquisition of new equipment for the PV Films.

Capital commitments contracted but not provided for by the Group as of 31 December 2025 amounted to HK\$16.0 million (31 December 2024: HK\$12.8 million), which were mainly related to the acquisition of land and the construction and purchase of various production plants and machinery from independent third parties under different independent contracts for the development of film business in Indonesia.

## **PLEDGE OF ASSETS**

As of 31 December 2025, a bank balance of HK\$15.2 million was pledged to secure for the Group's bills payables (31 December 2024: HK\$2.9 million).

## **EMPLOYEE AND REMUNERATION POLICIES**

As of 31 December 2025, the Group had 340 (31 December 2024: 445) full-time employees, of whom 161 (31 December 2024: 298) were based in the PRC, 70 (31 December 2024: 64) were based in Hong Kong and 109 (31 December 2024: 83) were based in Malaysia, Indonesia and Canada. The total staff costs, including the emoluments of the Directors, amounted to HK\$133.7 million (2024: HK\$135.9 million) for the FY2025. The Group maintains good relationships with all of its employees and provides the employees with sufficient training in business and professional knowledge, including information about the applications of the Group's products and skills in maintaining good customer relationships.

Remuneration packages offered to the Group's employees have been consistent with the prevailing market terms and are reviewed on a regular basis. Discretionary bonuses may be awarded to employees taking into consideration the Group's performance and that of the individual employee.

Pursuant to the applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administrated by the responsible government authorities in the PRC for its employees in the PRC. For the Group's employees in Hong Kong, all the arrangements pursuant to the mandatory provident fund requirements prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) have been duly implemented. The Group's employees in Canada are members of the Canada Pension Plan operated by the Canadian government.

## **FINAL DIVIDEND**

The Directors did not recommend the payment of any final dividend for the FY2025 (2024: Nil).

## **TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES**

The Group mainly operates in Hong Kong, the PRC and Canada with most of the transactions denominated and settled in HK\$, RMB and Canadian Dollar ("CAD"). Exchange rate fluctuations between RMB and HK\$ or CAD and HK\$ could affect the Group's performance and asset value.

The presentation currency of the Group's consolidated financial statements is HK\$. Amid the appreciation (2024: depreciation) of RMB against HK\$ in 2025, the Group reported non-cash translation gain (2024: loss) – an increase in the exchange reserve of its consolidated statement of financial position of HK\$48.9 million (2024: decrease HK\$66.2 million), when converting RMB-denominated assets and liabilities into HK\$ at 31 December 2025. As a result, the Group's consolidated exchange reserve recorded a debit balance of HK\$94.0 million as of 31 December 2025, as compared to a debit balance of HK\$142.1 million as of 31 December 2024.

The Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations. The Group may use financial instruments for hedging purposes as and when required. During the FY2025, the Group did not use any financial instrument for hedging purpose.

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

During the FY2025, the Company has completed the disposal of 18% equity interest of Jinzhai Wind Power. Details of which are disclosed in the announcements of the Company dated 23 December 2025 and 16 January 2026.

As of 31 December 2025, there were no significant investments held which exceed 5% of the total assets of the Group. Save as disclosed above, there were no material acquisitions or disposals of subsidiaries and affiliated companies during the FY2025. Save as the disclosed plan to set up the production facilities for film business in Indonesia, there were no other plans authorised by the Board for any material investments or additions of capital assets as of the date of this announcement.

## **CONTINGENT LIABILITIES**

As of 31 December 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

## **EVENT AFTER THE REPORTING PERIOD**

No significant events have taken place subsequent to 31 December 2025 and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

The Directors confirmed that the Company has complied with the applicable code provisions as contained in the Corporate Governance Code (the “**CG Code**”) set forth in Part 2 of Appendix C1 to the GEM Listing Rules for the FY2025.

## **AUDIT COMMITTEE**

The Company established an audit committee of the Board (the “**Audit Committee**”) on 25 June 2016 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 audited consolidated financial statements of the Group for the FY2025 have been reviewed by the Audit Committee.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Model Code**”) on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors set forth in Rules 5.48 to 5.67 of the GEM Listing Rules. Directors are reminded of their obligations under the Model Code on a regular basis. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with such required standard of dealings and its code of conduct regarding securities transactions set forth in the Model Code for the FY2025.

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

For the FY2025, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including the treasury shares).

## **NO COMPETING BUSINESS**

None of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) or their respective associates (as defined in the GEM Listing Rules) have any interests in any 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.

## **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as of the date of this announcement, the Company has complied with the ongoing public float threshold, representing at least 25% of the ordinary shares of the Company held by the public as required under the GEM Listing Rules.

## **PUBLICATION OF ANNUAL REPORT**

The annual report of the Company for the FY2025 containing all the information required by the GEM Listing Rules and other applicable laws and regulations will be published on the websites of the Stock Exchange and the Company in due course.

## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the FY2025 as set forth in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set forth in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on this preliminary announcement.

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, 2 March 2026

\* *For identification purpose only*

*The English text of this announcement shall prevail over the Chinese text in case of inconsistencies.*

*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, M.H., and the independent non-executive Directors are Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, S.B.S., J.P..*

*This announcement will remain on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” page for at least 7 days from the date of its publication and the Company’s website at [www.xinyies.com](http://www.xinyies.com).*