XINYI ELECTRIC STORAGE HOLDINGS LIMITED
信義儲電控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 08328)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2024	2023	Change
	HK$'000	*HK$'000*	
Revenue	**1,233,870**	1,391,960	-11.4%
(Loss)/profit attributable to owners of the Company	**(197,069)**	83,142	N/A
(Loss)/earnings per share - Basic	**(25.09) HK cents**	10.59 HK cents	N/A

The board (the "**Board**") of Directors is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Revenue	3	**1,233,870**	1,391,960
Cost of revenue		**(1,030,753)**	(1,196,668)
Gross profit		**203,117**	195,292
Other income	4	**19,587**	70,840
Other (losses)/gains, net	4	**(96,446)**	14,619
Impairment loss on financial assets		**(1,841)**	(1,077)
Impairment loss on property, plant and equipment		**(49,498)**	—
Impairment loss on intangible assets		**(60,645)**	—
Selling and marketing costs		**(33,188)**	(35,568)
Administrative expenses		**(157,614)**	(120,715)
Share of results of joint ventures		**3,857**	—
Share of results of an associate		**(5)**	(5)
Operating (loss)/profit		**(172,676)**	123,386
Finance income	6	**1,037**	1,286
Finance costs	6	**(17,721)**	(15,048)
(Loss)/profit before income tax	5	**(189,360)**	109,624
Income tax expense	7	**(18,329)**	(17,524)
(Loss)/profit for the year		**(207,689)**	92,100
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**(68,493)**	(27,466)
Share of other comprehensive income of joint ventures		**(86)**	—
Items that will not be subsequently reclassified to profit or loss			
Change in fair value of a financial asset at fair value through other comprehensive income, net of tax		**9,263**	4,336
Remeasurement of defined benefit obligations		**—**	(12)
		(59,316)	(23,142)
Total comprehensive income for the year		**(267,005)**	68,958

	Notes	2024	2023
		HK$'000	*HK$'000*
(Loss)/profit for the year attributable to:			
– owners of the Company		**(197,069)**	83,142
– non-controlling interests		**(10,620)**	8,958
		(207,689)	92,100
Total comprehensive income attributable to:			
– owners of the Company		**(254,086)**	59,408
– non-controlling interests		**(12,919)**	9,550
		(267,005)	68,958
		HK Cents	*HK Cents*
(Loss)/earnings per share attributable to owners of the Company for the year			
– Basic	8(a)	**(25.09)**	10.59
– Diluted	8(b)	**(25.09)**	10.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	**2024**	2023
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**534,033**	735,904
Intangible assets		**36,816**	89,200
Financial asset at fair value through other comprehensive income		**39,783**	30,044
Interests in joint ventures		**6,180**	—
Interests in an associate		**293**	298
Finance lease receivables	10	**473,257**	357,298
Prepayments for property, plant and equipment	10	**665**	229
Deferred tax assets		**14,399**	—
		1,105,426	1,212,973
Current assets			
Inventories		**139,153**	248,495
Contract assets, trade and other receivables and prepayments	10	**652,323**	665,326
Income tax recoverable		**2,233**	—
Pledged bank deposits		**2,934**	—
Cash and cash equivalents		**111,706**	206,549
		908,349	1,120,370
Current liabilities			
Contract liabilities, trade and other payables	11	**513,713**	516,588
Provision for tax		**2,665**	5,092
Lease liabilities		**8,520**	8,705
Bank borrowings	12	**312,927**	376,991
		837,825	907,376
Net current assets		**70,524**	212,994
Total assets less current liabilities		**1,175,950**	1,425,967
Non-current liabilities			
Lease liabilities		**7,421**	8,507
Bank borrowings	12	**154,896**	155,173
Deferred tax liabilities		**49,476**	36,739
Defined benefit obligations		**265**	265
		212,058	200,684
Net assets		**963,892**	1,225,283
EQUITY			
Share capital		**7,855**	7,853
Reserves		**932,292**	1,182,333
		940,147	1,190,186
Non-controlling interests		**23,745**	35,097
Total equity		**963,892**	1,225,283

NOTES:

1. General information

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

The Company is an investment holding company and its subsidiaries are principally engaged in the automobile glass repair and replacement business in Hong Kong and the production and sales of electric storage products and 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.

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

These consolidated financial statements are presented in thousands of Hong Kong dollars ("**HK$'000**") unless otherwise stated. These consolidated financial statements have been approved and authorised for issue by the Board on 19 March 2025.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs")

2.1 Adoption of new or revised HKFRSs – effective 1 January 2024

In the current year, the Group has applied for the first time the following new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2024:

Amendments to Hong Kong Accounting Standard ("**HKAS**") 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Disclosures: Supplier Finance Arrangements

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

Amendments to HKAS 1 - Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments specify that an entity's right to defer settlement must exist at the end of reporting period. The amendments also clarify that classification is unaffected by management's intention or expectation about whether the entity will exercise its right to defer settlement, clarify how lending conditions affect classification; and clarify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments.

Amendments to HKFRS 16 - Lease Liability in a Sale and Leaseback

The amendments clarify how an entity accounts for sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains.

Amendments to HKAS 7 and HKFRS 7 – Disclosures: Supplier Finance Arrangements

The amendments introduce disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

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

2.2 New or revised 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 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 7 Financial Instruments: Disclosure, HKFRS 9 Financial Instruments, HKFRS 10 Consolidated Financial Statements, HKAS 7 Statement of Cash Flows[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025.

2 Effective for annual periods beginning on or after 1 January 2026.

3 Effective for annual periods beginning on or after 1 January 2027.

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

The Directors anticipate that the application of these new or amended 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. Segment information

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

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

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

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

(a) Segment results

	Year ended 31 December 2024					
	Electric storage business	EPC Services	PV Films	Automobile glass repair and replacement services	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	172,387	611,817	341,527	57,413	50,726	1,233,870
Timing of revenue recognition within the scope of HKFRS 15						
– At a point in time	172,387	106,123	341,527	57,413	40,486	717,936
– Over time	—	484,377	—	—	10,240	494,617
	172,387	590,500	341,527	57,413	50,726	1,212,553
Revenue from other source:						
Finance lease income	—	21,317	—	—	—	21,317
Total revenue	172,387	611,817	341,527	57,413	50,726	1,233,870
Cost of revenue	(163,995)	(454,336)	(332,972)	(39,101)	(40,349)	(1,030,753)
Gross profit	8,392	157,481	8,555	18,312	10,377	203,117
Depreciation charge of property, plant and equipment	31,789	3,131	15,838	7,965	—	58,723
Amortisation charge of intangible assets	6,269	—	1,969	—	—	8,238
Impairment loss on property, plant and equipment	8,118	—	41,380	—	—	49,498
Impairment loss on intangible assets	56,279	—	4,366	—	—	60,645
Loss on disposal of lithium battery production lines (note 4(c))	95,617	—	—	—	—	95,617

	Year ended 31 December 2023					
	Electric storage business	EPC Services	PV Films	Automobile glass repair and replacement services	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	356,057	572,000	363,494	50,205	50,204	1,391,960
Timing of revenue recognition within the scope of HKFRS 15						
– At a point in time	356,057	45,230	363,494	50,205	41,089	856,075
– Over time	—	514,871	—	—	9,115	523,986
	356,057	560,101	363,494	50,205	50,204	1,380,061
Revenue from other source:						
Finance lease income	—	11,899	—	—	—	11,899
Total revenue	356,057	572,000	363,494	50,205	50,204	1,391,960
Cost of revenue	(325,016)	(432,125)	(367,229)	(36,104)	(36,194)	(1,196,668)
Gross profit/(loss)	31,041	139,875	(3,735)	14,101	14,010	195,292
Depreciation charge of property, plant and equipment	27,979	1,315	4,917	7,429	—	41,640
Amortisation charge of intangible assets	2,277	—	392	—	—	2,669

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

	2024	2023
	HK$'000	*HK$'000*
Segment gross profit	**203,117**	195,292
Unallocated items:		
Other income	**19,587**	70,840
Other (losses)/gains, net	**(96,446)**	14,619
Impairment loss on financial assets	**(1,841)**	(1,077)
Impairment loss on property, plant and equipment	**(49,498)**	—
Impairment loss on intangible assets	**(60,645)**	—
Selling and marketing costs	**(33,188)**	(35,568)
Administrative expenses	**(157,614)**	(120,715)
Share of results of joint ventures	**3,857**	—
Share of results of an associate	**(5)**	(5)
Finance income	**1,037**	1,286
Finance costs	**(17,721)**	(15,048)
(Loss)/profit before income tax	**(189,360)**	109,624

During the years ended 31 December 2024 and 2023, none of the Group's customers account for more than 10% of the total revenue of the Group.

(b) Disaggregation of revenue from contract with customers

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

	2024	2023
	HK$'000	*HK$'000*
The PRC	**723,458**	962,301
Canada	**430,516**	375,946
Hong Kong	**57,432**	50,224
Others	**22,464**	3,489
	1,233,870	1,391,960

(c) Segment assets and liabilities

	Year ended 31 December 2024					
	Electric storage business	**EPC Services**	**PV Films**	**Automobile glass repair and replacement services**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Total assets	**483,104**	**889,680**	**530,590**	**48,668**	**61,288**	**2,013,330**
Total assets included:						
Additions to non-current assets during the year (other than financial instruments and deferred tax assets)	**25,630**	**26,813**	**15,603**	**3,976**	**—**	**72,022**
Total liabilities	**(173,773)**	**(241,515)**	**(101,651)**	**(17,083)**	**(46,197)**	**(580,219)**

	Year ended 31 December 2023					
	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*
Total assets	742,304	836,816	643,247	52,720	57,804	2,332,891
Total assets included:						
Additions to non-current assets during the year (other than financial instruments and deferred tax assets)	99,245	4,151	87,191	9,882	88	200,557
Total liabilities	(198,014)	(230,424)	(96,183)	(19,892)	(29,143)	(573,656)

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

	Assets		Liabilities	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment assets/(liabilities)	**2,013,330**	2,332,891	**(580,219)**	(573,656)
Unallocated items:				
Prepayments, deposits and other receivables	**301**	297	**—**	—
Cash and cash equivalents	**144**	155	**—**	—
Bank borrowings	**—**	—	**(467,823)**	(532,164)
Other creditors and accruals	**—**	—	**(1,841)**	(2,240)
Total assets/(liabilities)	**2,013,775**	2,333,343	**(1,049,883)**	(1,108,060)

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:

	2024	2023
	HK$'000	*HK$'000*
The PRC	**525,293**	781,117
Canada	**9,696**	5,070
Hong Kong	**22,900**	21,826
Malaysia	**20,098**	17,618
	577,987	825,631

4. Other income and other (losses)/gains, net

	2024	2023
	HK$'000	*HK$'000*
Other income		
Government grants (note (a))	**2,358**	64,730
Others (note (b))	**17,229**	6,110
	19,587	70,840
Other (losses)/gains, net		
Net (losses)/gains on disposal/write-off of facilities, scrapped materials or property, plant and equipment (note (c))	**(99,883)**	5,462
Exchange gains, net	**3,690**	9,157
Others	**(253)**	—
	(96,446)	14,619

Notes:

(a) The balance included mainly grants obtained from the PRC government to subsidise the operating costs amounting to Nil (2023: HK$60,740,000) and also tax subsidy amounting to HK$787,000 (2023: HK$2,580,000).

(b) The balance included mainly the additional deduction of input value-added tax and income from sale of electricity.

(c) For the year ended 31 December 2024, the balance included mainly a loss on disposal of lithium battery production lines amounting to HK$95,617,000 (2023: Nil). Remaining balances are scraps or recyclable materials generated from the Group's production and operation which are available for sale and give rise to disposal gains/(losses).

5. (Loss)/profit before income tax

The Group's (loss)/profit before income tax is arrived at after charging:

	2024	2023
	HK$'000	*HK$'000*
Cost of inventories	**825,120**	876,926
Write-off and provision for impairment of inventories	**7,045**	1,628
Auditor's remuneration – audit services	**1,400**	1,480
Depreciation charge:		
– Property, plant and equipment owned	**48,472**	32,500
– Right-of-use assets	**10,251**	9,140
Amortisation charge	**8,238**	2,669
Employee benefit expenses (including directors' emoluments)	**102,092**	104,882
Expense relating to short-term leases	**2,755**	2,607
Research and development expenses	**49,874**	32,039

6. Finance income and costs

	2024	2023
	HK$'000	*HK$'000*
Finance income		
Interest income from bank deposits	**1,037**	1,286
Finance costs		
Interest on bank borrowings	**16,982**	27,966
Interest on lease liabilities	**860**	573
Interest on discounted bills	**3,092**	2,359
	20,934	30,898
Less: amounts capitalised (note)	**(3,213)**	(15,850)
	17,721	15,048

Note:

The capitalisation rate of 3.87% (2023: 5.28%) used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year.

7. Income tax expense

	2024	2023
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax (note (a))	**1,948**	563
– PRC corporate income tax (note (b))	**14,071**	4,812
– Canadian corporate income tax (note (c))	**1,966**	3,982
– Under/(over)-provision for prior years	**171**	(4,792)
	18,156	4,565
Deferred tax charge	**173**	12,959
	18,329	17,524

Notes:

(a) Hong Kong profits tax has been provided at the two-tiered rate of 8.25% (2023: 8.25%) for the first HK$2 million of the estimated assessable profits for one of the Group's Hong Kong subsidiaries for the year and 16.5% (2023: 16.5%) on the remaining estimated assessable profits for the years.

(b) Three (2023: Four) of the PRC subsidiaries, being qualified as a New and High Technology Enterprise, are entitled to a preferential corporate income tax rate of 15% (2023: 15%) for the year. Other subsidiaries of the Group in the PRC are subject to standard tax rate of 25% (2023: 25%). Provision for the PRC corporate income tax is calculated at 15% - 25% (2023: 15% - 25%) on estimated assessable profit for the year ended 31 December 2024.

(c) Canadian corporate income tax is provided on the estimated assessable profits for the year at the federal tax rate of 15% (2023: 15%) and provincial tax rates at rates prevailing in relevant provinces of 8% - 16% (2023: 8% - 16%) for the year ended 31 December 2024.

8. (Loss)/earnings per share

(a) Basic (loss)/earnings per share

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

	2024	2023
	HK$'000	*HK$'000*
(Loss)/profit attributable to owners of the Company	**(197,069)**	83,142
	('000)	*('000)*
Weighted average number of ordinary shares in issue	**785,485**	785,208
	HK Cents	*HK Cents*
Basic (loss)/earnings per share	**(25.09)**	10.59

(b) Diluted (loss)/earnings per share

Diluted (loss)/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 year ended 31 December 2024, the outstanding share options were anti-dilutive.

For the year ended 31 December 2023, the Company had dilutive potential ordinary shares from share options outstanding at the end of the year. The calculation for share options was determined by the number of shares that could have been acquired at fair value (determined as the average annual market share 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 year) 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.

	2024	2023
	HK$'000	*HK$'000*
(Loss)/profit attributable to owners of the Company	**(197,069)**	83,142
	('000)	*('000)*
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**785,485**	785,208
Adjustment for share options	**—**	3,336
	785,485	788,544
	HK Cents	*HK Cents*
Diluted (loss)/earnings per share	**(25.09)**	10.54

9. Dividends

No final dividend was proposed during the year (2023: Nil).

10. Contract assets, trade and other receivables and prepayments

	2024	2023
	HK$'000	*HK$'000*
Finance lease – gross receivables	**673,979**	505,884
Less: Unearned finance income	**(169,928)**	(127,257)
Present value of minimum lease payments	**504,051**	378,627
Less: Loss allowance	**(1,739)**	(1,487)
	502,312	377,140
Trade receivables (note (a))		
– Third parties	**292,674**	281,851
– Related companies	**47,818**	54,915
	340,492	336,766
Less: Loss allowance	**(3,131)**	(2,199)
	337,361	334,567
Contract assets	**143,931**	204,226
Less: Loss allowance	**(734)**	(345)
	143,197	203,881
Bills receivables at fair value through other comprehensive income (note (b))	**92,837**	70,078
Prepayments	**27,102**	28,239
Value-added tax recoverable	**5,899**	1,481
Deposits and other receivables	**17,537**	7,467
	1,126,245	1,022,853
Less: Non-current portion		
Finance lease receivables	**(473,257)**	(357,298)
Prepayments for property, plant and equipment	**(665)**	(229)
Current portion	**652,323**	665,326

Notes:

(a) Trade receivables

Majority of credit period granted by the Group to its customers is 30 to 90 days (2023: 30 to 90 days). Ageing analysis of the Group's trade receivables based on the invoice date was as follows:

	2024	2023
	HK$'000	*HK$'000*
0 – 90 days	**232,797**	204,754
91 – 180 days	**42,878**	58,774
181 – 365 days	**28,770**	63,396
Over 365 days	**36,047**	9,842
	340,492	336,766
Less: Loss allowance	**(3,131)**	(2,199)
	337,361	334,567

(b) Bills receivables

The maturity dates of bills receivables are within 6 months (2023: 6 months).

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2024, the Group endorsed certain unmatured bills receivables accepted by banks in the PRC (the "**Endorsed Bills**") with a carrying amount of HK$22,659,000 (2023: HK$25,724,000) to certain of its suppliers in order to settle the trade and other payables due to such suppliers (the "**Endorsement**"). In addition, as at 31 December 2024, the Group discounted certain unmatured bills receivables accepted by banks in the PRC (the "**Discounted Bills**") with a carrying amount of HK$12,599,000 (2023: HK$18,411,000) to certain banks to finance its operating cash flows (the "**Discount**"). In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills and Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade and other payables settled amounting to HK$22,659,000 (2023: HK$25,724,000), and the Discounted Bills and the associated borrowings amounting to HK$12,599,000 (2023: HK$18,411,000). Subsequent to the Endorsement and Discount, the Group did not retain any rights on the use of the Endorsed Bills and Discounted Bills, including the sale, transfer or pledge to any other third parties.

Transferred financial assets that are derecognised in their entirety

As at 31 December 2024, the Group had unmatured Endorsed Bills with an aggregate carrying amount of HK$46,254,000 (2023: HK$87,957,000) and unmatured Discounted Bills with an aggregate carrying amount of HK$155,811,000 (2023: HK$181,053,000) that have been transferred and derecognised (the "**Derecognised Bills**"). The Derecognised Bills have maturity from six months (2023: six months) at the end of the reporting period. In accordance with the relevant laws and regulations in the PRC and relevant discounting arrangements with certain banks, the holders of the Derecognised Bills have a right of recourse against the Group if the accepting banks default (the "**Continuing Involvement**"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2024 and 2023, the Group had not recognised any gain or loss arising from the Derecognised Bills. No gain or loss were recognised from the Continuing Involvement, both during the years or cumulative years.

11. Contract liabilities, trade and other payables

	2024	2023
	HK$'000	*HK$'000*
Trade payables (note (a))		
– Third parties	**173,646**	202,746
– Related companies	**1,635**	2,675
	175,281	205,421
Bills payables	**163,297**	122,586
Contract liabilities	**19,696**	21,940
Accrued salaries and bonus	**24,645**	28,478
Other payables for purchase of property, plant and equipment	**60,003**	74,080
Other creditors and accruals	**36,041**	28,877
Value-added tax payable	**9,237**	8,876
Deferred revenue in respect of government grants	**25,513**	26,330
	513,713	516,588

Note:

(a) Trade payables

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

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**101,251**	101,382
31 – 90 days	**17,564**	43,627
91 – 180 days	**20,316**	19,467
Over 180 days	**36,150**	40,945
	175,281	205,421

12. Bank borrowings

The Group's bank borrowings are repayable as follows:

	2024	2023
	HK$'000	*HK$'000*
On demand or within one year	**312,927**	376,991
In the second year	**154,896**	85,115
In the third to fifth years	**—**	70,058
Wholly repayable within five years	**467,823**	532,164
Less: portion due on demand or within one year under current liabilities	**(312,927)**	(376,991)
Portion due over one year under non-current liabilities	**154,896**	155,173

Notes:

(a) As at 31 December 2024, HK$12,599,000 (2023: HK$18,411,000) of the current bank borrowings was related to the Discounted Bills (note 10(b)) and was carried at fixed rates ranged from 0.7% to 1.8% per annum (2023: 1.3% to 1.6% per annum). The Group's remaining bank borrowings amounting to HK$346,915,000 (2023: HK$222,098,000) were carried at floating rates ranging from 2.3% to 5.9% per annum (2023: 5.1% to 7.2% per annum) and HK$108,309,000 (2023: HK$291,655,000) were carried at fixed rates ranging from 2.3% to 3.9% per annum (2023: 2.5% to 3.9% per annum).

(b) As at 31 December 2024 and 2023, the Group's bank borrowings were secured by corporate guarantee given by the Company.

(c) As at 31 December 2024, the Group had banking facilities amounting to HK$1,804,262,000 (2023: HK$1,737,105,000), out of which HK$1,136,562,000 (2023: HK$974,875,000) were not utilised.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a decrease in revenue by 11.4% from HK$1,392.0 million in 2023 to HK$1,233.9 million in 2024, mainly attributable to the decrease in the average selling price of each principal business product as a result of the imbalance between supply and demand in the market. Loss attributable to owners of the Company amounted to HK$197.1 million in 2024 which was mainly attributable to (i) the loss arising from the disposal of the battery production lines and the amount of provision for the impairment of the intangible assets in relation to the capitalised development costs for the lithium battery products and (ii) the amount of provision for the impairment of (a) the value of the production facilities and (b) the intangible assets in relation to the capitalised development costs for the renewable energy products as a result of the decreases in the market prices and the accelerated technical development in 2024.

Renewable Energy – Electric Storage Business

The Group has production facilities in Zhangjiagang, Jiangsu Province for the manufacturing and sales of electric storage products and is engaged in the integrated research and development (R&D), design, production, system integration and service function with lithium batteries as the core to further develop into different types of lithium battery products and energy storage products, which have become the core business activities of the Group. The electric storage business of the Group mainly focuses on the development and sales of the industrial and commercial energy storage products as well as the residential energy storage products. The Group's products are mainly sold and installed in integrated systems comprising lithium batteries, battery management systems and other components (such as energy management systems and power conversion systems). The Group's electric storage products for industrial and commercial use are mainly being used as energy storage systems to facilitate load shifting and power stabilisation, and also being used as uninterruptible power supply. The Group's electric storage products for residential use mainly include micro energy storage products and portable electric vehicle ("**EV**") chargers.

Renewable Energy – EPC Services

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

In addition to the domestic market in the PRC, the Group has a subsidiary in Canada and a joint venture in Indonesia, for the provision of EPC Services in Canada and Indonesia, respectively.

Renewable Energy – PV Films

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

Automobile Glass Repair and Replacement Services

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

BUSINESS REVIEW

Electric storage business – Disposal of the lithium battery production lines to safeguard the future profitability of the business

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

The Directors are of the view that the demand for the industrial and commercial energy storage products and the residential "photovoltaic, storage and charging" products will serve as the growth drivers in the future, thus active deployment is being carried out for the dual development in these business activities. The Group's industrial and commercial energy storage products are part of the Group's comprehensive product solutions, with products including air cooling energy storage system and liquid cooling energy storage system, and are suitable for different applications, such as power generation, power supply and user-side. In 2024, the variety of the Group's industrial and commercial energy storage products has been further expanded with the commencement of shipment and delivery of its industrial and commercial outdoor energy storage containers.

The lithium battery production lines of the Group primarily served the purpose of producing lithium batteries for its own consumption to further process into products including battery packs and energy storage systems. With the increase in the overall supply and the improvement in production technology, the average selling prices of lithium battery products continue to decrease. The production capacity of the Group's lithium battery production lines was not comparable to that of other specialised large-scale battery manufacturers who can benefit from the economies of scale in production. With the imbalance in supply and demand, industry peers have been scrambling orders at low prices in order to maintain their market share and production rate. The Directors consider that it would be more commercially viable for the Group to purchase the lithium batteries from other manufacturers instead of producing the lithium batteries by the Group. Due to the severe market competition, the market price level of storage batteries and the situation of the Group, the Directors made a decisive decision to cease the lithium battery production lines during the year and then took active parts in identifying a buyer to dispose the lithium battery production lines. The disposal of the lithium battery production lines was completed in December 2024, thereby incurring a disposal loss of HK$95.6 million. Even though there was a large one-time loss incurred from the disposal of the lithium battery production lines, the decision was targeted to discontinue the loss led by the lithium battery production so that the Group could better utilise its resources in the integration of energy storage systems. The Directors considered that the disposal will benefit the Group in the long run mainly because it will (i) release the working capital required for maintaining the raw materials for the lithium battery products as well as the utensils and manpower required for operating the battery production lines, including the quality control costs arising from inspecting enormous raw materials for the lithium battery production as well as the costs incurred for any substandard or non-conforming products produced in the process; (ii) reduce the R&D costs for lithium battery products; and (iii) decrease the expenditure on maintenance and continuous upgrading of capital assets required for manufacturing lithium battery products. With the disposal of the lithium battery production lines, the provision for impairment was also made for the capitalised development costs relating to the lithium battery technology.

In addition, regarding the residential "photovoltaic, storage and charging" products, the R&D team of the Group is dedicated to the development of a product development roadmap for the integration and serialisation of "photovoltaic, storage and charging". These products mainly comprise three major series, namely (i) residential energy storage; (ii) EV charger; and (iii) portable energy storage. The residential energy storage products mainly include residential energy storage battery packs. The Group has formed strategic cooperation with inverter manufacturers to support the supply of residential energy storage products, among which the delivery of 13.5 kilowatt-hour (kWh) residential energy storage battery pack, the new product, commenced in 2024. Furthermore, the delivery of the EV charger series is stable with products available at leading e-commerce and home appliance retailers. The Group also conducts the R&D and certification on various types of EV chargers. However, as the sales and promotion of the EV chargers are more difficult than the original expectation, a provision for impairment for the equipment and capitalised development costs was made. In terms of the portable energy storage series, despite the R&D of various portable energy storage products of the Group is almost completed, the Group has decided to suspend the R&D and sales of the portable energy storage series of products around the end of 2024 in view of factors including their product specifications, market prices, sales channels and future resource allocation, with a full provision for impairment made for the assets including the equipment and capitalised development costs.

As the Group ceased the lithium battery production during the year, corresponding adjustments were needed for the R&D of its energy storage system products, aiming at assessing and improving the impact of using different lithium batteries on such products, while appropriate R&D and switching were required subsequently in terms of the technology of the energy storage system products. Upon such adjustments, several industrial and commercial energy storage system projects undertook by the Group in the fourth quarter of 2024 have been delivered in 2024 when part of which are expected to be delivered in the first quarter of 2025.

Engineering, procurement and construction ("EPC") service business for photovoltaic power stations – Growth in revenue and gross profit and expansion of business into Indonesia

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

Among the several principal businesses of the Group, the photovoltaic EPC service business performed relatively satisfactory in 2024, recording a growth of 7.0% in its revenue as compared to 2023. Meanwhile, with the benefit arising from the recent decrease in the price of key materials such as photovoltaic modules, the photovoltaic EPC service business recorded a high gross profit margin of 25.7%, representing an increase as compared to 24.5% in 2023.

Due to the Canadian government's suspension of subsidy applications at the national level in 2024, the Canadian photovoltaic EPC service business of the Group has been affected to a certain extent in terms of the number of orders signed. However, the solid and reliable foundation still placed the photovoltaic EPC service business of the Group in Canada in a leading position in the Canadian market. From 2024, the Canadian photovoltaic EPC service business has also diversified into the commercial photovoltaic EPC market to further expand its business presence in Canada.

In addition, the Group has established a joint venture in Indonesia with a well-known local enterprise in 2024 for the purpose of providing photovoltaic EPC services to the domestic users in Indonesia to further expand the photovoltaic EPC services business overseas. The first photovoltaic EPC project in Indonesia is currently under installation. Meanwhile, the Group has also established a subsidiary in South Africa to develop its photovoltaic and energy storage business.

PV Films business – Increase in sales volume and reduction in production cost

The Group is actively exploring the manufacturing business on PV Films for the purpose of aligning with Xinyi's strategic goal of becoming a major supplier of key components of photovoltaic modules. The Group's PV Films products are mainly ethylene vinyl acetate ("**EVA**") films, polyolefin elastomer ("**POE**") films and co-extruded POE ("**EPE**") films, which were developed according to the customers' demands for the type and technical requirements of photovoltaic modules, so as to provide them with PV Films products that meet their requirements. The Group's PV Films production lines are located in Wuhu City, Anhui Province, which have completed the construction of 45 gigawatts ("**GW**") of production capacity for the encapsulant films. Moreover, the Group has set up production lines in Malacca, Malaysia, with a production capacity of 5GW for the encapsulant films, for the continuously growing needs of the photovoltaic module markets in Southeast Asia.

As the certification and product introduction work with multiple module manufacturers have been completed, the sales volume of the PV Films products of the Group increased significantly in 2024, representing a growth of 37% as compared to last year. As the overall production capacity of the PV Films industry increased with the market capacity higher than the demand, the selling price of PV Films products decreased as a result of the imbalance between supply and demand. Despite the increase in sales volume of the PV Films business, its revenue decreased slightly by 6.1% as compared to last year. Through increased sales volume and reduced unit costs, the Group's PV Films business achieved a gross profit in 2024.

With cyclical adjustments from changes in supply and demand in the photovoltaic industry, the photovoltaic industry is facing severe challenges and intensified competition which has put enormous pressure on its overall profitability. Under such difficult operating environment, the Group, while actively promoting the sales volume increase, shall also consider factors including profit of orders and recoverability risk of receivables. Taking more prudent sales strategies and controlling the order scale when appropriate, the Group will develop the PV Films business with certain profitability to protect the long-term healthy development of this business.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group's revenue was HK$1,233.9 million (2023: HK$1,392.0 million), representing a decrease by 11.4% mainly attributable to the change in revenue contributed by business segments analysed as follows:

Revenue — by segment

	Year Ended 31 December					
	2024		2023		Increase/(decrease)	
	HK$'million	***%***	*HK$'million*	*%*	*HK$'million*	*%*
Electric storage business	**172.4**	**14.0**	356.1	25.6	(183.7)	(51.6)
EPC Services	**611.8**	**49.6**	572.0	41.1	39.8	7.0
PV Films	**341.5**	**27.7**	363.5	26.1	(22.0)	(6.1)
Automobile glass repair and replacement services	**57.4**	**4.6**	50.2	3.6	7.2	14.3
Others (Trading of forklift and wind farm related business)	**50.8**	**4.1**	50.2	3.6	0.6	1.2
Total revenue	**1,233.9**	**100.0**	1,392.0	100.0	(158.1)	(11.4)

Revenue — by geographical area

	Year Ended 31 December					
	2024		2023		Increase/(decrease)	
	HK$'million	***%***	*HK$'million*	*%*	*HK$'million*	*%*
The PRC	**723.5**	**58.6**	962.3	69.1	(238.8)	(24.8)
Canada	**430.5**	**34.9**	376.0	27.0	54.5	14.5
Hong Kong	**57.4**	**4.7**	50.2	3.6	7.2	14.3
Others	**22.5**	**1.8**	3.5	0.3	19.0	542.9
Total revenue	**1,233.9**	**100.0**	1,392.0	100.0	(158.1)	(11.4)

For the year ended 31 December 2024, the Group's revenue from the sales of electric storage products decreased from HK$356.1 million for the year ended 31 December 2023 to HK$172.4 million for the year ended 31 December 2024. The decrease in revenue was mainly due to the change of using self-produced lithium batteries to lithium batteries procured from third party manufacturers for further processing to energy storage products, which the Group accepted fewer orders of industrial and commercial energy storage products during the year as corresponding adjustments were needed for R&D of its energy storage system products. The acceptance of orders gradually resumed to normal in the fourth quarter of 2024.

The imbalance between the market supply and demand of lithium batteries and the improvement of production technology drove the drop in the market price of lithium battery products and energy storage products in the PRC during the year, which also attributed to the decrease in revenue from the sales of electric storage products.

Revenue from the EPC Services increased from HK$572.0 million for the year ended 31 December 2023 to HK$611.8 million for the year ended 31 December 2024. The revenue contributed from the EPC Services in the PRC and Canada remained stable during the year.

Revenue from the PV Films slightly decreased from HK$363.5 million for the year ended 31 December 2023 to HK$341.5 million for the year ended 31 December 2024. The decrease in revenue was mainly due to the drop in average selling price of the PV Films products during the year. Similar to the electric storage business, the imbalance between the market supply and demand of PV Films products caused the drop in the market price of PV Films products. Despite the drop in average selling price, the Group maintained a similar level of revenue from the PV Films for the year due to the increase in sales volume.

Revenue from the automobile glass repair and replacement services increased from HK$50.2 million for the year ended 31 December 2023 to HK$57.4 million for the year ended 31 December 2024. The increase in revenue was mainly due to the increase in average selling price as more customers opted to choose automobile glasses with value-added functions and features for the replacement.

Cost of revenue and gross profit

Cost of revenue comprised of HK$164.0 million (2023: HK$325.0 million) arising from the electric storage business, HK$454.3 million (2023: HK$432.1 million) arising from the EPC Services, HK$333.0 million (2023: HK$367.2 million) arising from the PV Films, HK$39.1 million (2023: HK$36.1 million) arising from the automobile glass repair and replacement services, and HK$40.3 million (2023: HK$36.2 million) arising from others (trading of forklift and wind farm related business).

Cost of revenue for the electric storage business of HK$164.0 million (2023: HK$325.0 million) mainly comprised of the material cost, labour cost and depreciation charge of property, plant and equipment. The gross profit of the electric storage business decreased from HK$31.0 million for the year ended 31 December 2023 to HK$8.4 million for the year ended 31 December 2024. The decrease in gross profit was mainly due to the decrease in revenue during the year.

Cost of revenue for the EPC Services of HK$454.3 million (2023: HK$432.1 million) mainly comprised of the material cost, installation cost and other subcontracting costs. The gross profit of the EPC Services increased from HK$139.9 million for the year ended 31 December 2023 to HK$157.5 million for the year ended 31 December 2024 mainly due to the increase in revenue during the year.

Cost of revenue for the PV Films of HK$333.0 million (2023: HK$367.2 million) mainly comprised of material cost, labour cost and depreciation charge of property, plant and equipment. The gross profit of the PV Films increased from a gross loss of HK$3.7 million for the year ended 31 December 2023 to a gross profit of HK$8.6 million for the year ended 31 December 2024 mainly due to the increase in sales volume and the implementation of cost saving measures during the year.

Cost of revenue for the automobile glass repair and replacement services of HK$39.1 million (2023: HK$36.1 million) mainly comprised of labour costs and depreciation charge of property, plant and equipment (including the depreciation charge of right-of-use assets of lease contracts). The gross profit of the automobile glass repair and replacement services increased from HK$14.1 million for the year ended 31 December 2023 to HK$18.3 million for the year ended 31 December 2024 mainly because the depreciation charge and other overhead expenses (including labour costs) were generally stable, while revenue increased.

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

The gross profit increased by HK$7.8 million from HK$195.3 million for the year ended 31 December 2023 to HK$203.1 million for the year ended 31 December 2024. The gross profit margin increased from 14.0% for the year ended 31 December 2023 to 16.5% for the year ended 31 December 2024, which was mainly due to the increase in revenue attributable to the EPC Services which had a relatively higher gross profit margin than other businesses of the Group.

Other income

Other income for the year ended 31 December 2024 mainly represented the tax subsidy, additional deduction of input value-added tax and income from sale of electricity generated from the Group's distributed photovoltaic power generation facilities and energy storage facilities.

Other income for the year ended 31 December 2023 mainly represented the government grants from the PRC government which were recognised based on the operating costs of the Group in connection with the production and sales of the PV Films in the PRC.

The decrease in other income for year ended 31 December 2024 as compared to the year ended 31 December 2023 was mainly due to the absence of government grants recognised based on the operating costs in connection with the production and sales of the PV Films.

Other (losses)/gains, net

Other losses, net for the year ended 31 December 2024 mainly included the loss on disposal of the battery production lines amounting to HK$95.6 million. As the average selling prices of lithium battery products in the PRC continue to decrease with the increase in the overall supply and the improvement in production technology, the Directors consider that it would be more cost efficient for the Group to outsource the lithium battery products from large-scale and specialised manufacturers. The Group disposed the battery production lines to an independent third party in December 2024 at a consideration of RMB26.2 million (equivalent to HK$28.1 million). Loss on disposal of HK$95.6 million was recognised during the year ended 31 December 2024, representing the difference between the carrying amount of the battery production lines and the consideration. Details of the disposal of battery production lines are set forth in the announcements of the Company dated 6 December and 18 December 2024.

Other gains, net for the year ended 31 December 2023 mainly included the gains on disposal of scrapped materials arising from the production during the years and the net exchange gains.

Impairment losses on property, plant and equipment and intangible assets

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

PV Films business

In view of the imbalance between the market demand and supply of the PV Films products, the market prices of the PV Films products decreased significantly during the year. The Directors concluded there was an impairment indicator and carried out an impairment assessment and a review of the recoverable amount of the PV Films business. The recoverable amount of the PV Films business was determined using the value in use calculation based on the cash flow projections covering a five-year period. In respect of the determination of the value in use of the cash-generating unit of PV Films business for financial reporting purpose, the Group has engaged an independent valuer to assist the Company in the relevant calculation of the value in use. The carrying amount of the assets of the PV Films business was written down to its recoverable amount. As a result, impairment losses on property, plant and equipment of HK$41.4 million and intangible assets of HK$4.4 million were recognised for the year ended 31 December 2024.

Portable energy storage business

In view of the intense competition of the portable energy storage products in the market and the accelerated technical development, the Directors decided to suspend the subsequent R&D and promotion of the project. The Directors concluded there was an impairment indicator and carried out an impairment assessment and a review of the recoverable amount of the portable energy storage business. The Directors are of the view that the carrying amount of the assets of the portable energy storage business was with a minimal recoverable amount. As a result, impairment losses on property, plant and equipment of HK$2.0 million and intangible assets of HK$25.5 million were recognised for the year ended 31 December 2024.

EV charger business

In view of the intense competition of the EV charger products in the market and the accelerated technical development, the sales and marketing of the EV charger products of the Group were not as good as expected. The Directors concluded there was an impairment indicator and carried out an impairment assessment and a review of the recoverable amount of the EV charger business. The recoverable amount of the EV charger business was determined using the value in use calculation based on the cash flow projections covering a five-year period. In respect of the determination of the value in use of the cash-generating unit of the EV charger business for financial reporting purpose, the Group has engaged an independent valuer to assist the Company in the relevant calculation of the value in use. The carrying amount of the assets of the EV charger business was written down to its recoverable amount. As a result, impairment losses on property, plant and equipment of HK$3.1 million and intangible assets of HK$14.9 million were recognised for the year ended 31 December 2024.

Others

The remaining balances of the impairment losses on property, plant and equipment and intangible assets amounting to HK$3.0 million and HK$15.8 million, respectively, represented (i) the impairment of an equipment which was individually assessed as non-functional and (ii) the impairment of the capitalised development costs as a result of the suspension of R&D for lithium battery products following the disposal of the lithium battery production lines, respectively.

Selling and marketing costs

Selling and marketing costs decreased by HK$2.4 million from HK$35.6 million for the year ended 31 December 2023 to HK$33.2 million for the year ended 31 December 2024, which was mainly due to the decrease in after-sales service expenses, partially offset by the increase in advertising expenses.

Administrative expenses

Administrative expenses increased by HK$36.9 million from HK$120.7 million for the year ended 31 December 2023 to HK$157.6 million for the year ended 31 December 2024, primarily due to (i) the increase in employee benefit expense as a result of the increase in average number of employees for administrative duties during the year; (ii) the increase in the expenditure for R&D; and (iii) the increase in depreciation charge of property, plant and equipment.

Share of results of joint ventures

Share of results of joint ventures was mainly contributed from the Company's joint venture in Indonesia, namely PT Xinkai Solar Indonesia, which was incorporated and commenced operation during the year. PT Xinkai Solar Indonesia is principally engaged in the EPC Services in Indonesia.

Finance costs

Finance costs increased by HK$2.7 million from HK$15.0 million (or HK$30.9 million before capitalisation) for the year ended 31 December 2023 to HK$17.7 million (or HK$20.9 million before capitalisation) for the year ended 31 December 2024. The decrease in finance costs before capitalisation was due to the re-finance of the Hong Kong dollars ("**HK$**") bank borrowings by Renminbi ("**RMB**") bank borrowings, taking advantage of the lower RMB borrowing rates as compared to those of HK$. The increase in finance costs after capitalisation was mainly attributable to the decrease in amounts eligible for capitalisation as a result of the decrease in qualifying assets during the year ended 31 December 2024. During the year, interest expense of HK$3.2 million (2023: HK$15.9 million) was mainly capitalised into the property, plant and equipment of the PV Films production facilities. The capitalised amounts will depreciate together with the relevant assets over their estimated useful lives.

Income tax expense

The Group incurred income tax expense of HK$18.3 million for the year ended 31 December 2024 (2023: HK$17.5 million), which comprised of Hong Kong profits tax, PRC corporate income tax and Canadian corporate income tax. Income tax expense mainly represented the income tax attributable from the EPC Services in Canada. Three (2023: Four) of the PRC subsidiaries, being qualified as New and High Technology Enterprise, were entitled to a preferential corporate income tax rate of 15% and tax incentives for research and development tax credit.

(Loss)/profit attributable to owners of the Company

Loss attributable to owners of the Company for the year ended 31 December 2024 amounted to HK$197.1 million (2023: profit of HK$83.1 million). The decrease in the profitability was mainly due to (i) the loss arising from the disposal of the battery production lines and the amount of provision for the impairment of the intangible assets in relation to the capitalised development costs for the lithium battery products and (ii) the amount of provision for the impairment of (a) the value of the production facilities and (b) the intangible assets in relation to the capitalised development costs for the renewable energy products as a result of the decreases in the market prices and the accelerated technical development in 2024.

BUSINESS OUTLOOK

The Group's principal business has been transformed from the provision of the automobile glass and repair services business in Hong Kong to a comprehensive solution provider of a wide range of electric storage products, EPC services and PV Films. The Group has a clear development direction on its current business activities. The Group currently focuses on a diversified approach of "3E" renewable energy business, namely Energy storage, EPC services and EVA Films.

A series of government policies has been implemented by the PRC government and in other foreign countries which are beneficial to the development of a sustainable and comprehensive business model of energy storage business. In addition to the driving force brought by the renewable energy, such as photovoltaics combined with energy storage, several factors, including the widening gap between the peak-trough tariff, the continuous decreases in the costs of the energy storage system and the ever-advancing technology in the field of energy storage, also contribute to the improvement in the investment returns on the energy storage for the users and reduce the payback period, thus driving a swift development in the industrial and commercial energy storage on user-side. It is expected that the installation for energy storage in the future will be benefitted significantly.

The Group has accumulated years of R&D and operation experience in the electric storage business and will continue to leverage such experience to capture the opportunities arising from the booming industry. After the disposal of the lithium battery production lines in December 2024, the capital assets of the Group for the electric storage business, mainly consisting of land, plants and battery pack production lines, will be in a more light-asset position from 2025 onwards. With the significant reduction in various expenses and costs in the future, including labor costs, depreciation charge, R&D expenses, it is expected that the operation of the electric storage business in a light-asset approach enables the improvement of the profitability in a more efficient manner. Furthermore, the Group will pay more attention to the integration of battery end-products henceforward to improve the industrial, commercial and residential energy storage systems. With efforts to make such integration more precise by applying its experience, the Group strives to maintain its market competitiveness with a clearer positioning and more efficient execution though the energy storage industry is undergoing difficulties in terms of the operating environment. The Group will continue to focus on the market development, strengthen the R&D and optimise the product standards, while focusing on the development of overseas markets, in which resources will be deployed to strengthen and accelerate the product R&D and certification applicable to overseas markets.

In order to address the climate change, the concept of "sustainable development" has received much attention in recent years. Its key is to promote green and environmental-friendly development. The use of photovoltaic has experienced continuous enhancement in standards and continuous expansion in scale. With the recent significant decreases in the installation cost for photovoltaic, the global installation for photovoltaic maintains a faster pace in its growth. The PV Films produced by the Group are an important encapsulant material for photovoltaic modules. The demand for PV Films is expected to grow rapidly as the demand for photovoltaic power generation continues to increase. The Group's primary goal is to complete the certification work with the top module manufacturers in the PRC, while actively securing the supply share of the customers which have already completed the product introduction. In addition, with the swift development in photovoltaic, there is a change in the technology and requirement for the photovoltaic modules from the industry, therefore R&D for the upgrade and iteration of encapsulant technology and product types is a key to the sustainable development for the PV Films enterprises. The Group will make efforts on R&D of the PV Films through deploying its resources, and strengthen the establishment of its R&D team in order to improve the quality and performance of the PV Films in accordance with technological changes in photovoltaic modules and customer needs. Meanwhile, the Group will deploy resources in the R&D in the new generation of the PV Films in order to establish a long-term collaboration with its customers by providing products and service standards with better quality to increase the influence of the Group in the PV Films market. In respect of the investment in R&D, the Group is committed to investing in the leading-edge or promising encapsulant technology, including in zero busbar (0BB) module encapsulant material technology and development of the encapsulant films for perovskite cells. The modification of the PV Films production lines of the Group is also in progress to further increase its speed, thereby achieving the effect of reducing costs, increasing efficiency as well as increasing production capacity. The current low market price of the PV Films drives necessity for the Group to maintain the profit of orders and healthy cash flow along with strict control over the scale of order acceptance and continuous assessment of recoverability risk of receivables while actively expanding the PV Films business. The goal is to ensure the healthy development of the PV Films business of the Group during the challenging environment of the industry.

In addition, the Group is also actively exploring and deploying to seek the production and sales of other types of film products through the interlink of the resin melt co-extrusion technique and compatibility of the production lines.

Similar to the energy storage above, the continuous decline in price of photovoltaic products forced the unceasing fall in the investment cost of distributed photovoltaic power stations. The investment return rate for the installation of the distributed photovoltaic power stations is further improved and more industrial and commercial distributed rooftop resources that meet the profit conditions are released. Apart from the domestic market, overseas photovoltaic EPC markets also own huge potential. In the future, the Group will actively build up overseas project development teams for photovoltaic EPC business to fully develop its photovoltaic EPC business in South Africa and Indonesia. With the recent integrated development of the renewable energy and energy storage markets, enterprises with the ability to combine the two would become more competitive in the market. Leveraging on its extensive experience in the photovoltaic and energy storage industries, the Group will apply the relevant experience to the development of derivation from photovoltaic EPC to photovoltaic and energy storage EPC to provide total solutions of photovoltaic systems and energy storage systems to customers.

In the future, exploring overseas markets will be a key focus of the Group in terms of development. The Group will increase its resources for the investment in overseas photovoltaic and energy storage EPC business and actively explore other development opportunities in overseas markets. The Group has already developed business in some overseas countries, including Canada, South Africa, Indonesia, the Philippines, Pakistan, Poland and Ukraine. Noting the demand for supporting production of overseas photovoltaic modules in Indonesia, the Group has now laid out plans to set up production bases for the PV Films in Indonesia with the view to further develop the related business. In addition to meeting the demand for the PV Films in Indonesia and neighboring countries, this move can also address the risks brought by the international trade barriers.

Looking forward, the Group will continue to focus on the further development of the selected sector in renewable energy, such as energy storage, EPC services and PV Films and expand its market share and position in the increasingly competitive renewable energy market, so as to further improve the Group's profitability. Faced with certain difficulties in the short term, the prospects are still favorable for developing energy storage and photovoltaic industries. The Group will certainly rise to the challenge when adopting a flexible and adaptive management strategy to address the demand on the renewable energy industry from, and the changes in, the market, targeting to stand out in the renewable energy industry with both opportunities and crises. In the long run, the Directors believe that these business directions will deliver satisfactory returns to the shareholders and contribute to the global green energy transformation.

FINANCIAL RESOURCES AND LIQUIDITY

For the year ended 31 December 2024, the Group's primary sources of funding included its own working capital, the net proceeds from the rights issue in December 2021 and September 2022 and bank borrowings. As of 31 December 2024, the Group had net current assets of HK$70.5 million (31 December 2023: HK$213.0 million) and cash and cash equivalents of HK$111.7 million (31 December 2023: HK$206.5 million) which were mainly placed with major banks in Hong Kong, the PRC and Canada. As of 31 December 2024, the Group had bank borrowings of HK$467.8 million (31 December 2023: HK$532.2 million) and had unutilised banking facilities of HK$1,136.6 million (31 December 2023: HK$974.9 million).

As of 31 December 2024, the Group's gearing ratio calculated based on net debt (bank borrowings less cash and cash equivalents) divided by the total equity of the Group was 36.9% (31 December 2023: 26.6%). The change in the Group's gearing level was primarily due to the decrease in cash and cash equivalents and the decrease in total equity.

CAPITAL STRUCTURE

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

CAPITAL EXPENDITURES AND COMMITMENTS

The Group incurred capital expenditures of HK$50.8 million for the year ended 31 December 2024 (2023: HK$131.5 million), which was mainly related to the acquisition of new equipment for the PV Films and the EPC Services.

Capital commitments contracted but not provided for by the Group as of 31 December 2024 amounted to HK$12.8 million (31 December 2023: HK$14.6 million), which were mainly related to the purchase of various production plants and machinery for the PV Films production facilities in the PRC from independent third parties under different independent contracts.

PLEDGE OF ASSETS

As of 31 December 2024, a bank balance of HK$2.9 million was pledged to secure for the Group's bills payables. No assets of the Group were pledged as security as of 31 December 2023.

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2024, the Group had 445 (31 December 2023: 597) full-time employees, of whom 298 (31 December 2023: 438) were based in the PRC, 64 (31 December 2023: 57) were based in Hong Kong and 83 (31 December 2023: 102) were based in Malaysia and Canada. The total staff costs, including the emoluments of the Directors, amounted to HK$135.9 million (2023: HK$144.4 million) for the year ended 31 December 2024. The Group maintains good relationships with all of its employees and provides the employees with sufficient training in business and professional knowledge, including information about the applications of the Group's products and skills in maintaining good customer relationships. Remuneration packages offered to the Group's employees have been consistent with the prevailing market terms and are reviewed on a regular basis. Discretionary bonuses may be awarded to employees taking into consideration the Group's performance and that of the individual employee.

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

FINAL DIVIDEND

The Directors did not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

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

The presentation currency of the Group's consolidated financial statements is HK$. Amid the depreciation of RMB against HK$ in 2024, the Group reported non-cash translation loss – a decrease in the exchange reserve of its consolidated statement of financial position of HK$66.2 million (2023: HK$28.1 million), when converting RMB-denominated assets and liabilities into HK$ at 31 December 2024. As a result, the Group's consolidated exchange reserve recorded a debit balance of HK$142.1 million as of 31 December 2024, as compared to a debit balance of HK$75.9 million as of 31 December 2023.

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 year ended 31 December 2024, the Group did not use any financial instrument for hedging purpose.

USE OF THE NET PROCEEDS FROM RIGHTS ISSUE

In September 2022, the Company raised the net proceeds of HK$393.2 million by way of rights issue of 71,367,861 rights shares. The net proceeds from the rights issue have been fully utilised during the year. The table below sets forth the proposed applications of the net proceeds and the actual utilisation up to 31 December 2024:

	Proposed applications of the net proceeds	Remaining balance as of 31 December 2023	Amount utilised up to 31 December 2024	Remaining balance as of 31 December 2024
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*
Additional working capital for the development of the PV Films business	393.2	59.8	59.8	—

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

During the year ended 31 December 2024, the Company has completed the disposal of the battery production lines to an independent third party. Details of which are disclosed in the announcements of the Company dated 6 December and 18 December 2024.

Save as disclosed above, there were no significant investments held which exceed 5% of the total assets of the Group as of 31 December 2024. There were no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2024. There were no other plans authorised by the Board for any material investments or additions of capital assets as of the date of this announcement.

CONTINGENT LIABILITIES

As of 31 December 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 December 2024 and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors confirmed that the Company had complied with the applicable code provisions as contained in the Corporate Governance Code (the "**CG Code**") set forth in Part 2 of Appendix C1 to the GEM Listing Rules for the year ended 31 December 2024.

AUDIT COMMITTEE

The Company established an audit committee of the Board (the "**Audit Committee**") on 25 June 2016 with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group, nominate and monitor external auditors and provide advice and comments to the Board on matters related to corporate governance. The members of the Audit Committee include three independent non-executive Directors, namely Mr. WANG Guisheng, Mr. NG Wai Hung and Mr. CHAN Hak Kan, S.B.S., J.P.. Mr. WANG Guisheng is the chairman of the Audit Committee.

The audited consolidated financial statements of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "**Model Code**") on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors set forth in Rules 5.48 to 5.67 of the GEM Listing Rules. Directors are reminded of their obligations under the Model Code on a regular basis. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with such required standard of dealings and its code of conduct regarding securities transactions set forth in the Model Code for the year ended 31 December 2024.

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

For the year ended 31 December 2024, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

NO COMPETING BUSINESS

None of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) or their respective associates (as defined in the GEM Listing Rules) have any interests in any business which competes or may compete, either directly or indirectly, with the business of the Group or have any other conflicts of interests which any such person has or may have with the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as of the date of this announcement, there is sufficient public float or not less than 25% of the shares of the Company are in the hands of the public as required under the GEM Listing Rules.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2024 containing all the information required by the GEM Listing Rules and other applicable laws and regulations will be published on the websites of the Stock Exchange and the Company in due course.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set forth in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by BDO Limited on this preliminary announcement.

By order of the Board
Xinyi Electric Storage Holdings Limited
Tan Sri Datuk TUNG Ching Sai ***P.S.M, D.M.S.M, J.P.***
Chairman

Hong Kong, 19 March 2025

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

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

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its publication and the Company's website at www.xinyies.com.