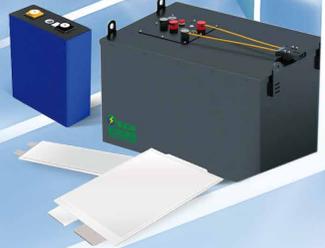


# XINYI ELECTRIC STORAGE HOLDINGS LIMITED

## 信義儲電控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 08328



# 2022

INTERIM REPORT

# 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.**

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

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### *Executive Directors*

Mr. NG Ngan Ho<sup>^</sup>  
Ms. LI Pik Yung

### *Non-executive Directors*

Tan Sri Datuk TUNG Ching Sai  
*P.S.M., D.M.S.M., J.P. (Chairman)*<sup>-</sup>  
Mr. LEE Shing Kan<sup>o</sup>

### *Independent non-executive Directors*

Mr. WANG Guisheng<sup>\*o<</sup>  
Mr. NG Wai Hung<sup>#<</sup>  
Mr. CHAN Hak Kan, S.B.S., J.P.<sup>#+</sup>

- \* Chairman of audit committee
- # Members of audit committee
- \* Chairman of remuneration committee
- o Members of remuneration committee
- Chairman of nomination committee
- < Members of nomination committee
- ^ Compliance officer

## COMPANY SECRETARY

Mr. CHEUNG Siu On Victor, FCPA

## REGISTERED OFFICE

Windward 3, Regatta Office Park  
PO Box 1350, Grand Cayman KY1-1108  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2116-2117, 21st Floor  
Rykadan Capital Tower  
No. 135 Hoi Bun Road, Kwun Tong  
Kowloon, Hong Kong

## LEGAL ADVISERS AS TO HONG KONG LAW

Squire Patton Boggs  
29th Floor, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

## AUDITOR

BDO Limited  
Certified Public Accountant  
25/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

## PRINCIPAL BANKERS

Bank of China (Hong Kong)  
DBS Bank  
Hang Seng Bank  
HSBC  
Bank of China  
Huishang Bank  
Industrial Bank  
China Construction Bank

# CORPORATE INFORMATION (CONTINUED)

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park  
PO Box 1350, Grand Cayman KY1-1108  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## COMPANY'S WEBSITE

[www.xyglass.com.hk](http://www.xyglass.com.hk)

## SHARE INFORMATION

Place of listing: GEM of the Stock Exchange  
Stock code: 08328  
Listing date: 11 July 2016  
Board lot: 4,000 ordinary shares  
Financial year end: 31 December  
Share price as of the date of  
this interim report: HK\$6.00  
Market capitalisation as of the date of  
this interim report:  
Approximately HK\$4,282 million

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2022, together with the comparative unaudited figures for the six months ended 30 June 2021, as follows:

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

For the six months ended 30 June 2022

|                                                                                                            | Note | Three months ended 30 June      |                                 | Six months ended 30 June        |                                 |
|------------------------------------------------------------------------------------------------------------|------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                                                                                            |      | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| <b>Revenue</b>                                                                                             | 3    | <b>244,279</b>                  | 72,575                          | <b>350,263</b>                  | 115,828                         |
| Cost of revenue                                                                                            |      | <b>(191,397)</b>                | (53,912)                        | <b>(268,767)</b>                | (90,193)                        |
| <b>Gross profit</b>                                                                                        |      | <b>52,882</b>                   | 18,663                          | <b>81,496</b>                   | 25,635                          |
| Other income                                                                                               | 4    | <b>2,691</b>                    | —                               | <b>3,667</b>                    | 11,470                          |
| Other gains/(losses), net                                                                                  | 4    | <b>(365)</b>                    | 1,250                           | <b>346</b>                      | (2,471)                         |
| Impairment loss on a financial asset                                                                       |      | —                               | —                               | —                               | (3,135)                         |
| Selling and marketing costs                                                                                |      | <b>(4,281)</b>                  | (2,309)                         | <b>(7,473)</b>                  | (3,545)                         |
| Administrative expenses                                                                                    |      | <b>(19,644)</b>                 | (10,436)                        | <b>(38,725)</b>                 | (20,096)                        |
| Share of results of an associate                                                                           |      | <b>(1)</b>                      | —                               | <b>(1)</b>                      | —                               |
| <b>Operating profit</b>                                                                                    |      | <b>31,282</b>                   | 7,168                           | <b>39,310</b>                   | 7,858                           |
| Finance income                                                                                             | 5    | <b>458</b>                      | 367                             | <b>961</b>                      | 565                             |
| Finance costs                                                                                              | 5    | <b>(907)</b>                    | —                               | <b>(1,108)</b>                  | —                               |
| <b>Profit before income tax</b>                                                                            | 6    | <b>30,833</b>                   | 7,535                           | <b>39,163</b>                   | 8,423                           |
| Income tax expense                                                                                         | 7    | <b>(9,116)</b>                  | (2,011)                         | <b>(13,217)</b>                 | (2,631)                         |
| <b>Profit for the period</b>                                                                               |      | <b>21,717</b>                   | 5,524                           | <b>25,946</b>                   | 5,792                           |
| <b>Other comprehensive income:</b><br><i>Item that may be subsequently reclassified to profit or loss:</i> |      |                                 |                                 |                                 |                                 |
| Exchange differences on translation of financial statements of operations                                  |      | <b>(34,725)</b>                 | 6,535                           | <b>(30,524)</b>                 | 3,608                           |
| <b>Total comprehensive income for the period</b>                                                           |      | <b>(13,008)</b>                 | 12,059                          | <b>(4,578)</b>                  | 9,400                           |

|                                                                                | Note | Three months ended 30 June      |                                 | Six months ended 30 June        |                                 |
|--------------------------------------------------------------------------------|------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                                                                |      | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| <b>Profit for the period attributable to:</b>                                  |      |                                 |                                 |                                 |                                 |
| – owners of the Company                                                        |      | 18,091                          | 5,187                           | 21,842                          | 5,388                           |
| – non-controlling interests                                                    |      | 3,626                           | 337                             | 4,104                           | 404                             |
|                                                                                |      | <u>21,717</u>                   | <u>5,524</u>                    | <u>25,946</u>                   | <u>5,792</u>                    |
| <b>Total comprehensive income for the period attributable to:</b>              |      |                                 |                                 |                                 |                                 |
| – owners of the Company                                                        |      | (16,280)                        | 11,711                          | (8,550)                         | 8,982                           |
| – non-controlling interests                                                    |      | 3,272                           | 348                             | 3,972                           | 418                             |
|                                                                                |      | <u>(13,008)</u>                 | <u>12,059</u>                   | <u>(4,578)</u>                  | <u>9,400</u>                    |
|                                                                                |      | <b>HK cents</b>                 | HK cents<br>(Restated)          | <b>HK cents</b>                 | HK cents<br>(Restated)          |
| <b>Earnings per share attributable to owners of the Company for the period</b> |      |                                 |                                 |                                 |                                 |
| – Basic                                                                        | 8(a) | 2.54                            | 0.79                            | 3.06                            | 0.82                            |
| – Diluted                                                                      | 8(b) | 2.52                            | 0.78                            | 3.04                            | 0.81                            |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

|                                                                  | Note | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
|------------------------------------------------------------------|------|--------------------------------------------|----------------------------------------------|
| <b>ASSETS AND LIABILITIES</b>                                    |      |                                            |                                              |
| <b>Non-current assets</b>                                        |      |                                            |                                              |
| Property, plant and equipment                                    | 10   | 431,833                                    | 370,545                                      |
| Intangible assets                                                | 10   | 13,805                                     | 11,716                                       |
| Financial asset at fair value through other comprehensive income |      | 22,232                                     | 23,244                                       |
| Interests in an associate                                        |      | 307                                        | 308                                          |
| Trade receivables                                                | 11   | —                                          | 7,456                                        |
| Finance lease receivables                                        | 11   | 117,416                                    | 53,763                                       |
| Prepayments for property, plant and equipment                    | 11   | 60,468                                     | 8,308                                        |
|                                                                  |      | <b>646,061</b>                             | <b>475,340</b>                               |
| <b>Current assets</b>                                            |      |                                            |                                              |
| Inventories                                                      |      | 405,695                                    | 180,017                                      |
| Contract assets, trade and other receivables and prepayments     | 11   | 469,038                                    | 352,032                                      |
| Income tax recoverable                                           |      | 290                                        | 474                                          |
| Pledged bank deposits                                            |      | 6,428                                      | 7,054                                        |
| Cash and cash equivalents                                        |      | 168,271                                    | 433,154                                      |
|                                                                  |      | <b>1,049,722</b>                           | <b>972,731</b>                               |
| <b>Current liabilities</b>                                       |      |                                            |                                              |
| Contract liabilities, trade and other payables                   | 12   | 534,628                                    | 414,658                                      |
| Provision for tax                                                |      | 16,219                                     | 18,760                                       |
| Lease liabilities                                                |      | 4,252                                      | 5,564                                        |
| Bank borrowings                                                  | 13   | 268,118                                    | 105,000                                      |
|                                                                  |      | <b>823,217</b>                             | <b>543,982</b>                               |
| <b>Net current assets</b>                                        |      | <b>226,505</b>                             | <b>428,749</b>                               |
| <b>Total assets less current liabilities</b>                     |      | <b>872,566</b>                             | <b>904,089</b>                               |

|                                | Note | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
|--------------------------------|------|--------------------------------------------|----------------------------------------------|
| <b>Non-current liabilities</b> |      |                                            |                                              |
| Lease liabilities              |      | 2,149                                      | 3,139                                        |
| Bank borrowings                | 13   | 87,662                                     | 122,343                                      |
| Deferred tax liabilities       |      | 15,983                                     | 9,273                                        |
|                                |      | <u>105,794</u>                             | <u>134,755</u>                               |
| <b>Net assets</b>              |      | <u><b>766,772</b></u>                      | <u><b>769,334</b></u>                        |
| <b>EQUITY</b>                  |      |                                            |                                              |
| Share capital                  | 14   | 7,136                                      | 7,133                                        |
| Reserves                       |      | 740,296                                    | 746,833                                      |
|                                |      | <u>747,432</u>                             | <u>753,966</u>                               |
| Non-controlling interests      |      | 19,340                                     | 15,368                                       |
| <b>Total equity</b>            |      | <u><b>766,772</b></u>                      | <u><b>769,334</b></u>                        |

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

|                                                                           | Attributable to owners of the Company |                           |                              |                                          |                              |                                                                                      |                                |                              |                   |                                       |                          |
|---------------------------------------------------------------------------|---------------------------------------|---------------------------|------------------------------|------------------------------------------|------------------------------|--------------------------------------------------------------------------------------|--------------------------------|------------------------------|-------------------|---------------------------------------|--------------------------|
|                                                                           | Share capital<br>HK\$'000             | Share premium<br>HK\$'000 | Capital reserves<br>HK\$'000 | Share-based payments reserve<br>HK\$'000 | Exchange reserve<br>HK\$'000 | Financial asset at fair value through other comprehensive income reserve<br>HK\$'000 | Statutory reserves<br>HK\$'000 | Retained profits<br>HK\$'000 | Total<br>HK\$'000 | Non-controlling interests<br>HK\$'000 | Total equity<br>HK\$'000 |
| <b>Balance at 1 January 2022 (Audited)</b>                                | 7,133                                 | 462,176                   | 13,587                       | 3,059                                    | 26,149                       | 16,658                                                                               | 15,113                         | 210,091                      | 753,966           | 15,368                                | 769,334                  |
| <b>Comprehensive income</b>                                               |                                       |                           |                              |                                          |                              |                                                                                      |                                |                              |                   |                                       |                          |
| Profit for the period                                                     | –                                     | –                         | –                            | –                                        | –                            | –                                                                                    | –                              | 21,842                       | 21,842            | 4,104                                 | 25,946                   |
| <b>Other comprehensive income</b>                                         |                                       |                           |                              |                                          |                              |                                                                                      |                                |                              |                   |                                       |                          |
| Exchange differences on translation of financial statements of operations | –                                     | –                         | –                            | –                                        | (30,392)                     | –                                                                                    | –                              | –                            | (30,392)          | (132)                                 | (30,524)                 |
| <b>Total comprehensive income</b>                                         | –                                     | –                         | –                            | –                                        | (30,392)                     | –                                                                                    | –                              | 21,842                       | (8,550)           | 3,972                                 | (4,578)                  |
| <b>Transactions with owners</b>                                           |                                       |                           |                              |                                          |                              |                                                                                      |                                |                              |                   |                                       |                          |
| Employees share option scheme:                                            |                                       |                           |                              |                                          |                              |                                                                                      |                                |                              |                   |                                       |                          |
| – proceed from issue of shares                                            | 3                                     | 565                       | –                            | (130)                                    | –                            | –                                                                                    | –                              | –                            | 438               | –                                     | 438                      |
| – share-based payment expense                                             | –                                     | –                         | –                            | 1,578                                    | –                            | –                                                                                    | –                              | –                            | 1,578             | –                                     | 1,578                    |
| Appropriation to statutory reserve                                        | –                                     | –                         | –                            | –                                        | –                            | –                                                                                    | 1,633                          | (1,633)                      | –                 | –                                     | –                        |
| <b>Total transactions with owners</b>                                     | 3                                     | 565                       | –                            | 1,448                                    | –                            | –                                                                                    | 1,633                          | (1,633)                      | 2,016             | –                                     | 2,016                    |
| <b>Balance at 30 June 2022 (Unaudited)</b>                                | <u>7,136</u>                          | <u>462,741</u>            | <u>13,587</u>                | <u>4,507</u>                             | <u>(4,243)</u>               | <u>16,658</u>                                                                        | <u>16,746</u>                  | <u>230,300</u>               | <u>747,432</u>    | <u>19,340</u>                         | <u>766,772</u>           |
| <b>Balance at 1 January 2021 (Audited)</b>                                | 6,482                                 | 234,150                   | 13,587                       | 505                                      | 14,305                       | 10,710                                                                               | 10,652                         | 151,917                      | 442,308           | 171                                   | 442,479                  |
| <b>Comprehensive income</b>                                               |                                       |                           |                              |                                          |                              |                                                                                      |                                |                              |                   |                                       |                          |
| Profit for the period                                                     | –                                     | –                         | –                            | –                                        | –                            | –                                                                                    | –                              | 5,388                        | 5,388             | 404                                   | 5,792                    |
| <b>Other comprehensive income</b>                                         |                                       |                           |                              |                                          |                              |                                                                                      |                                |                              |                   |                                       |                          |
| Exchange differences on translation of financial statements of operations | –                                     | –                         | –                            | –                                        | 3,594                        | –                                                                                    | –                              | –                            | 3,594             | 14                                    | 3,608                    |
| <b>Total comprehensive income</b>                                         | –                                     | –                         | –                            | –                                        | 3,594                        | –                                                                                    | –                              | 5,388                        | 8,982             | 418                                   | 9,400                    |
| <b>Transactions with owners</b>                                           |                                       |                           |                              |                                          |                              |                                                                                      |                                |                              |                   |                                       |                          |
| Employees share option scheme:                                            |                                       |                           |                              |                                          |                              |                                                                                      |                                |                              |                   |                                       |                          |
| – proceed from issue of shares                                            | 2                                     | 412                       | –                            | (100)                                    | –                            | –                                                                                    | –                              | –                            | 314               | –                                     | 314                      |
| – share-based payment expense                                             | –                                     | –                         | –                            | 1,222                                    | –                            | –                                                                                    | –                              | –                            | 1,222             | –                                     | 1,222                    |
| – adjustment relating to forfeiture of share options                      | –                                     | –                         | –                            | (6)                                      | –                            | –                                                                                    | –                              | 6                            | –                 | –                                     | –                        |
| <b>Total transactions with owners</b>                                     | 2                                     | 412                       | –                            | 1,116                                    | –                            | –                                                                                    | –                              | 6                            | 1,536             | –                                     | 1,536                    |
| <b>Balance at 30 June 2021 (Unaudited)</b>                                | <u>6,484</u>                          | <u>234,562</u>            | <u>13,587</u>                | <u>1,621</u>                             | <u>17,899</u>                | <u>10,710</u>                                                                        | <u>10,652</u>                  | <u>157,311</u>               | <u>452,826</u>    | <u>589</u>                            | <u>453,415</u>           |

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

|                                                       | Six months ended 30 June        |                                 |
|-------------------------------------------------------|---------------------------------|---------------------------------|
|                                                       | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| <b>Cash flows from operating activities</b>           |                                 |                                 |
| Cash used in operations                               | (226,195)                       | (16,945)                        |
| Interest paid                                         | (2,129)                         | (307)                           |
| Income tax paid                                       | (7,937)                         | (1,348)                         |
| Net cash used in operating activities                 | (236,261)                       | (18,600)                        |
| <b>Cash flows from investing activities</b>           |                                 |                                 |
| Purchase of property, plant and equipment             | (146,696)                       | (74,925)                        |
| Purchase of intangible assets                         | (3,640)                         | —                               |
| Other investing cash flow – net                       | 1,804                           | 1,072                           |
| Net cash used in investing activities                 | (148,532)                       | (73,853)                        |
| <b>Cash flows from financing activities</b>           |                                 |                                 |
| Proceeds from issue of shares by share options        | 438                             | 314                             |
| Proceeds from bank borrowings                         | 233,437                         | 36,784                          |
| Repayments of bank borrowings                         | (105,000)                       | —                               |
| Repayment of capital element of lease liabilities     | (3,434)                         | (1,697)                         |
| Net cash generated from financing activities          | 125,441                         | 35,401                          |
| <b>Net decrease in cash and cash equivalents</b>      | (259,352)                       | (57,052)                        |
| Cash and cash equivalents at beginning of the period  | 433,154                         | 152,930                         |
| Effect of foreign exchange rate changes, on cash held | (5,531)                         | 1,330                           |
| <b>Cash and cash equivalents at end of the period</b> | <b>168,271</b>                  | <b>97,208</b>                   |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

The Group is principally engaged in the business of the automobile glass repair and replacement business in Hong Kong and the production and sales of electric storage products and the photovoltaic films (the “**PV films**”) in the People’s Republic of China (the “**PRC**”). In addition, the Group is also engaged in the provision of engineering, procurement and construction services (the “**EPC Services**”) for solar energy projects.

This unaudited condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated. This unaudited condensed consolidated interim financial information has been approved for issue by the Board on 3 August 2022.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with the applicable disclosure provisions of the GEM Listing Rules and Hong Kong Accounting Standards (“**HKAS**”) 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 December 2021, as described in 2021 annual financial statements.

### **(a) Adoption of new or revised HKFRSs – effective 1 January 2022**

In the current period, the Group has applied for the first time the following new or revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2022:

|                                         |                                                              |
|-----------------------------------------|--------------------------------------------------------------|
| Annual Improvements to HKFRSs 2018-2020 | Annual Improvement projects                                  |
| Amendments to HKFRS 3                   | Reference to the Conceptual Framework                        |
| Amendments to HKAS 16                   | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to HKAS 37                   | Onerous Contracts – Cost of Fulfilling a Contract            |

The adoption of the above new standards and amendments to standards that are effective from 1 January 2022 does not have any significant impact to the results and financial position of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### **(b) *New or revised HKFRSs that have been issued but are not yet effective***

The following new or revised HKFRSs, 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 HKAS 1                                | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup> |
| HKFRS 17                                            | Insurance Contracts <sup>1</sup>                                                                                                 |
| Amendments to HKFRS 10 and HKAS 28                  | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>                               |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies <sup>1</sup>                                                                                   |
| Amendments to HKAS 8                                | Definition of Accounting Estimates <sup>1</sup>                                                                                  |
| Amendments to HKAS 12                               | Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>                                    |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. The Directors anticipate that the application of new and amendments to HKFRSs 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. REVENUE AND 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).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

### (a) Segment results

|                                                                                                                       | Six months ended 30 June 2022 (Unaudited) |                             |                      |                                                                             |                    | Total<br>HK\$'000 |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-----------------------------|----------------------|-----------------------------------------------------------------------------|--------------------|-------------------|
|                                                                                                                       | Electric storage<br>business<br>HK\$'000  | EPC<br>Services<br>HK\$'000 | PV films<br>HK\$'000 | Automobile<br>glass<br>repair<br>and<br>replacement<br>services<br>HK\$'000 | Others<br>HK\$'000 |                   |
| Revenue from external customers                                                                                       | 66,343                                    | 242,698                     | 9,276                | 20,657                                                                      | 11,289             | 350,263           |
| Timing of revenue recognition<br>within the scope of HKFRS 15                                                         |                                           |                             |                      |                                                                             |                    |                   |
| – At a point in time                                                                                                  | 66,343                                    | 10,706                      | 9,276                | 20,657                                                                      | 6,436              | 113,418           |
| – Over time                                                                                                           | –                                         | 230,541                     | –                    | –                                                                           | 4,853              | 235,394           |
|                                                                                                                       | 66,343                                    | 241,247                     | 9,276                | 20,657                                                                      | 11,289             | 348,812           |
| Revenue from other source:                                                                                            |                                           |                             |                      |                                                                             |                    |                   |
| Finance lease income                                                                                                  | –                                         | 1,451                       | –                    | –                                                                           | –                  | 1,451             |
| Total revenue                                                                                                         | 66,343                                    | 242,698                     | 9,276                | 20,657                                                                      | 11,289             | 350,263           |
| Cost of revenue                                                                                                       | (58,842)                                  | (177,678)                   | (8,968)              | (16,663)                                                                    | (6,616)            | (268,767)         |
| Gross profit                                                                                                          | 7,501                                     | 65,020                      | 308                  | 3,994                                                                       | 4,673              | 81,496            |
| Depreciation charge of property,<br>plant and equipment                                                               | 10,946                                    | 433                         | 191                  | 3,320                                                                       | 1                  | 14,891            |
| Amortisation of intangible assets                                                                                     | 951                                       | –                           | –                    | –                                                                           | –                  | 951               |
| Additions to non-current assets<br>during the period (other than<br>financial instruments and<br>deferred tax assets) | 27,471                                    | 231                         | 134,661              | 2,260                                                                       | 181                | 164,804           |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (a) Segment results (Continued)

|                                                                                                                       | Six months ended 30 June 2021 (Unaudited) |                             |                      |                                                                          |                    | Total<br>HK\$'000   |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-----------------------------|----------------------|--------------------------------------------------------------------------|--------------------|---------------------|
|                                                                                                                       | Electric storage<br>business<br>HK\$'000  | EPC<br>Services<br>HK\$'000 | PV films<br>HK\$'000 | Automobile<br>glass repair<br>and<br>replacement<br>services<br>HK\$'000 | Others<br>HK\$'000 |                     |
| Revenue from external customers                                                                                       | 43,911                                    | 29,398                      | —                    | 19,971                                                                   | 22,548             | 115,828             |
| Timing of revenue recognition<br>within the scope of HKFRS 15                                                         |                                           |                             |                      |                                                                          |                    |                     |
| - At a point in time                                                                                                  | 43,911                                    | 29,398                      | —                    | 19,971                                                                   | 17,746             | 111,026             |
| - Over time                                                                                                           | —                                         | —                           | —                    | —                                                                        | 4,802              | 4,802               |
| Cost of revenue                                                                                                       | 43,911<br>(36,734)                        | 29,398<br>(22,005)          | —                    | 19,971<br>(16,107)                                                       | 22,548<br>(15,347) | 115,828<br>(90,193) |
| Gross profit                                                                                                          | 7,177                                     | 7,393                       | —                    | 3,864                                                                    | 7,201              | 25,635              |
| Depreciation charge of property,<br>plant and equipment                                                               | 3,187                                     | —                           | —                    | 2,457                                                                    | 14                 | 5,658               |
| Amortisation of intangible assets                                                                                     | 427                                       | —                           | —                    | —                                                                        | —                  | 427                 |
| Additions to non-current assets<br>during the period (other than<br>financial instruments and<br>deferred tax assets) | 109,965                                   | 205                         | —                    | 771                                                                      | 419                | 111,360             |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (a) Segment results (Continued)

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

|                                      | Six months ended 30 June        |                                 |
|--------------------------------------|---------------------------------|---------------------------------|
|                                      | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Segment gross profit                 | 81,496                          | 25,635                          |
| Unallocated items:                   |                                 |                                 |
| Other income                         | 3,667                           | 11,470                          |
| Other gains/(losses), net            | 346                             | (2,471)                         |
| Impairment loss on a financial asset | —                               | (3,135)                         |
| Selling and marketing costs          | (7,473)                         | (3,545)                         |
| Administrative expenses              | (38,725)                        | (20,096)                        |
| Share of results of an associate     | (1)                             | —                               |
| Finance income                       | 961                             | 565                             |
| Finance costs                        | (1,108)                         | —                               |
| Profit before income tax             | <u>39,163</u>                   | <u>8,423</u>                    |

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

|                                                  | Electric storage business<br>HK\$'000 | EPC Services<br>HK\$'000 | Total<br>HK\$'000 |
|--------------------------------------------------|---------------------------------------|--------------------------|-------------------|
| <b>Six months ended 30 June 2022 (Unaudited)</b> |                                       |                          |                   |
| – Customer A                                     | <u>—</u>                              | <u>56,288</u>            | <u>56,288</u>     |
| <b>Six months ended 30 June 2021 (Unaudited)</b> |                                       |                          |                   |
| – Customer B                                     | <u>25,484</u>                         | <u>—</u>                 | <u>25,484</u>     |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

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

|           | Six months ended 30 June        |                                 |
|-----------|---------------------------------|---------------------------------|
|           | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| The PRC   | 206,854                         | 63,626                          |
| Canada    | 122,752                         | 32,075                          |
| Hong Kong | 20,657                          | 19,971                          |
| Others    | —                               | 156                             |
|           | <u>350,263</u>                  | <u>115,828</u>                  |

### (c) Segment assets and liabilities

|                                      | 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         |
| <b>At 30 June 2022 (Unaudited)</b>   |                           |                  |                 |                                                  |                 |                  |
| Total assets                         | <u>599,518</u>            | <u>538,700</u>   | <u>454,906</u>  | <u>47,160</u>                                    | <u>40,811</u>   | <u>1,681,095</u> |
| Total liabilities                    | <u>(147,404)</u>          | <u>(311,799)</u> | <u>(91,856)</u> | <u>(10,909)</u>                                  | <u>(10,191)</u> | <u>(572,159)</u> |
| <b>At 31 December 2021 (Audited)</b> |                           |                  |                 |                                                  |                 |                  |
| Total assets                         | <u>666,090</u>            | <u>440,176</u>   | <u>—</u>        | <u>62,821</u>                                    | <u>49,085</u>   | <u>1,218,172</u> |
| Total liabilities                    | <u>(200,058)</u>          | <u>(223,616)</u> | <u>—</u>        | <u>(13,649)</u>                                  | <u>(12,542)</u> | <u>(449,865)</u> |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (c) Segment assets and liabilities (Continued)

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

|                                             | Assets as at                               |                                              | Liabilities as at                          |                                              |
|---------------------------------------------|--------------------------------------------|----------------------------------------------|--------------------------------------------|----------------------------------------------|
|                                             | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
| Reportable segment assets/(liabilities)     | <b>1,681,095</b>                           | 1,218,172                                    | <b>(572,159)</b>                           | (449,865)                                    |
| Unallocated items:                          |                                            |                                              |                                            |                                              |
| Prepayments, deposits and other receivables | <b>174</b>                                 | 270                                          | —                                          | —                                            |
| Cash and cash equivalents                   | <b>14,514</b>                              | 229,629                                      | —                                          | —                                            |
| Bank borrowings                             | —                                          | —                                            | <b>(355,780)</b>                           | (227,343)                                    |
| Other creditors and accruals                | —                                          | —                                            | <b>(1,072)</b>                             | (1,529)                                      |
| Total assets/(liabilities)                  | <b>1,695,783</b>                           | 1,448,071                                    | <b>(929,011)</b>                           | (678,737)                                    |

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:

|           | As at                                      |                                              |
|-----------|--------------------------------------------|----------------------------------------------|
|           | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
| The PRC   | <b>488,938</b>                             | 372,107                                      |
| Canada    | <b>2,045</b>                               | 2,278                                        |
| Hong Kong | <b>15,430</b>                              | 16,492                                       |
|           | <b>506,413</b>                             | 390,877                                      |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 4. OTHER INCOME AND OTHER GAINS/(LOSSES), NET

|                                                                                                       | Three months ended 30 June      |                                 | Six months ended 30 June        |                                 |
|-------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                                                                                       | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| <b>Other income</b>                                                                                   |                                 |                                 |                                 |                                 |
| Government grants                                                                                     | 2,136                           | —                               | 2,765                           | 1,264                           |
| Compensation from landlord                                                                            | —                               | —                               | —                               | 9,986                           |
| Others                                                                                                | 555                             | —                               | 902                             | 220                             |
|                                                                                                       | <u>2,691</u>                    | <u>—</u>                        | <u>3,667</u>                    | <u>11,470</u>                   |
| <b>Other gains/(losses), net</b>                                                                      |                                 |                                 |                                 |                                 |
| Net gains on/(losses) disposal of old facilities, scrapped materials or property, plant and equipment | 1,438                           | 834                             | 1,305                           | (3,192)                         |
| Rent concessions                                                                                      | 48                              | —                               | 48                              | —                               |
| Exchange (losses)/gains, net                                                                          | (1,851)                         | 416                             | (1,007)                         | 721                             |
|                                                                                                       | <u>(365)</u>                    | <u>1,250</u>                    | <u>346</u>                      | <u>(2,471)</u>                  |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 5. FINANCE INCOME AND FINANCE COSTS

|                                       | Three months ended 30 June      |                                 | Six months ended 30 June        |                                 |
|---------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                       | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| <b>Finance income</b>                 |                                 |                                 |                                 |                                 |
| Interest income<br>from bank deposits | <u>458</u>                      | <u>367</u>                      | <u>961</u>                      | <u>565</u>                      |
| <b>Finance costs</b>                  |                                 |                                 |                                 |                                 |
| Interest on bank borrowings           | 1,359                           | 170                             | 1,976                           | 223                             |
| Interest on leases liabilities        | 71                              | 41                              | 153                             | 84                              |
| Less: Amounts capitalised             | <u>(523)</u>                    | <u>(211)</u>                    | <u>(1,021)</u>                  | <u>(307)</u>                    |
|                                       | <u>907</u>                      | <u>—</u>                        | <u>1,108</u>                    | <u>—</u>                        |

## 6. PROFIT BEFORE INCOME TAX

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

|                                                            | Six months ended 30 June        |                                 |
|------------------------------------------------------------|---------------------------------|---------------------------------|
|                                                            | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Cost of inventories                                        | 181,152                         | 53,317                          |
| Write-off and provision for impairment of inventories      | 1,309                           | 213                             |
| Depreciation charge                                        | 14,891                          | 5,658                           |
| Amortisation charge                                        | 951                             | 427                             |
| Employee benefit expense (including directors' emoluments) | 29,390                          | 24,820                          |
| Expense relating to short-term leases                      | 436                             | 1,235                           |
| Research and development expenses                          | <u>10,904</u>                   | <u>4,296</u>                    |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 7. INCOME TAX EXPENSE

|                                            | Three months ended 30 June      |                                 | Six months ended 30 June        |                                 |
|--------------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                            | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Current income tax                         |                                 |                                 |                                 |                                 |
| – Hong Kong profits tax (note (a))         | 163                             | —                               | 163                             | —                               |
| – PRC corporate income tax (note (b))      | 4,140                           | 1,003                           | 5,123                           | 1,512                           |
| – Canadian corporate income tax (note (c)) | 610                             | 1,040                           | 1,004                           | 1,183                           |
|                                            | <u>4,913</u>                    | <u>2,043</u>                    | <u>6,290</u>                    | <u>2,695</u>                    |
| Deferred tax charge/(credit)               | 4,203                           | (32)                            | 6,927                           | (64)                            |
|                                            | <u>9,116</u>                    | <u>2,011</u>                    | <u>13,217</u>                   | <u>2,631</u>                    |

### Notes:

- (a) Hong Kong profits tax has been provided for at the two-tiered rate of 8.25% (2021: 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% (2021: 16.5%) on the remaining estimated assessable profits for the period.
- (b) One of the PRC subsidiaries, being qualified as a New and High Technology Enterprise, is entitled to a preferential corporate income tax rate of 15% (2021: 15%). Other subsidiaries of the Group in the PRC are subject to standard tax rate of 25% (2021: 25%). Provision for the PRC corporate income tax is calculated at 15% - 25% (2021: 15% - 25%) on estimated assessable profit for the period.
- (c) Canadian corporate income tax is provided on the estimated assessable profits at the federal tax rate of 15% (2021: 15%) and provincial tax rates at rates prevailing in relevant provinces of 8% - 16% (2021: 8% - 16%) for the period.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 8. 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 six months ended 30 June 2022 (2021: the weighted average number of ordinary shares in issue were restated to reflect the bonus element arising from the rights issue completed in December 2021).

|                                                                 | Three months ended 30 June |                              | Six months ended 30 June |                              |
|-----------------------------------------------------------------|----------------------------|------------------------------|--------------------------|------------------------------|
|                                                                 | 2022<br>(Unaudited)        | 2021<br>(Unaudited)          | 2022<br>(Unaudited)      | 2021<br>(Unaudited)          |
| Profit attributable to owners of the Company (HK\$'000)         | <u>18,091</u>              | <u>5,187</u><br>(Restated)   | <u>21,842</u>            | <u>5,388</u><br>(Restated)   |
| Weighted average number of ordinary shares in issue (thousands) | <u>713,464</u>             | <u>657,959</u><br>(Restated) | <u>713,413</u>           | <u>657,984</u><br>(Restated) |
| Basic earnings per share (HK cents)                             | <u>2.54</u>                | <u>0.79</u>                  | <u>3.06</u>              | <u>0.82</u>                  |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 8. EARNINGS PER SHARE (CONTINUED)

### *(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 six months ended 30 June 2022 and 2021, the Company had dilutive potential ordinary shares from share options. The calculation for share options was determined by the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the period) for the same total proceeds was the number of shares issued for no consideration. The resulting number of shares issued for no consideration was included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 8. EARNINGS PER SHARE (CONTINUED)

### (b) Diluted earnings per share (Continued)

|                                                                                                          | Three months ended 30 June |                     | Six months ended 30 June |                     |
|----------------------------------------------------------------------------------------------------------|----------------------------|---------------------|--------------------------|---------------------|
|                                                                                                          | 2022<br>(Unaudited)        | 2021<br>(Unaudited) | 2022<br>(Unaudited)      | 2021<br>(Unaudited) |
| Profit attributable to owners of the Company used to determine the diluted earnings per share (HK\$'000) | <b>18,091</b>              | 5,187               | <b>21,842</b>            | 5,388               |
|                                                                                                          |                            | (Restated)          |                          | (Restated)          |
| Weighted average number of ordinary shares in issue (thousands)                                          | <b>713,464</b>             | 657,959             | <b>713,413</b>           | 657,984             |
| Adjustment for share options (thousands)                                                                 | <b>5,047</b>               | 5,679               | <b>4,905</b>             | 5,617               |
|                                                                                                          | <b>718,511</b>             | 663,638             | <b>718,318</b>           | 663,601             |
|                                                                                                          |                            | (Restated)          |                          | (Restated)          |
| Diluted earnings per share (HK cents)                                                                    | <b>2.52</b>                | 0.78                | <b>3.04</b>              | 0.81                |

## 9. DIVIDENDS

No interim dividend was declared during the six months ended 30 June 2022 (2021: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 10. CAPITAL EXPENDITURE

|                                                  | Property,<br>plant and<br>equipment<br>HK\$'000 | Intangible<br>assets<br>HK\$'000 |
|--------------------------------------------------|-------------------------------------------------|----------------------------------|
| <b>Six months ended 30 June 2022 (Unaudited)</b> |                                                 |                                  |
| Opening carrying amount at 1 January 2022        | 370,545                                         | 11,716                           |
| Additions                                        | 94,613                                          | 3,640                            |
| Disposals                                        | (477)                                           | —                                |
| Depreciation/Amortisation                        | (14,891)                                        | (951)                            |
| Exchange realignment                             | (17,957)                                        | (600)                            |
| Closing carrying amount at 30 June 2022          | <u>431,833</u>                                  | <u>13,805</u>                    |
| <b>Six months ended 30 June 2021 (Unaudited)</b> |                                                 |                                  |
| Opening carrying amount at 1 January 2021        | 203,147                                         | 2,551                            |
| Additions                                        | 118,904                                         | —                                |
| Disposals                                        | (9,099)                                         | —                                |
| Depreciation/Amortisation                        | (5,658)                                         | (427)                            |
| Exchange realignment                             | 1,814                                           | 19                               |
| Closing carrying amount at 30 June 2021          | <u>309,108</u>                                  | <u>2,143</u>                     |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 11. CONTRACT ASSETS, TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

|                                               | <b>30 June<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>HK\$'000<br>(Audited) |
|-----------------------------------------------|------------------------------------------------------|----------------------------------------------|
| Finance lease – gross receivables             | <b>164,137</b>                                       | 77,216                                       |
| Less: Unearned finance income                 | <b>(40,335)</b>                                      | (19,816)                                     |
|                                               | <b>123,802</b>                                       | 57,400                                       |
| Present value of minimum lease payments       | <b>(224)</b>                                         | (224)                                        |
|                                               | <b>123,578</b>                                       | 57,176                                       |
| Trade receivables (Note)                      |                                                      |                                              |
| – Third parties                               | <b>132,588</b>                                       | 72,496                                       |
| – Related companies                           | <b>8,727</b>                                         | 11,590                                       |
|                                               | <b>141,315</b>                                       | 84,086                                       |
| Less: Loss allowance                          | <b>(1,218)</b>                                       | (1,273)                                      |
|                                               | <b>140,097</b>                                       | 82,813                                       |
| Contract assets                               | <b>172,864</b>                                       | 201,691                                      |
| Less: Loss allowance                          | <b>(133)</b>                                         | (138)                                        |
|                                               | <b>172,731</b>                                       | 201,553                                      |
| Bills receivables                             | <b>2,623</b>                                         | 7,491                                        |
| Prepayments                                   | <b>164,515</b>                                       | 53,472                                       |
| Value-added tax recoverable                   | <b>38,271</b>                                        | 14,256                                       |
| Deposits and other receivables                | <b>5,107</b>                                         | 4,798                                        |
|                                               | <b>646,922</b>                                       | 421,559                                      |
| Less: Non-current portion                     |                                                      |                                              |
| Trade receivables                             | —                                                    | (7,456)                                      |
| Finance lease receivables                     | <b>(117,416)</b>                                     | (53,763)                                     |
| Prepayments for property, plant and equipment | <b>(60,468)</b>                                      | (8,308)                                      |
| Current portion                               | <b>469,038</b>                                       | 352,032                                      |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 11. CONTRACT ASSETS, TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

*Note:*

Majority of credit period granted by the Group to its customers is 30 to 90 days, except certain customers in the PRC arising from EPC Services who have been granted with credit period of 24 months and repayable on monthly basis. Ageing analysis of the Group's trade receivables based on the invoice date was as follows:

|                | 30 June<br>2022<br>HK\$'000<br>(Unaudited) | 31 December<br>2021<br>HK\$'000<br>(Audited) |
|----------------|--------------------------------------------|----------------------------------------------|
| 0 - 90 days    | <b>93,528</b>                              | 50,530                                       |
| 91 - 180 days  | <b>17,297</b>                              | 6,635                                        |
| 181 - 365 days | <b>17,300</b>                              | 4,803                                        |
| Over 365 days  | <b>11,972</b>                              | 20,845                                       |
|                | <b>140,097</b>                             | 82,813                                       |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 12. CONTRACT LIABILITIES, TRADE AND OTHER PAYABLES

|                                                                 | <b>30 June<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>HK\$'000<br>(Audited) |
|-----------------------------------------------------------------|------------------------------------------------------|----------------------------------------------|
| Trade payables (Note)                                           |                                                      |                                              |
| – Third parties                                                 | <b>103,883</b>                                       | 248,991                                      |
| – Related companies                                             | <b>1,236</b>                                         | 3,432                                        |
|                                                                 | <b>105,119</b>                                       | 252,423                                      |
| Bills payables                                                  | <b>175,343</b>                                       | 35,272                                       |
| Contract liabilities                                            | <b>78,779</b>                                        | 21,972                                       |
| Accrued salaries and bonus                                      | <b>10,685</b>                                        | 17,483                                       |
| Other payables for purchase of property,<br>plant and equipment | <b>76,914</b>                                        | 51,338                                       |
| Other creditors and accruals                                    | <b>7,340</b>                                         | 8,987                                        |
| Value-added tax payable                                         | <b>19,615</b>                                        | 17,398                                       |
| Deferred revenue in respect of government grants                | <b>60,833</b>                                        | 9,785                                        |
|                                                                 | <b>534,628</b>                                       | 414,658                                      |

*Note:*

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

|                | <b>30 June<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>HK\$'000<br>(Audited) |
|----------------|------------------------------------------------------|----------------------------------------------|
| Within 30 days | <b>60,057</b>                                        | 239,734                                      |
| 31 - 90 days   | <b>13,830</b>                                        | 3,803                                        |
| 91 - 180 days  | <b>14,972</b>                                        | 457                                          |
| Over 180 days  | <b>16,260</b>                                        | 8,429                                        |
|                | <b>105,119</b>                                       | 252,423                                      |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 13. BANK BORROWINGS

As at 30 June 2022, the Group's bank borrowings are repayable as follows:

|                                                                          | <b>30 June<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>HK\$'000<br>(Audited) |
|--------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------|
| On demand or within one year                                             | <b>268,118</b>                                       | 105,000                                      |
| In the second year                                                       | <b>68,182</b>                                        | 68,512                                       |
| In the third to fifth years                                              | <b>19,480</b>                                        | 53,831                                       |
| Wholly repayable within five years                                       | <b>355,780</b>                                       | 227,343                                      |
| Less: Portion due on demand or within one year under current liabilities | <b>(268,118)</b>                                     | (105,000)                                    |
| Portion due over one year under non-current liabilities                  | <b>87,662</b>                                        | 122,343                                      |

## 14. SHARE CAPITAL

The number of the Company's shares authorised and issued as of 30 June 2022 and 31 December 2021 is as follows:

|                                                         | <b>Number of shares</b>      | <b>HK\$'000</b>     |
|---------------------------------------------------------|------------------------------|---------------------|
| <b>Authorised:</b>                                      |                              |                     |
| Ordinary shares of HK\$0.01 each                        | <u>2,000,000,000,000</u>     | <u>20,000,000</u>   |
| <b>Issued and fully paid:</b>                           |                              |                     |
| <b>At 31 December 2021 and 1 January 2022</b>           | 713,303,188.38               | 7,133               |
| Issue of ordinary shares upon exercise of share options | <u>302,162</u>               | <u>3</u>            |
| <b>At 30 June 2022</b>                                  | <b><u>713,605,350.38</u></b> | <b><u>7,136</u></b> |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 15. SHARE OPTIONS

Movements in the number of share options granted by the Company to Directors and employees of the Group and their related weighted average exercise prices are as follows:

|              | For the six months ended 30 June         |                   |                                          |                   |
|--------------|------------------------------------------|-------------------|------------------------------------------|-------------------|
|              | 2022                                     |                   | 2021                                     |                   |
|              | Average exercise price in HK\$ per share | Options (units)   | Average exercise price in HK\$ per share | Options (units)   |
| At 1 January | 2.28                                     | 13,056,625        | 1.97                                     | 11,766,982        |
| Granted      | 3.91                                     | 1,600,000         | 4.80                                     | 1,590,000         |
| Exercised    | 1.92                                     | (302,162)         | 1.76                                     | (177,793)         |
| Forfeited    | 2.83                                     | (183,998)         | 1.56                                     | (119,221)         |
| At 30 June   | 2.47                                     | <u>14,170,465</u> | 2.32                                     | <u>13,059,968</u> |

On 11 May 2022, 1,600,000 share options were granted to an executive Director, the chief executive officer of the Company and certain employees of the Group. The exercise price is HK\$3.908 per share, which is equal to the average closing price of the Company's share for the five business days immediately preceding the date of grant. The validity period of the options is from 11 May 2022 to 31 March 2026. One third of the options will vest on each of the year-end date of 2022, 2023 and 2024 if each grantee has met the conditions of vesting as stated in the letter of grant. The options can be exercised from 1 April 2025 to 31 March 2026.

Out of the 14,170,465 outstanding share options, 223,826 options were exercisable as at 30 June 2022 (31 December 2021: 116,985 options).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 15. SHARE OPTIONS (CONTINUED)

These outstanding share options as at 30 June 2022 have the following expiry dates and exercise prices:

| Expiry date   | At 30 June 2022<br>(Unaudited)                    |                   | At 31 December 2021<br>(Audited)                  |                   |
|---------------|---------------------------------------------------|-------------------|---------------------------------------------------|-------------------|
|               | Adjusted average exercise price in HK\$ per share | Options (units)   | Adjusted average exercise price in HK\$ per share | Options (units)   |
| 31 March 2022 | 1.92                                              | —                 | 1.92                                              | 116,985           |
| 31 March 2023 | 1.15                                              | 223,826           | 1.15                                              | 447,568           |
| 31 March 2024 | 1.38                                              | 410,729           | 1.38                                              | 473,651           |
| 31 March 2025 | 2.35                                              | 11,935,910        | 2.37                                              | 12,018,421        |
| 31 March 2026 | 3.91                                              | 1,600,000         | N/A                                               | —                 |
|               |                                                   | <u>14,170,465</u> |                                                   | <u>13,056,625</u> |

The weighted average fair values of these options granted on 11 May 2022 were determined using the Binomial Tree valuation model, which were performed by an independent valuer, Greater China Appraisal Limited, and were approximately HK\$1.79 per option. The significant inputs into the model are as follows:

|                                               |             |
|-----------------------------------------------|-------------|
| Grant date                                    | 11 May 2022 |
| Closing share price, at the grant date (HK\$) | 3.900       |
| Exercise price (HK\$)                         | 3.908       |
| Volatility (%)                                | 58.68%      |
| Dividend yield (%)                            | 0.00%       |
| Expected share option life (years)            | 3.89        |
| Annual risk-free interest rate                | 2.61%       |

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the previous year. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 16. FAIR VALUE MEASUREMENT

The fair values of financial assets and liabilities carried at amortised cost approximate their carrying amounts.

The following table presents financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted price (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable of the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

|                                                                  | Level 1<br>HK\$'000 | Level 2<br>HK\$'000 | Level 3<br>HK\$'000 | Total<br>HK\$'000 |
|------------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------|
| <b>As at 30 June 2022</b>                                        |                     |                     |                     |                   |
| <b>(Unaudited)</b>                                               |                     |                     |                     |                   |
| Financial asset at fair value through other comprehensive income | —                   | —                   | <b>22,232</b>       | <b>22,232</b>     |
| <b>As at 31 December 2021</b>                                    |                     |                     |                     |                   |
| <b>(Audited)</b>                                                 |                     |                     |                     |                   |
| Financial asset at fair value through other comprehensive income | —                   | —                   | 23,244              | 23,244            |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 16. FAIR VALUE MEASUREMENT (CONTINUED)

Instruments included in level 3 represent unlisted equity interest, which was classified as financial asset at fair value through other comprehensive income.

The fair value of financial asset at fair value through other comprehensive income is determined using discounted cash flow approach.

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

|                                       | HK\$'000             |
|---------------------------------------|----------------------|
| <b>As at 1 January 2022 (Audited)</b> | <b>23,244</b>        |
| Exchange realignment                  | <u>(1,012)</u>       |
| <b>As at 30 June 2022 (Unaudited)</b> | <b><u>22,232</u></b> |

There have been no transfers between level 1, 2 and 3 during the six months ended 30 June 2022 (2021: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 17. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2022 and 2021, save as disclosed elsewhere in this report, the Group carried out the following significant transactions with its related parties:

|                                                                                                                     | Six months ended 30 June        |                                 |
|---------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
|                                                                                                                     | 2022<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) |
| Purchase of automobile glass from subsidiaries of Xinyi Glass Holdings Limited ("Xinyi Glass")                      | 2,845                           | 2,719                           |
| Purchase of other glasses from subsidiaries of Xinyi Glass                                                          | —                               | 23                              |
| Purchase of consumables from subsidiaries of Xinyi Glass                                                            | 589                             | 443                             |
| Sales of forklift battery chargers to subsidiaries of Xinyi Glass                                                   | —                               | 163                             |
| Sales of and provision of contract processing services for electric storage products to subsidiaries of Xinyi Glass | 2,792                           | 4,599                           |
| Sales of fixed assets and consumables to subsidiaries of Xinyi Glass                                                | 605                             | —                               |
| Management fee received from a subsidiary of Xinyi Glass                                                            | 4,852                           | 4,802                           |
| Operating lease income in respect of office premises received from a subsidiary of Xinyi Glass                      | 415                             | —                               |
| Operating lease payments in respect of office premises paid to subsidiaries of Xinyi Glass                          | 159                             | 158                             |
| Purchase of steam from a subsidiary of Xinyi Glass                                                                  | 916                             | —                               |
| Sales of forklift battery chargers to subsidiaries of Xinyi Solar Holdings Limited ("Xinyi Solar")                  | —                               | 221                             |
| Sales of and provision of contract processing services for electric storage products to subsidiaries of Xinyi Solar | 8,470                           | 81                              |
| Sales of consumables to subsidiaries of Xinyi Solar                                                                 | —                               | 6                               |
| Electricity expenses paid to subsidiaries of Xinyi Solar                                                            | —                               | 226                             |
| Operating lease income in respect of office premises received from a subsidiary of Xinyi Solar                      | 20                              | —                               |
| Operating and maintenance fee income received from a subsidiary of Xinyi Solar                                      | 1,344                           | —                               |
| Sales of electric storage products to an entity controlled by a controlling party                                   | 39                              | —                               |
| Sales of consumables to an entity controlled by a controlling party                                                 | —                               | 20                              |
| Operating lease payments in respect of office premises received from an entity controlled by a controlling party    | —                               | 21                              |
| Operating lease payments in respect of shop premises paid to Mr. LEE Shing Kan and Mr. TUNG Fong Ngai               | 270                             | 270                             |

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

## 17. RELATED PARTY TRANSACTIONS (CONTINUED)

The transactions with related parties are entered into at terms mutually agreed between the relevant parties.

Key management compensation amounted to HK\$3,776,000 for the six months ended 30 June 2022 (2021: HK\$3,066,000).

## 18. CAPITAL COMMITMENT

The capital expenditure contracted but not yet incurred is as follows:

|                                                                                               | <b>30 June<br/>2022<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>HK\$'000<br>(Audited) |
|-----------------------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------|
| Contracted but not provided for in respect of                                                 |                                                      |                                              |
| - Construction of production plant and purchase of construction materials/plant and equipment | <u><b>218,995</b></u>                                | <u>39,706</u>                                |

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND PROSPECTS

### ***Electric Storage Business - Committed to enhance operation level, produce high-quality products and continues to increase investments in research and development to enhance competitiveness***

Since the Group has started the production of lithium battery products in 2017, various types of electric storage system products and power battery products have been developed and launched. 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 fully utilised the competitive advantage of vertically integrated industrial chain. Lithium battery products and energy storage products have become the core business of the Group at present.

In 2021, the Group's lithium battery plant in Zhangjiagang, Jiangsu Province has been completed and put into operation. The new production plant is equipped with an advanced production line for lithium battery products and provides customers with more diversified integrated products, which enables the Group to prepare for the opportunities arising from the rapid growth of the energy storage industry. The Group has been striving to enhance its operation level since the new production plant was completed so as to lay a solid and reliable foundation, produce better quality lithium battery products, and improve the Group's competitiveness in the market.

Meanwhile, the Group has always adhered to scientific and technological innovation and believed that R&D is the key to long-term development and therefore has given strong support to the investment in the R&D of lithium battery products and energy storage technology. The investment in R&D has been continuously strengthened. The Group continues to strengthen the R&D and production of lithium battery products and other associated products based on customers' demand and market changes, and thereby strive to offer customers a wider range of power supply products, technical services and comprehensive system solutions.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## ***EPC Services of Photovoltaic Power Stations - The rapid development of the business has become a source of revenue and profit growth, making significant contributions to the Group***

The Group seized the opportunities arising from the rapid development of the photovoltaic market and commenced the EPC Services business for photovoltaic power stations in China and Canada, which contributed significant revenue and profit to the Group. In the first half of 2022, the Group's revenue and gross profit from EPC Services of photovoltaic power stations increased by approximately 725.6% and 779.5% respectively as compared to the same period last year. Under the goal of "carbon emission peak and carbon neutrality (碳达峰、碳中和)" actively promoted by PRC government, the application of photovoltaics is increasing in all scenarios. The distributed photovoltaic power stations are built with idle roofs, which has a huge development space. The Group successfully undertook more distributed photovoltaic EPC Services projects in the PRC in 2022. The installation and grid connection of such projects have been completed or are in progress according to the preset schedule. In addition, the Group's EPC Services business in Canada is currently focusing on the provision of EPC Services to household users. It was in the initial stage of operation during the same period last year and has been increasingly matured in the current year, with more projects undertaken, installation and grid connection proceeding in an orderly manner, its revenue and profit contribution increased significantly compared to the same period last year.

## **OUTLOOK**

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

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Since the Group launched EPC Services business in 2020, the business has developed rapidly, bringing considerable revenue and profit growth to the Group. With the successive release of domestic electricity price policies last year, the peak-to-valley price gap in some provinces has widened and peak hours have been extended, resulting in an increase in the overall average price of industrial electricity. Enterprises investing in the installation of distributed photovoltaic power stations will effectively reduce electricity costs and reduce potential risks of rationing the power supply to enterprises. Against this background, more enterprises are willing to utilise their roofs to develop and invest in distributed photovoltaic power stations, further expanding the market for distributed photovoltaic power stations and bringing opportunities to the Group's EPC Services business. At the same time, the Group's EPC Services in Canada have also developed steadily. The Group will continue to strengthen its promotion in the market, further expand its EPC Services business in Canada, increase its market share, and continue to contribute to the Group.

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

Looking forward, the progress of global energy transformation and green development will bring unlimited business opportunities to new energy enterprises. The Group will continue to focus on the further development of new energy fields such as energy storage, EPC Services, PV films, expand the Group's market share and position, further improve profitability and deliver satisfactory returns to shareholders in the long run.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2022, the Group's revenue was HK\$350.3 million (2021: HK\$115.8 million), representing an increase by 202.4% mainly attributable to the change in revenue contributed by business segments as analysed as follows:

|                                                                   | Six months ended 30 June |              |              |              |                     |              |
|-------------------------------------------------------------------|--------------------------|--------------|--------------|--------------|---------------------|--------------|
|                                                                   | 2022                     |              | 2021         |              | Increase/(Decrease) |              |
|                                                                   | HK\$'million             | %            | HK\$'million | %            | HK\$'million        | %            |
| Electric storage business                                         | 66.3                     | 18.9         | 43.9         | 37.9         | 22.4                | 51.0         |
| EPC Services                                                      | 242.7                    | 69.3         | 29.4         | 25.4         | 213.3               | 725.5        |
| PV films                                                          | 9.3                      | 2.7          | —            | —            | 9.3                 | N/A          |
| Automobile glass repair<br>and replacement services               | 20.7                     | 5.9          | 20.0         | 17.3         | 0.7                 | 3.5          |
| Others (Trading of forklift<br>and wind farm<br>related business) | 11.3                     | 3.2          | 22.5         | 19.4         | (11.2)              | (49.8)       |
| Total revenue                                                     | <u>350.3</u>             | <u>100.0</u> | <u>115.8</u> | <u>100.0</u> | <u>234.5</u>        | <u>202.4</u> |

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

- (a) the increase in revenue attributable to the EPC Services, which contributed revenue amounting to HK\$242.7 million for the six months ended 30 June 2022, as compared to revenue amounting to HK\$29.4 million for the six months ended 30 June 2021, which was mainly due to increase in number of EPC Services contracts undertaken in the PRC and Canada during the period; and
- (b) partially offset by the decrease in revenue attributable to "Others" business segment by 49.8%, which was mainly due to the decrease in sales of the forklifts.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## *Cost of revenue and gross profit*

For the six months ended 30 June 2022, cost of revenue comprised of HK\$58.8 million (2021: HK\$36.7 million) arising from the electric storage business, HK\$177.7 million (2021: HK\$22.0 million) arising from the EPC Services, HK\$9.0 million arising from the PV films (2021: Nil), HK\$16.7 million (2021: HK\$16.1 million) arising from the automobile glass repair and replacement services, and HK\$6.6 million (2021: HK\$15.3 million) arising from others (trading of forklift and wind farm related business).

Cost of revenue for the electric storage business of HK\$58.8 million (2021: HK\$36.7 million) mainly comprised of the material cost, labour cost and depreciation charge of plant and machinery. The gross profit of the electric storage business increased from HK\$7.2 million for the six months ended 30 June 2021 to HK\$7.5 million for the six months ended 30 June 2022 mainly due to the increase in revenue.

Cost of revenue for the EPC Services of HK\$177.7 million (2021: HK\$22.0 million) mainly comprised of the material cost, installation cost and other subcontracting costs. The gross profit of the EPC Services increased from HK\$7.4 million for the six months ended 30 June 2021 to HK\$65.0 million for the six months ended 30 June 2022 mainly due to the increase in number of EPC Services contracts undertaken in the PRC and Canada during the period.

Cost of revenue for the PV films of HK\$9.0 million (2021: Nil) mainly comprised of material cost, labour cost and depreciation charge. The gross profit of the PV films amounted to HK\$0.3 million for the six months ended 30 June 2022 (2021: Nil).

Cost of revenue for the automobile glass repair and replacement services of HK\$16.7 million (2021: HK\$16.1 million) mainly comprised of labour costs and depreciation charge. The gross profit of the automobile glass repair and replacement services increased from HK\$3.9 million for the six months ended 30 June 2021 to HK\$4.0 million for the six months ended 30 June 2022 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 forklifts and the staff costs for the wind farm related business.

The overall gross profit margin increased from 22.1% for the six months ended 30 June 2021 to 23.3% for the six months ended 30 June 2022 mainly due to the relatively higher gross profit margin attributable to the EPC Services for photovoltaic power stations, of 26.8%.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## ***Other income***

Other income for the six months ended 30 June 2022 mainly represented government grants amounting to HK\$2.8 million (2021: HK\$1.3 million) which included the government grants from the PRC government in relation to the tax subsidy and Hong Kong government in relation to the Employment Support Scheme granted to the automobile glass repair and replacement services business.

Other income for the six months ended 30 June 2021 mainly represented the government grants from the PRC government and the compensation from the PRC government in relation to the early termination of lease agreements for our factory and office premises in Wuhu City, Anhui Province, the PRC.

## ***Other gains/(losses), net***

Other gains, net for the six months ended 30 June 2022 mainly included the gains on disposal of scrapped materials arising from the production, partially offset by the exchange losses.

Other losses, net for the six months ended 30 June 2021 mainly included the write off of certain plant and equipment of factory premises as a result of the early termination of lease agreements as set out above.

## ***Expenses***

Selling and marketing costs increased by HK\$4.0 million from HK\$3.5 million for the six months ended 30 June 2021 to HK\$7.5 million for the six months ended 30 June 2022, which was mainly due to (i) the increase in employee benefit expense as a result of the increase in number of employees and (ii) the increase in expenses in connection with selling activities such as transportation cost for delivering products to customers.

Administrative expenses increased by HK\$18.6 million from HK\$20.1 million for the six months ended 30 June 2021 to HK\$38.7 million for the six months ended 30 June 2022, primarily due to (i) the increase in employee benefit expense as a result of the increase in number of employees and the share-based compensation for share options granted and (ii) the increase in the expenditure for R&D of the Group's products.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## *Finance costs*

Finance costs amounted to HK\$1.1 million (or HK\$2.1 million before capitalisation) for the six months ended 30 June 2022. No finance costs were charged to profit or loss for the six months ended 30 June 2021 (or HK\$0.3 million before capitalisation). The increase in finance costs was mainly attributable to the higher weighted average carrying amount of bank borrowings during the period to finance the capital expenditures for the PV film production facilities and working capital. During the period under review, interest expense of HK\$1.0 million (2021: HK\$0.3 million) was mainly capitalised into the construction costs of the PV film production facilities. The capitalised amounts will depreciate together with the relevant assets over their estimated useful lives.

## *Income tax expense*

The income tax expense represented Hong Kong profits tax, PRC corporate income tax and Canadian corporate income tax. Income tax expense increased by HK\$10.6 million from HK\$2.6 million for the six months ended 30 June 2021 to HK\$13.2 million for the six months ended 30 June 2022. The effective tax rate was 33.7% for the six months ended 30 June 2022 (2021: 31.2%). The increase in income tax expense was mainly due to the increase in profit attributable to the EPC Services. One of the PRC subsidiaries, being qualified as New and High Technology Enterprise, was entitled to a preferential Corporate Income Tax rate of 15% and tax incentives for research and development tax credit.

## *Profit attributable to owners of the Company*

Profit attributable to owners of the Company for the six months ended 30 June 2022 amounted to HK\$21.8 million (2021: HK\$5.4 million). The increase in the profitability was mainly attributable to the operating performance of the Group as analysed above.

## *Financial resources and liquidity*

For the six months ended 30 June 2022, the Group's primary sources of funding included its own working capital, the net proceeds from the rights issue in May 2018 and December 2021 and bank borrowings. As at 30 June 2022, the Group had net current assets of HK\$226.5 million (31 December 2021: HK\$428.7 million) and cash and cash equivalents of HK\$168.3 million (31 December 2021: HK\$433.2 million) which were placed with major banks in Hong Kong, the PRC and Canada. As at 30 June 2022, the Group had bank borrowings of HK\$355.8 million (31 December 2021: HK\$227.3 million) and had unutilised banking facilities of HK\$367.3 million (31 December 2021: HK\$96.8 million).

As at 30 June 2022, the Group's gearing ratio calculated based on net debt (bank borrowings less cash and cash equivalents) divided by the shareholders' equity of the Group was 24.5%. The Group was in net cash position as at 31 December 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## *Capital structure*

The shares of the Company (the “**Shares**”) have been listed on GEM since 11 July 2016 (the “**Listing Date**”). Apart from the rights issue in May 2018 and December 2021, there has been no material change in the capital structure of the Company since the Listing Date. The capital of the Group comprises only ordinary shares.

## *Capital expenditures and commitments*

The Group incurred capital expenditures of HK\$161.2 million for the six months ended 30 June 2022 (2021: HK\$111.0 million), which was mainly related to the development and construction of PV film production facilities in the PRC.

Capital commitments contracted for but not provided for by the Group as at 30 June 2022 amounted to HK\$219.0 million (31 December 2021: HK\$39.7 million), which were mainly related to the construction and purchase of various production plants and machinery for the PV film production facilities in the PRC from independent third parties under different independent contracts.

## *Pledge of assets*

As at 30 June 2022, a bank balance of HK\$6.4 million was pledged to secure for the Group’s bills payables (31 December 2021: HK\$7.1 million).

## *Employees and remuneration policies*

As at 30 June 2022, the Group had 409 (31 December 2021: 364) full-time employees, of whom 311 (31 December 2021: 266) were based in the PRC, 61 (31 December 2021: 59) were based in Hong Kong and 37 (31 December 2021: 39) were based in Canada. The Group maintains good relationships with all of its employees. It 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 have been 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.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## *Treasury policies and exposure to fluctuation in foreign exchange rates*

The Group mainly operates in Hong Kong, the PRC and Canada with most of the transactions denominated and settled in HK\$, Chinese Renminbi (“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.

Amid the recent depreciation (2021: appreciation) of RMB against HK\$, the Group reported non-cash translation loss (2021: gain) - a decrease in the reserve of its condensed consolidated financial position of HK\$30.4 million (2021: increase in HK\$3.6 million) - when converting RMB-denominated assets and liabilities into HK\$ at 30 June 2022.

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 six months ended 30 June 2022, the Group did not use any financial instrument for hedging purpose.

## *Use of the net proceeds from rights issue*

In December 2021, the Company raised net proceeds of HK\$228.2 million by way of rights issue of 64,845,744 rights shares. The table below sets forth the proposed applications of the net proceeds and the actual utilisation up to 30 June 2022:

|                                                                            | <b>Proposed applications of the net proceeds</b><br>HK\$' million | <b>Amount utilised up to 30 June 2022</b><br>HK\$' million | <b>Remaining balance as at 30 June 2022</b><br>HK\$' million | <b>Timeline for the intended use</b> |
|----------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------|
| Additional capital for electric storage business and EPC Services business | 105.4                                                             | 105.4                                                      | —                                                            |                                      |
| Investment in new PV film production line                                  | 100.0                                                             | 100.0                                                      | —                                                            |                                      |
| General working capital                                                    | 22.8                                                              | 9.4                                                        | 13.4                                                         | By end of 2022                       |
|                                                                            | <u>228.2</u>                                                      | <u>214.8</u>                                               | <u>13.4</u>                                                  |                                      |

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## ***Significant investments held, material acquisitions and disposals of subsidiaries, and future plans for material investments or capital assets***

As at 30 June 2022, there were no significant investments held which exceed 5% of the total assets of the Group. There were no material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2022. Save as the disclosed plan to set up the new PV film production line in Wuhu, Anhui Province, the PRC, there were no other plans authorised by the Board for any material investments or additions of capital assets as at the date of this report.

## ***Contingent liabilities***

As at 30 June 2022, the Group did not have any significant contingent liabilities (31 December 2021: Nil).

## ***Event after the reporting period***

No significant events have taken place subsequent to 30 June 2022 and up to the date of this report.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 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 June 2022, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions of the SFO); or (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### (i) Long positions in the Shares

| Director/<br>Chief Executive                                   | Capacity                                                | Name of the<br>controlled<br>corporations       | Number of<br>issued<br>Shares held | Approximate<br>percentage of<br>the issued<br>share capital of<br>the Company<br>(%) |
|----------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------|------------------------------------|--------------------------------------------------------------------------------------|
| Tan Sri Datuk<br>TUNG Ching Sai<br><i>P.S.M, D.M.S.M, J.P.</i> | Interest in a controlled<br>corporation                 | Copark <sup>(1)</sup><br>(as defined below)     | 40,864,638                         | 5.73                                                                                 |
|                                                                |                                                         | Full Guang <sup>(3)</sup><br>(as defined below) | 8,523,634                          | 1.19                                                                                 |
|                                                                | Personal interest/<br>Spouse interest <sup>(1)</sup>    |                                                 | 111,359,610                        | 15.61                                                                                |
|                                                                | Interest in persons<br>acting in concert <sup>(2)</sup> |                                                 | 515,973,293                        | 72.31                                                                                |
| Mr. NG Ngan Ho                                                 | Interest in a controlled<br>corporation                 | Linkal <sup>(4)</sup><br>(as defined below)     | 22,738,746                         | 3.19                                                                                 |
|                                                                |                                                         | Full Guang <sup>(3)</sup><br>(as defined below) | 8,523,634                          | 1.19                                                                                 |
|                                                                | Personal interest                                       |                                                 | 1,221,000                          | 0.17                                                                                 |
|                                                                | Interest in persons<br>acting in concert <sup>(2)</sup> |                                                 | 515,973,293                        | 72.31                                                                                |
| Ms. LI Pik Yung                                                | Personal interest                                       |                                                 | 93,596                             | 0.01                                                                                 |
| Mr. ZHA Xue Song                                               | Personal interest                                       |                                                 | 160,000                            | 0.02                                                                                 |

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

*Notes:*

- (1) Tan Sri Datuk TUNG Ching Sai, J.P. is the beneficial owner of all the issued share capital of Copark Investment Limited ("**Copark**"), a company incorporated in the British Virgin Islands (the "**BVI**") and wholly-owned by Tan Sri Datuk TUNG Ching Sai, J.P., which is the registered owner of 40,864,638 Shares. Tan Sri Datuk TUNG Ching Sai, J.P. also has personal interest in 479,820 Shares held in his own name and 110,879,790 Shares held through his spouse, Puan Sri Datin SZE Tan Hung.
- (2) Pursuant to the shareholders' agreement dated 25 June 2016 entered into amongst the controlling shareholders (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 Shares are held through Full Guang Holdings Limited ("**Full Guang**"), a company incorporated in the BVI with limited liability on 19 December 2005. Full Guang is owned by Dr. LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Tan Sri Datuk TUNG Ching Sai, J.P. as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.
- (4) Mr. NG Ngan Ho is the beneficial owner of all the issued share capital of Linkall Investment Limited ("**Linkall**"), a company incorporated in the BVI and wholly-owned by Mr. NG Ngan Ho, which is the registered owner of 22,738,746 Shares.

## (ii) *Share options of the Company*

| Director/<br>Chief Executive | Capacity          | Number of<br>share options<br>outstanding | Approximate<br>percentage of<br>the issued<br>share capital<br>of the<br>Company<br>(%) |
|------------------------------|-------------------|-------------------------------------------|-----------------------------------------------------------------------------------------|
| Ms. LI Pik Yung              | Personal interest | 199,968                                   | 0.03                                                                                    |
| Mr. ZHA Xue Song             | Personal interest | 1,125,554                                 | 0.16                                                                                    |

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

Save as disclosed above, as of 30 June 2022, to the knowledge of the Company, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO); or (b) entered in the register kept by the Company pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by directors during the six months ended 30 June 2022.

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

So far as is known to the Directors, as of 30 June 2022, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

### *Long positions in the Shares*

| Shareholder             | Capacity                                             | Number of<br>issued<br>Shares held | Approximate<br>percentage of<br>the issued<br>share capital of<br>the Company<br>(%) |
|-------------------------|------------------------------------------------------|------------------------------------|--------------------------------------------------------------------------------------|
| Dr. LEE Yin Yee, B.B.S. | Interest in a controlled corporation <sup>(3)</sup>  | 119,786,909                        | 16.79                                                                                |
|                         | Interest in a controlled corporation <sup>(4)</sup>  | 2,473,600                          | 0.35                                                                                 |
|                         | Interest in a controlled corporation <sup>(1)</sup>  | 8,523,634                          | 1.19                                                                                 |
|                         | Personal interest <sup>(3)</sup>                     | 37,555,650                         | 5.26                                                                                 |
|                         | Interest in persons acting in concert <sup>(2)</sup> | 515,973,293                        | 72.31                                                                                |
| Mr. TUNG Ching Bor      | Interest in a controlled corporation <sup>(5)</sup>  | 44,059,821                         | 6.17                                                                                 |
|                         | Interest in a controlled corporation <sup>(1)</sup>  | 8,523,634                          | 1.19                                                                                 |
|                         | Personal interest <sup>(5)</sup>                     | 9,868,320                          | 1.38                                                                                 |
|                         | Interest in persons acting in concert <sup>(2)</sup> | 515,973,293                        | 72.31                                                                                |

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

| Shareholder        | Capacity                                             | Number of<br>issued<br>Shares held | Approximate<br>percentage of<br>the issued<br>share capital of<br>the Company<br>(%) |
|--------------------|------------------------------------------------------|------------------------------------|--------------------------------------------------------------------------------------|
| Mr. LEE Sing Din   | Interest in a controlled corporation <sup>(6)</sup>  | 41,549,328                         | 5.82                                                                                 |
|                    | Interest in a controlled corporation <sup>(1)</sup>  | 8,523,634                          | 1.19                                                                                 |
|                    | Personal interest                                    | 3,427,050                          | 0.48                                                                                 |
|                    | Interest in persons acting in concert <sup>(2)</sup> | 515,973,293                        | 72.31                                                                                |
| Mr. LI Ching Wai   | Interest in a controlled corporation <sup>(7)</sup>  | 19,251,310                         | 2.70                                                                                 |
|                    | Interest in a controlled corporation <sup>(1)</sup>  | 8,523,634                          | 1.19                                                                                 |
|                    | Interest in persons acting in concert <sup>(2)</sup> | 515,973,293                        | 72.31                                                                                |
| Mr. LI Man Yin     | Interest in a controlled corporation <sup>(8)</sup>  | 13,053,905                         | 1.83                                                                                 |
|                    | Interest in a controlled corporation <sup>(1)</sup>  | 8,523,634                          | 1.19                                                                                 |
|                    | Personal interest <sup>(8)</sup>                     | 1,706,100                          | 0.24                                                                                 |
|                    | Interest in persons acting in concert <sup>(2)</sup> | 515,973,293                        | 72.31                                                                                |
| Mr. SZE Nang Sze   | Interest in a controlled corporation <sup>(9)</sup>  | 18,870,619                         | 2.64                                                                                 |
|                    | Interest in a controlled corporation <sup>(1)</sup>  | 8,523,634                          | 1.19                                                                                 |
|                    | Personal interest                                    | 1,102,200                          | 0.15                                                                                 |
|                    | Interest in persons acting in concert <sup>(2)</sup> | 515,973,293                        | 72.31                                                                                |
| Mr. LI Ching Leung | Interest in a controlled corporation <sup>(10)</sup> | 12,860,003                         | 1.80                                                                                 |
|                    | Interest in a controlled corporation <sup>(1)</sup>  | 8,523,634                          | 1.19                                                                                 |
|                    | Personal interest/Spouse interest <sup>(10)</sup>    | 5,700,850                          | 0.80                                                                                 |
|                    | Interest in persons acting in concert <sup>(2)</sup> | 515,973,293                        | 72.31                                                                                |

*Notes:*

- (1) The interests in the Shares are held through Full Guang. Full Guang is owned by Dr. LEE Yin Yee, B.B.S. as to 33.98%, Mr. TUNG Ching Bor as to 16.20%, Tan Sri Datuk TUNG Ching Sai, J.P. as to 16.20%, Mr. LEE Sing Din as to 11.85%, Mr. LI Ching Wai as to 5.56%, Mr. NG Ngan Ho as to 3.70%, Mr. LI Man Yin as to 3.70%, Mr. SZE Nang Sze as to 5.09% and Mr. LI Ching Leung as to 3.70%.
- (2) Pursuant to the Shareholders' Agreement, each of the parties has agreed to grant a right of first offer to the other parties if any of them intends to sell their Shares allotted to them under the Xinyi Glass Distribution (as defined in the prospectus of the Company dated 28 June 2016).

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- (3) Dr. LEE Yin Yee, B.B.S.'s interests in 119,786,909 Shares are held through Realbest Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Dr. LEE Yin Yee, B.B.S.. Dr. LEE Yin Yee, B.B.S.'s interests in 37,555,650 Shares are held through a joint account with his spouse, Madam TUNG Hai Chi.
- (4) Dr. LEE Yin Yee, B.B.S.'s interests in 2,473,600 Shares are held through Xin Yuen Investment Limited, a company incorporated in the BVI with limited liability, which was wholly-owned by Xin Wong Investment Limited ("**Xin Wong**"). Xin Wong is 50% owned by Dr. LEE Yin Yee, B.B.S. and 50% owned by his spouse, Madam TUNG Hai Chi.
- (5) Mr. TUNG Ching Bor's interests in 44,059,821 Shares are held through High Park Technology Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. TUNG Ching Bor. Mr. TUNG Ching Bor's interests in 9,868,320 Shares are held through a joint account with his spouse, Madam KUNG Sau Wai.
- (6) Mr. LEE Sing Din's interest in 41,549,328 Shares are held through Telerich Investment Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LEE Sing Din.
- (7) Mr. LI Ching Wai's interests in 19,251,310 Shares are held through Goldbo International Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Wai.
- (8) Mr. LI Man Yin's interests in 13,053,905 Shares are held through Perfect All Investments Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Man Yin. Mr. LI Man Yin's interests in 1,706,100 Shares are held through a joint account with his spouse, Madam LI Sau Suet.
- (9) Mr. SZE Nang Sze's interests in 18,870,619 Shares are held through Goldpine Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. SZE Nang Sze.
- (10) Mr. LI Ching Leung's interests in 12,860,003 Shares are held through Herosmart Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. LI Ching Leung. Mr. LI Ching Leung has personal interests in 5,634,850 Shares held in his own name and 66,000 Shares held through his spouse, Madam DY Maria Lumin.

Save as disclosed above, as of 30 June 2022, the Company had not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the shareholders of the Company at the annual general meeting held on 31 May 2017 and will be valid for a period of ten years from the date of adoption of the Scheme. The following table sets forth movements in the share options of the Company for the six months ended 30 June 2022:

|                               | Grant date                | Exercise price (HK\$) | Exercisable period   | At 1/1/2022       | Number of share options  |                          |           |                  |                   |
|-------------------------------|---------------------------|-----------------------|----------------------|-------------------|--------------------------|--------------------------|-----------|------------------|-------------------|
|                               |                           |                       |                      |                   | Granted                  | Exercised                | Cancelled | Lapsed           | At 30/6/2022      |
| Executive Director            |                           |                       |                      |                   |                          |                          |           |                  |                   |
| - Ms. Li Pik Yung             | 3/9/2019 <sup>(a)</sup>   | 1.153                 | 1/4/2022 - 31/3/2023 | 44,656            | -                        | -                        | -         | -                | 44,656            |
|                               | 24/8/2020 <sup>(a)</sup>  | 1.379                 | 1/4/2023 - 31/3/2024 | 44,656            | -                        | -                        | -         | -                | 44,656            |
|                               | 11/5/2021 <sup>(a)</sup>  | 4.730                 | 1/4/2024 - 31/3/2025 | 44,656            | -                        | -                        | -         | -                | 44,656            |
|                               | 11/5/2022 <sup>(b)</sup>  | 3.908                 | 1/4/2025 - 31/3/2026 | -                 | 66,000 <sup>(1)</sup>    | -                        | -         | -                | 66,000            |
| Chief executive officer       |                           |                       |                      |                   |                          |                          |           |                  |                   |
| - Mr. ZHA Xue Song            | 18/12/2020 <sup>(a)</sup> | 2.010                 | 1/4/2024 - 31/3/2025 | 1,014,898         | -                        | -                        | -         | -                | 1,014,898         |
|                               | 11/5/2021 <sup>(a)</sup>  | 4.730                 | 1/4/2024 - 31/3/2025 | 44,656            | -                        | -                        | -         | -                | 44,656            |
|                               | 11/5/2022 <sup>(b)</sup>  | 3.908                 | 1/4/2025 - 31/3/2026 | -                 | 66,000 <sup>(1)</sup>    | -                        | -         | -                | 66,000            |
| Continuous contract employees |                           |                       |                      |                   |                          |                          |           |                  |                   |
|                               | 13/8/2018                 | 1.917                 | 1/4/2021 - 31/3/2022 | 116,985           | -                        | (116,985) <sup>(2)</sup> | -         | -                | -                 |
|                               | 3/9/2019 <sup>(a)</sup>   | 1.153                 | 1/4/2022 - 31/3/2023 | 402,912           | -                        | (185,177) <sup>(3)</sup> | -         | (38,565)         | 179,170           |
|                               | 24/8/2020 <sup>(a)</sup>  | 1.379                 | 1/4/2023 - 31/3/2024 | 428,995           | -                        | -                        | -         | (62,922)         | 366,073           |
|                               | 18/12/2020 <sup>(a)</sup> | 2.010                 | 1/4/2024 - 31/3/2025 | 9,438,552         | -                        | -                        | -         | -                | 9,438,552         |
|                               | 11/5/2021 <sup>(a)</sup>  | 4.730                 | 1/4/2024 - 31/3/2025 | 1,475,659         | -                        | -                        | -         | (82,511)         | 1,393,148         |
|                               | 11/5/2022 <sup>(b)</sup>  | 3.908                 | 1/4/2025 - 31/3/2026 | -                 | 1,468,000 <sup>(1)</sup> | -                        | -         | -                | 1,468,000         |
|                               |                           |                       |                      | <u>13,056,625</u> | <u>1,600,000</u>         | <u>(302,162)</u>         | <u>-</u>  | <u>(183,998)</u> | <u>14,170,465</u> |

### Notes:

1. The closing price of the shares immediately before the date on which the options were granted was HK\$3.860.
2. The weighted average closing price of shares immediately before the dates on which the options were exercised was HK\$3.974.
3. The weighted average closing price of shares immediately before the dates on which the options were exercised was HK\$4.622.
4. One third of the options shall vest on each of the year-end date of 2019, 2020 and 2021.
5. One third of the options shall vest on each of the year-end date of 2020, 2021 and 2022.
6. One third of the options shall vest on each of the year-end date of 2021, 2022 and 2023.
7. One third of the options shall vest on each of the year-end date of 2022, 2023 and 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2022, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## NO COMPETING BUSINESS

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

Save as disclosed above, as far as the Directors are aware of, during the six months ended 30 June 2022, 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 six months ended 30 June 2022, the Company had complied with the applicable code provisions set forth in the CG Code.

## DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2022 (2021: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## 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 interim results of the Company for the six months ended 30 June 2022 have not been reviewed by the external auditor but 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, 3 August 2022