Application Proof of

SOLARSPACE TECHNOLOGY CO., LTD.
江蘇中潤光能科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

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SolarSpace
中润光能

SOLARSPACE TECHNOLOGY CO., LTD.
(江蘇中潤光能科技股份有限公司)

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Total Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED] and [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED], [REDACTED]**

中信建投國際 CHINA SECURITIES INTERNATIONAL   CITIC SECURITIES

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IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

[REDACTED]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

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This summary aims to give you an overview of the information contained in this Document. As it is a summary, it does not contain all the information that may be important to you. You should read the whole Document before you decide to invest in the [**REDACTED**].

There are risks associated with any investment. Some of the particular risks in investing in the [**REDACTED**] *are set out in the section headed "Risk Factors" in this Document. You should read that section carefully in full before you decide to invest in the* [**REDACTED**].

OVERVIEW

We are a global leading specialized PV cell manufacturer, and we also provide PV modules, thereby broadening our business presence in the PV industry value chain. Meeting mainstream market demands, we have developed a diverse products portfolio covering N-type cells and P-type cells and PV modules. We have delivered our products to over 29 countries and regions, and had over 1,000 customers during the Track Record Period. We are at the forefront of PV cell technologies, continually driving innovations in the global energy sector.

Founded in 2011, we have been leading the market with efficient and reliable PV products, and continuously striving to solidify our competitive strengths and expand our market share. According to Frost & Sullivan, in terms of PV cell external shipment volume in 2024, we ranked first among specialized PV cell manufacturers globally, with a market share of 18.3%, and we ranked second among PV cell manufacturers globally, with a market share of 14.6%. While focusing on the PV cell sector, we have vertically expanded our business into the PV module sector. During the Track Record Period, we had been recognized as a Tier 1 global PV module manufacturer by Bloomberg NEF for multiple times. During the Track Record Period, we received multiple awards, including 2023 Global Top 500 New Energy Enterprises, Top 500 Enterprises of China's Manufacturing Industry and 2024 Jiangsu Unicorn Enterprise.

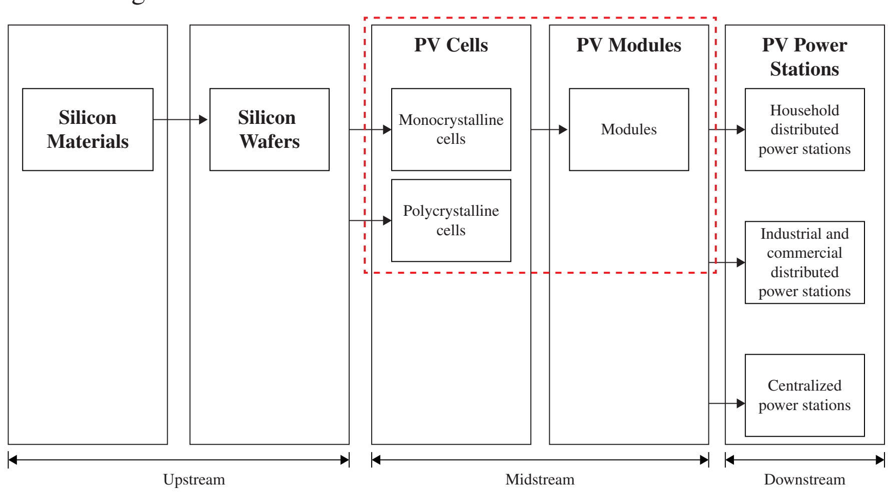
In response to the swift advancements in the PV cell industry, we cultivate comprehensive market insights and strategically focus on technological innovations and production enhancements. We have accurately identified the technological transition from P-type cells to N-type cells and the development from small-size cells to large-size cells. Additionally, through the flexible design of our production facilities, we are able to adapt to different production processes for various PV cells with different technologies and dimensions, while continuously enhancing conversion efficiency and reducing non-silicon cost. During the Track Record Period, our key technological innovations include, among others, high surface doping and shallow junction technology, backside double tunneling layer technology and backside polycrystalline silicon patterning technology. Our R&D investments have significantly contributed to the competitiveness of our products. As of the Latest Practicable Date, we had successfully secured a total of 438 patents, comprising 67 invention patents and 371 utility model patents.

Leveraging our exceptional independent innovation capabilities, reliable product quality, outstanding production standards, extensive sales network, and stable manufacture capability, we continuously enhanced our global leadership. Beyond China, our products are exported to, among other regions, the United States, Europe, Middle East, South East Asia and South Asia. We have established production bases in China and overseas. Additionally, we operate service centers in Frankfurt, Germany, California, the U.S. and Suzhou, China. Our logistics infrastructure includes overseas logistics transit centers in Rotterdam, the Netherlands, Los Angeles and Chicago, the U.S., as well as warehouses of each production base. According to Frost & Sullivan, our customers include various major PV module manufacturers covering nine out of the top ten global PV module manufacturers in terms of shipment volume in 2024. Our global footprint enables us to deliver our products with prompt and efficient services to our customers around the world, providing a solid foundation for long-term, large-scale, and stable partnerships with global industry-leading enterprises.

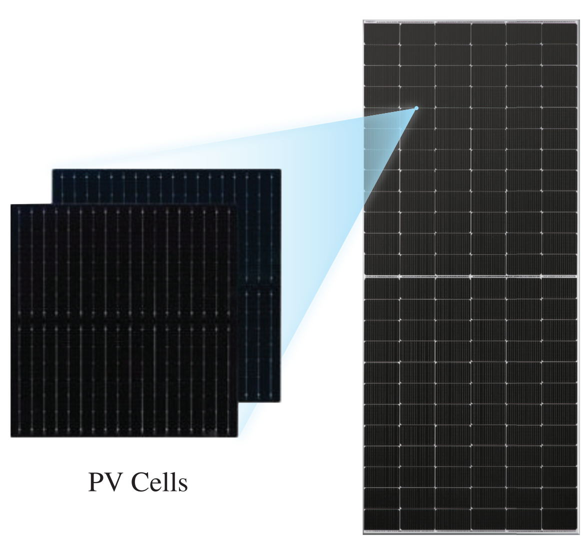
OUR BUSINESS

We are a global leading specialized PV cell manufacturer, and we also provide PV modules, thereby broadening our business presence in the PV industry value chain. With our global production capabilities, we endeavor to provide PV cells and PV modules to the PV industry, featuring industry-leading conversion efficiency, outstanding reliability and competitive prices. Our diverse PV cell product portfolio covers mainstream PV cells with latest technologies in various dimensions, which contributed over 80% of our total revenue during the Track Record Period. Leveraging our technological innovation and production advantage in PV cells, we vertically expanded our coverage along the PV industry value chain layout and entered the PV module sector. Leveraging our innovation capabilities, production capacity, product quality, operational efficiency and extensive sales and service network, we have been engaged by mainstream PV product manufacturers in global markets.

The PV industry value chain encompasses upstream suppliers providing silicon materials and silicon wafers, midstream manufacturers focusing on the development and production of PV cells and PV modules, and downstream players focusing on the construction and operation of solar power stations. We operate primarily in the midstream of the PV industry, focusing on the production of PV cells and PV modules, which are the core components of PV power stations. The following diagram illustrates the industry value chain of the PV industry and our core business coverages thereof circled in red dotted lines.



The pictures of our representative products of PV cells and PV modules are set forth below.



PV Cells

PV Modules

The table below sets forth the breakdown of our total revenue by product type for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
PV Cells						
– Monocrystalline Cells	10,795.5	86.3	18,385.1	88.2	9,162.4	80.9
Of which:						
– P-type Cells	10,795.5	86.3	15,338.2	73.6	3,713.5	32.8
– N-type Cells	–	–	3,046.9	14.6	5,448.9	48.1
– Polycrystalline Cells	782.8	6.2	581.8	2.8	16.1	0.2
Subtotal	11,578.3	92.5	18,966.9	91.0	9,178.5	81.1
PV Modules	938.2	7.5	1,871.0	9.0	2,122.1	18.7
Others[(1)]	–	–	–	–	19.3	0.2
Total	**12,516.5**	**100.0**	**20,837.9**	**100.0**	**11,319.9**	**100.0**

Note:

(1) Others mainly represent our provision of EPC services for PV power facilities.

PV Cells

PV cells are the core components of PV modules. With over a decade of dedicated efforts in the PV cell sector, we have secured a leading market position, consistently expanding our market share through products with high conversion efficiency and outstanding reliability. During the Track Record Period, we manufactured and sold a diverse selection of PV cells. In addition, leveraging our advanced production capabilities, we also provided PV cell manufacturing services in insignificant volume during the Track Record Period, and according to Frost & Sullivan, such manufacturing services are in line with industry norms. In 2022, 2023 and 2024, the sales volume of our PV cells was 13.2 GW, 34.9 GW and 34.5 GW, respectively. In 2022, 2023 and 2024, our revenue generated from PV cell business was RMB11,578.3 million, RMB18,966.9 million and RMB9,178.5 million, respectively, accounting for 92.5%, 91.0% and 81.1% of our total revenue in the same years.

The table below sets forth the details of our key PV cell products as of December 31, 2024.

Product Name	Key Specifications	Conversion Efficiency
G12R TOPCon Cell	No. of Busbars on the front and back: 16 Thickness: 130μm ± 13μm Dimension: 182mm*210mm	Over 26.8%
G12 TOPCon Cell	No. of Busbars on the front and back: 18 Thickness: 130μm ± 13μm Dimension: 210mm*210mm	Over 26.9%
M10 TOPCon Cell	No. of Busbars on the front and back: 16 Thickness: 130μm ± 13μm Dimension: 182mm*183.75mm	Over 26.4%
G12 PERC Cell	No. of Busbars on the front and back: 12 Thickness: 155μm ± 15.5μm Dimension: 210mm*210mm	Over 23.6%
M10 PERC Cell	No. of Busbars on the front and back: 10 Thickness: 160μm ± 16μm Dimension: 182mm*182mm	Over 23.4%

Note: the PV cells listed above are all bifacial cells.

The table below sets forth the breakdown of the sales volume and average selling price of our PV cells for the years indicated.

	Year ended December 31,								
	2022			2023			2024		
	Sales Volume		Average Selling Price(1)	Sales Volume		Average Selling Price(1)	Sales Volume		Average Selling Price(1)
	GW	*%*	*RMB/W*	*GW*	*%*	*RMB/W*	*GW*	*%*	*RMB/W*
Monocrystalline Cells	12.0	90.7	1.0220	33.8	96.9	0.6419	34.4	99.9	0.3206
Of which:									
– P-type Cells	12.0	90.7	1.0220	28.3	81.0	0.6457	15.7	45.5	0.2890
– N-type Cells	–	–	–	5.5	15.9	0.6228	18.7	54.4	0.3472
Polycrystalline Cells	1.2	9.3	0.7244	1.1	3.2	0.5474	0.1	0.2	0.2815
Total/Overall	**13.2**	**100.0**	**0.9945**	**34.9**	**100.0**	**0.6391**	**34.5**	**100.0**	**0.3205**

Note:

(1) The average selling price is calculated by dividing the amounts before deduction under PV cell business (before the deduction of the purchase amount for silicon wafers under the Customer Supply Arrangements) by the sales volume in the same year, for details, see "Business — Customer Supply Arrangements."

During the Track Record Period, due to the gradual exit of polycrystalline cells and increasing popularity of monocrystalline cells in the PV industry, the sales volume of our polycrystalline cells decreased and the sales volume of our monocrystalline cells increased. In addition, the sales volume of our P-type cells decreased and the sales volume of our N-type cells significantly increased in 2024, mainly due to the technological transition from P-type cells to N-type cells, and we gradually ramped up our production of N-type cells since the beginning of 2023. The decrease in the average selling prices of our PV cells during the Track Record Period was primarily attributable to overall excessive supply in the PV industry, leading to the fierce competition in the PV cell sector and the decrease in the price of silicon wafers in the same period, as well as lowered non-silicon cost contributed by advancements in production processes. The average selling price of silicon wafers in the market used in P-type cells decreased from RMB5.8/PCS in 2022, to RMB3.5/PCS in 2023 and further to RMB1.3/PCS in 2024, and the average selling price of silicon wafers in the market used in N-type cells decreased from RMB3.2/PCS in 2023 to RMB1.2/PCS in 2024.

PV Modules

Our PV modules are suitable for household distributed power stations, industrial and commercial distributed power stations and centralized power stations. With our self-manufactured PV cells, we offer PV modules utilizing mainstream PV cell technologies. During the Track Record Period, we were also engaged by few customers to provide PV module manufacturing services. According to Frost & Sullivan, such services are in line with industry norms. Incorporating advanced manufacturing techniques such as non-destructive cutting and high-density encapsulating, we offer a wide range of PV modules with high conversion efficiency, outstanding reliability and competitive price.

In 2022, 2023 and 2024, the sales volume of our PV modules was 0.9 GW, 1.4 GW and 2.9 GW, respectively and, our revenue generated from PV module business was RMB938.2 million, RMB1,871.0 million and RMB2,122.1 million, respectively, accounting for 7.5%, 9.0% and 18.7% of the total revenue in the same years. In 2022, 2023 and 2024, the average selling price of our PV modules was RMB1.0495/W, RMB1.3021/W and RMB0.7318/W, respectively. In particular, in 2022, 2023 and 2024, the average selling price of the PV modules other than the PV modules offered under PV module manufacturing services was RMB1.5565/W, RMB1.3808/W and RMB0.9371/W, respectively.

The table below sets forth the details of our key PV module products as of December 31, 2024.

Product Name	Key Specifications	Conversion Efficiency
High-efficiency N-type 210 TOPCon Bifacial Dual Glass Module (132 PCS)	Power: 710W Dimension: 2,384*1,303mm	22.8%
High-efficiency N-type 210R TOPCon Bifacial Dual Glass Module (132 PCS)	Power: 620W Dimension: 2,382*1,134mm	23.0%
High-efficiency N-type 210R TOPCon Bifacial Dual Glass Module (96 PCS)	Power: 455W Dimension: 1,762*1,134mm	22.8%

OUR PRODUCTION

We have production bases in China and overseas. As of December 31, 2024, our effective production capacity for N-type cells was around 40 GW, and our production capacity for N-type cells under production line transformation was around 12 GW. After the completion of the aforementioned production line transformation, our total production capacity for N-type cells is expected to be around 50 GW. As of December 31, 2024, our effective production capacity for PV modules was around eight GW.

Products Capabilities

We have undertaken digitalized transformation initiatives to build and upgrade our production facilities, and are committed to enhancing our production efficiency with intelligent tools. With rich production experiences and deep market insights, we have continually enhanced our industry-leading production capabilities by adopting the latest production techniques. With improved production workflow, we have successfully improved our production efficiency, reduced the unit consumption of raw materials and energy, thereby lowering our product costs and enhancing the market competitiveness of our products. The table below sets forth our effective production capacity, production volume and production utilization rate by product type for the years indicated.

	Years ended December 31,								
	2022			2023			2024		
	Effective Production Capacity[1]	Production Volume[2]	Production Utilization Rate[3]	Effective Production Capacity[1]	Production Volume[2]	Production Utilization Rate[3]	Effective Production Capacity[1]	Production Volume[2]	Production Utilization Rate[3]
	GW	*GW*	*%*	*GW*	*GW*	*%*	*GW*	*GW*	*%*
Monocrystalline Cells	**13.2**	**13.0**	**98.5**	**40.2**	**37.8**	**94.0**	**41.1**	**36.7**	**89.3**
Of which:									
– P-type Cells	13.2	13.0	98.5	33.8	31.7	93.8	18.5	15.6	84.3
– N-type Cells	–	–	–	6.4	6.1	95.3	22.6	21.1	93.4
Polycrystalline Cells	**1.3**	**1.3**	**100.0**	**1.4**	**1.3**	**92.9**	**–**	**–**	**–**
PV Modules	**4.2**	**0.99**	**23.6**	**5**	**1.58**	**31.6**	**6.0**	**2.74**	**45.7**

Notes:

(1) Effective production capacity is determined based on optimal production capacity of each production facility, deducting necessary time for the maintenance, upgrade, transformation or adjustment of the production lines and worker handover.

(2) Production volume refers to actual output for the relevant year.

(3) The production utilization rate is calculated by dividing production volume by the effective production capacity for the same year.

Production Bases

During the Track Record Period, we have established production bases in China and overseas. Our production bases generally house one or more facilities for the production of PV cells and/or PV modules. The table below sets forth the details of our key production bases as of December 31, 2024.

Name	Location	Year of Commencement of Operation	Key Products
Suqian PV Cell and Module Production Base	Suqian, Jiangsu, the PRC	2020	P-type cells and PV modules
Peixian PV Module Production Base	Xuzhou, Jiangsu, the PRC	2021	PV modules
Tongshan PV Cell Production Base	Xuzhou, Jiangsu, the PRC	2022	N-type cells
Chuzhou PV Cell Production Base	Chuzhou, Anhui, the PRC	2023	N-type cells
Laos PV Cell and Module Production Base	Vientiane, Laos	2023	N-type cells, P-type cells, and PV modules

OUR STRENGTHS

We believe that the following strengths contribute to our success:

- We are a Leading Global Specialized Manufacturer of PV Cells;
- Our High-Quality and Stable Customer Base Lays a Solid Foundation for our Development;
- We Seize Industry Development Opportunities and Proactively Engage in Technological Innovation, Maintaining our Technologies at the Forefront of the Industry;
- Our Strategic International Expansion has Increasingly Contributed to our Revenue, Being Our New Profit Growth Opportunity;
- We Maintain a Meticulous Quality Management System to Ensure Reliable Product Quality and Offer Our Customers with Diverse and Cost-Effective Products; and
- We have a Visionary Management Team, Experienced Employees and are Committed to High ESG Standards.

OUR STRATEGIES

We intend to pursue the following strategies to further grow our business:

- Strategically Expand Overseas Production Capacity, Actively Respond Diverse Market Demands, and Enhance our Global Strategic Presence;

- Continuously Improving our Global Marketing Network, Accurately Responding to Customer Needs with Localized and Professional Service;

- Continuously Strengthen R&D Capacity for Technological Innovation, Drive Technological Upgrades and Product Improvements, Reduce Costs and Increase Conversion Efficiency; and

- Refining Talent Cultivation Mechanisms and Fostering an Open, Positive and Results-Driven Work Environment to Achieve Sustainable Human Resource Development.

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include: (i) we operate in an increasingly competitive industry with the risk of overcapacity. Our downstream demand may be insufficient, and our business, financial condition and results of operations may be thereby materially and adversely affected; (ii) if we fail to maintain the capability of continuous innovation, we may not be able to meet the changing needs of customers, the production and sales volume of our products may decrease, and we may not be able to compete effectively; (iii) the loss of any key customer or failure to obtain new customers may cause fluctuations or declines in our revenue; (iv) trade restrictions, such as trade barriers, trade protection measures, import restrictions and potential new tariffs, imposed by the countries where we operate or sell products could materially and adversely affect our business, financial condition and results of operations; (v) our future success is attributable to our ability to operate our production bases in a cost-effective manner in both China and overseas, which are subject to risks and uncertainties; (vi) any price fluctuations in our raw materials, shortage in supplies or disruptions in our supply chain may have a material adverse effect on our business, financial condition and results of operations; and (vii) selling our products in overseas markets as part of our efforts in maintaining and expanding our business, and there are many uncertainties in understanding and adapting to local markets, which may have a material adverse impact on our business, financial condition and results of operations.

OUR MAJOR CUSTOMERS

During the Track Record Period, we mainly sold our products to our direct customers, while the transactions with our trading partners contributed to a minor portion of our total revenue. Our customers are mainly PV module manufacturers in terms of our PV cells, and construction enterprises of PV power stations in terms of our PV modules. In 2022, 2023 and 2024, our sales revenue from the top five major customers amounted 49.8%, 52.9% and 37.2% of our total revenue, respectively. In 2022, 2023 and 2024, our sales revenue from the largest customer amounted 21.2%, 20.0% and 14.3% of our total revenue, respectively. See "Business — Our Customers."

OUR MAJOR SUPPLIERS

Our suppliers primarily include manufacturers and merchants of our raw materials (such as silicon wafers, pastes, encapsulation films and PV glasses). In 2022, 2023 and 2024, our five largest suppliers in each year of the Track Record Period in aggregate accounted for 64.5%, 48.2% and 29.8% of our total purchase amount for each respective year. In 2022, 2023 and 2024, our largest supplier in each year of the Track Record Period contributed 18.6%, 13.5% and 8.2% of our total purchase amount for the respective year. See "Business — Our Major Suppliers."

For details on the overlap of suppliers and customers, please see "Business — Supplier-Customer Overlap."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Our Selected Consolidated Statements of Profit or Loss

The following table sets forth selected consolidated statement of profit or loss in absolute amount and as a percentage of our total revenue for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
Revenue	12,516.5	100.0	20,837.9	100.0	11,319.9	100.0
Cost of sales	(11,043.7)	(88.2)	(17,995.9)	(86.4)	(12,460.5)	(110.1)
Gross profit (loss)	**1,472.8**	**11.8**	**2,842.0**	**13.6**	**(1,140.6)**	**(10.1)**
Other income	167.6	1.3	350.4	1.7	357.2	3.2
Other gains and losses	(2.9)	0.0	(32.8)	(0.2)	40.9	0.4
Impairment losses under expected credit loss model, net of reversal	27.3	0.2	(19.4)	(0.1)	15.1	0.1
Selling and marketing expenses	(29.7)	(0.2)	(99.1)	(0.5)	(140.5)	(1.2)
Administrative expenses	(147.5)	(1.2)	(240.3)	(1.2)	(266.1)	(2.4)
Research and development expenses	(369.4)	(3.0)	(632.1)	(3.0)	(289.4)	(2.6)
Other expenses	(28.4)	(0.2)	(23.9)	(0.1)	(41.3)	(0.4)
Finance costs	(95.4)	(0.8)	(236.1)	(1.0)	(178.3)	(1.6)
Profit (loss) before tax	**994.4**	**7.9**	**1,908.7**	**9.2**	**(1,643.0)**	**(14.6)**
Income tax (expense) credit	(160.2)	(1.2)	(227.8)	(1.1)	280.5	2.5
Profit (loss) for the year	**834.2**	**6.7**	**1,680.9**	**8.1**	**(1,362.5)**	**(12.1)**
Attributable to:						
Owners of the Company	830.1	6.6	1,672.1	8.0	(1,289.8)	(11.5)
Non-controlling interests	4.1	0.0	8.8	0.0	(72.7)	(0.6)

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit or loss as additional financial measure, which is not required by or presented in accordance with IFRS Accounting Standards. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, such non-IFRS financial measure we presented may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure has limitations as analytical tools, and you should not consider it in isolation form or as a substitute for analysis of our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net profit or loss for the year as net profit or loss for the year adjusted by adding back (i) impairment losses recognized on property, plant and equipment, and (ii) tax effect of non-IFRS adjustment. The following table reconciles our adjusted net profit or loss for the year presented to the most directly comparable financial measures calculated and presented in accordance with IFRS Accounting Standards, which is net profit or loss for the year.

	Year ended December 31,		
	2022	2023	2024
	(RMB in millions)		
Profit (loss) for the year	834.2	1,680.9	(1,362.5)
Add:			
– Impairment losses recognized on property, plant and equipment	159.3	–	637.7
– Tax effect of non-IFRS adjustment	–	–	(56.6)
Adjusted profit or loss for the year *(non-IFRS measure)*	**993.5**	**1,680.9**	**(781.4)**

Certain Selected Items from the Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in millions)		
Non-current assets			
Property, plant and equipment	5,286.4	10,749.0	10,561.2
Right-of-use assets	720.1	1,327.3	1,220.7
Intangible assets	0.8	3.0	2.0
Deferred tax assets	41.9	91.0	163.1
Prepayments for acquisition of property, plant and equipment	325.9	81.3	34.2
Other receivables	20.8	4.1	33.2
Total non-current assets	**6,395.9**	**12,255.7**	**12,014.4**
Current assets			
Inventories	937.6	2,237.4	2,403.3
Bills, trade and other receivables	3,036.0	3,906.6	2,323.7
Tax recoverable	–	1.5	5.7
Derivative financial instruments	–	7.2	–
Debt instruments at fair value through other comprehensive income	60.3	245.0	179.3
Pledged/restricted bank deposits	2,291.7	3,432.7	2,493.0
Cash and cash equivalents	1,235.7	1,915.0	1,113.7
Total current assets	**7,561.3**	**11,745.4**	**8,518.7**
Current liabilities			
Bills, trade and other payables	6,421.8	11,292.8	7,721.4
Tax liabilities	18.5	16.0	1.3
Bank and other borrowings	953.9	2,456.6	2,647.3
Derivative financial instruments	1.3	–	–
Lease liabilities	38.3	66.6	69.3
Contract liabilities	434.5	671.0	852.9
Total current liabilities	**7,868.3**	**14,503.0**	**11,292.2**
Net Current Liabilities	**(307.0)**	**(2,757.6)**	**(2,773.5)**
Total Assets less Current Liabilities	**6,088.9**	**9,498.1**	**9,240.9**

	As of December 31,		
	2022	2023	2024
	(RMB in millions)		
Non-current liabilities			
Deferred tax liabilities	92.4	244.2	31.0
Bank and other borrowings	1,319.5	1,905.9	3,123.3
Lease liabilities	580.1	1,247.4	1,263.2
Provision	12.7	24.5	43.5
Deferred income	1,162.2	1,394.9	1,426.0
Total non-current liabilities	**3,166.9**	**4,816.9**	**5,887.0**
Net assets	**2,922.0**	**4,681.2**	**3,353.9**
Capital and Reserves			
Share capital	360.0	360.0	360.0
Reserves	2,540.7	4,231.3	2,976.3
Equity attributable to owners of the Company	2,900.7	4,591.3	3,336.3
Non-controlling interests	21.3	89.9	17.6
Total equity	**2,922.0**	**4,681.2**	**3,353.9**

Cash Flows

The following table sets forth a summary of our cash flows for the years indicated.

	Year ended December 31,		
	2022	2023	2024
	(RMB in millions)		
Cash generated from (used in) operations	2,457.5	2,820.2	(917.6)
Income tax paid	(47.5)	(129.2)	(23.7)
Net cash generated from (used in) operating activities	2,410.0	2,691.0	(941.3)
Net cash used in investing activities	(3,621.2)	(3,899.2)	(1,126.1)
Net cash generated from financing activities	2,311.8	1,883.6	1,261.7
Net increase (decrease) in cash and cash equivalents	**1,100.6**	**675.4**	**(805.7)**
Cash and cash equivalents at the beginning of the year	127.1	1,235.7	1,915.0
Effect of foreign exchange rate changes	8.0	3.9	4.4
Cash and cash equivalents at the end of the year	**1,235.7**	**1,915.0**	**1,113.7**

Net Current Liabilities

The following table sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of January 31,
	2022	2023	2024	2025
				(Unaudited)
	(RMB in millions)			
Current assets				
Inventories	937.6	2,237.4	2,403.3	2,923.6
Bills, trade and other receivables	3,036.0	3,906.6	2,323.7	2,484.4
Tax recoverable	–	1.5	5.7	5.7
Derivative financial instruments	–	7.2	–	–
Debt instruments at fair value through other comprehensive income	60.3	245.0	179.3	8.2
Pledged/restricted bank deposits	2,291.7	3,432.7	2,493.0	2,414.7
Cash and cash equivalents	1,235.7	1,915.0	1,113.7	973.5
Total current assets	**7,561.3**	**11,745.4**	**8,518.7**	**8,810.1**
Current liabilities				
Bills, trade and other payables	6,421.8	11,292.8	7,721.4	7,556.9
Tax liabilities	18.5	16.0	1.3	1.3
Bank and other borrowings	953.9	2,456.6	2,647.3	2,585.5
Derivative financial instruments	1.3	–	–	–
Lease liabilities	38.3	66.6	69.3	69.6
Contract liabilities	434.5	671.0	852.9	816.7
Total current liabilities	**7,868.3**	**14,503.0**	**11,292.2**	**11,030.0**
Net current liabilities	**(307.0)**	**(2,757.6)**	**(2,773.5)**	**(2,219.9)**

Our net current liabilities increased by 798.2% from RMB307.0 million as of December 31, 2022 to RMB2,757.6 million as of December 31, 2023, primarily due to (i) an increase in bills, trade and other payables resulting from our business scale-up and (ii) an increase in bank and other borrowing, primarily for the purposes of supporting our day-to-day operation and establishing new production bases, partially offset by the increases in inventories and pledged/restricted bank deposits in line with our business growth.

Our net current liabilities increased by 0.6% from RMB2,757.6 million as of December 31, 2023 to RMB2,773.5 million as of December 31, 2024, primarily due to (i) a decrease in bills, trade and other receivables, (ii) a decrease in pledged/restricted bank deposits as a result of the reduced scale of bills we issued in 2024, and (iii) a decrease in cash and cash equivalent, partially offset by a decrease in bills, trade and other payables.

Our net current liabilities decreased by 20.0% from RMB2,773.5 million as of December 31, 2024 to RMB2,219.9 million as of January 31, 2025, primarily due to (i) repayment of a portion of our debts and payables, and (ii) an increase in inventories.

Key Financial Ratio

The following table sets forth our key financial ratio for the years indicated.

	Year ended December 31,		
	2022	2023	2024
		(%)	
Return on equity ratio(1)	28.5	35.9	(40.6)
Current ratio(2)	96.1	81.0	75.4
Quick ratio(3)	84.2	65.6	54.2
Debt to asset ratio(4)	79.1	80.5	83.7

Notes:

(1) Return on equity ratio is calculated based on net profit (loss) for the year divided by equity as of the end of the same year and multiplied by 100%.

(2) Current ratio is calculated based on current assets as of the end of the year divided by current liabilities as of the end of the same year and multiplied by 100%.

(3) Quick ratio is calculated based on current assets as of the end of the year less inventories as of the end of the same year divided by current liabilities as of the end of the same year and multiplied by 100%.

(4) Debt to asset ratio is calculated based on total liabilities as of the end of the year divided by total assets as of the end of the same year and multiplied by 100%.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumption that (i) the [**REDACTED**] has been completed and [**REDACTED**] new H Shares are [**REDACTED**] in the [**REDACTED**], (ii) the [**REDACTED**] is not exercised, and (iii) [**REDACTED**] Shares are [**REDACTED**] and outstanding following the completion of the [**REDACTED**].

	Based on an [REDACTED] of HK$[REDACTED] per H Share	Based on an [REDACTED] of HK$[REDACTED] per H Share
Market capitalization of our Shares(1)	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share(2)	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation of market capitalization is based on [**REDACTED**] issued Shares immediately upon [**REDACTED**], being the total of the existing Shares and the [**REDACTED**] H Shares expected to be issued immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(2) The unaudited [**REDACTED**] adjusted net tangible assets per Share as at 31 December 2024 is arrived at after making the adjustments referred to in "Appendix II — Unaudited [**REDACTED**] Financial Information" and on the basis that [**REDACTED**] Shares were in issue immediately following the completion of the [**REDACTED**].

[**REDACTED**]

[**REDACTED**] consist of professional fees, [**REDACTED**] commissions and other fees incurred in connection with the [**REDACTED**] and the [**REDACTED**]. We recorded no [**REDACTED**] during the Track Record Period. We expect to incur [**REDACTED**] of approximately HK$[**REDACTED**] (based on the mid-point of the indicative [**REDACTED**] and assuming the [**REDACTED**] is not exercised), which accounts for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] to consist of approximately HK$[**REDACTED**] in [**REDACTED**] fees and HK$[**REDACTED**] in non-[**REDACTED**] fees (which consist of fees and expenses of legal advisers and our Reporting Accountant of approximately HK$[**REDACTED**] and other fees and expenses of approximately HK$[**REDACTED**]). Among the total [**REDACTED**], approximately HK$[**REDACTED**] will be directly attributable to the [**REDACTED**] of our Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining HK$[**REDACTED**] will be expensed in our consolidated statements of comprehensive income. Our Directors do not expect such expenses to materially impact our results of operations in 2025.

FUTURE PLANS AND USE OF [REDACTED]

Please see "Business — Our Strategies" for a detailed discussion of our future plans.

We estimate the net [**REDACTED**] which we will receive, assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] and HK$[**REDACTED**] stated in this document), will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**] fees and estimated commissions and other estimated [**REDACTED**] paid and payable by us in connection with the [**REDACTED**] and assuming the [**REDACTED**] is not exercised.

In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the following purposes in the amounts set forth below:

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for establishing a new overseas production base in North Carolina, the U.S., which is designed to produce high-efficiency PV cells (the "**U.S. Production Base**").

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for our R&D efforts in new PV cell and PV module products and technological innovation over the next five years.

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for working capital and general corporate purposes.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the [**REDACTED**] of, and permission to [**REDACTED**], (i) the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (including any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]) and (ii) the H Shares to be converted from our existing Domestic [**REDACTED**] Shares on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to: [**REDACTED**].

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Since the beginning of 2025, we have gradually ramped up our overseas production and achieved increases in overseas sales. In January 2025, we signed the lease agreement for the Overseas Production Base. Please see "Future Plans and Use of [**REDACTED**]" for details of the U.S. Production Base.

Save as disclosed elsewhere in this document, after performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our business, financial position or prospects since December 31, 2024, being the end date of our latest audited financial statements, and there is no event since December 31, 2024 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Long and his spouse Ms. Meng collectively are able to exercise 50.64% of the voting rights of our Company, comprising (i) 35.44% of the voting rights of our Company directly held by Mr. Long, (ii) 6.47% of the voting rights of our Company directly held by Ms. Meng; (iii) 4.20% of the voting rights of our Company through Haori Electronic, a company that is owned as to 80.0% by Mr. Long and 20.0% by Ms. Meng; (iv) 2.59% of the voting rights of our Company through Longtai Management, a limited partnership in which Mr. Long is a general partner; and (v) 1.94% of the voting rights of our Company through Henghui Management, a limited partnership in which Mr. Long is a general partner.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Long and Ms. Meng will collectively be able to exercise [**REDACTED**]% of the voting rights of our Company. Therefore, Mr. Long, Ms. Meng, Haori Electronic, Longtai Management and Henghui Management will remain as a group of Controlling Shareholders of our Company immediately upon completion of the [**REDACTED**]. See "Relationship with Our Controlling Shareholders".

CONTINUING CONNECTED TRANSACTIONS

We have, in our ordinary and usual course of business, entered into certain transactions which will constitute our continuing connected transactions under Chapter 14A of Listing Rules upon [**REDACTED**]. See "Connected Transactions".

PRE-[REDACTED] INVESTMENTS

We have engaged in Pre-[**REDACTED**] Investments with our Pre-[**REDACTED**] Investors. For further details of the identity and background of the Pre-[**REDACTED**] Investors and the principal terms of the Pre-[**REDACTED**] Investments, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments."

DIVIDENDS

No dividends have been paid or declared by our Company during the Track Record Period. Currently, we do not have a fixed dividend distribution ratio and a formal dividend policy. Any future declarations and payments of dividends will be at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. As advised by our PRC Legal Adviser, any future net profit that we make shall be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in "Glossary of Technical Terms".

"%"	per cent
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company adopted on March 6, 2025, which will become effective on the [**REDACTED**] and as amended from time to time, a summary of which is set out in "Appendix V — Summary of the Articles of Association" to this document
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Board of Supervisors"	the board of Supervisors of our Company
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal business to the public
"CAGR"	compound annual growth rate

[**REDACTED**]

"China", "Mainland China" or "PRC"	the People's Republic of China, and for the purpose of this document and for geographical reference only and except where the context requires, references in this document to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	Solarspace Technology Co., Ltd. (江蘇中潤光能科技股份有限公司), a limited liability company incorporated under the laws of the PRC on January 11, 2011 and converted into a joint stock limited company on September 21, 2022
"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it in the Listing Rules and unless the context requires otherwise, refers to the group of controlling shareholders of our Company, namely Mr. Long, Ms. Meng, Haori Electronic, Longtai Management and Henghui Management

"Conversion of Domestic [**REDACTED**] Shares into H Shares"	The conversion of [**REDACTED**] Domestic [**REDACTED**] Shares in aggregate held by [**REDACTED**] existing Shareholders into H Shares upon the completion of the [**REDACTED**]. Such conversion of Domestic [**REDACTED**] Shares into H Shares has been filed with the CSRC and CSRC has issued the filing notice in respect of the [**REDACTED**] dated [●], 2025; and an application for H Shares to be [**REDACTED**] on the Hong Kong Stock Exchange has been made to the Hong Kong Stock Exchange
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Domestic [**REDACTED**] Shares"	share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and not listed on any stock exchange
"EIT Law"	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"ESG"	Environmental, Social and Corporate Governance
"Euro"	Euro, the lawful currency of the European Union

[**REDACTED**]

"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"Frost & Sullivan" or "Industry Consultant"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
"Frost & Sullivan Report"	the industry report commissioned by us and independently prepared by Frost & Sullivan, summary of which is set forth in the section headed "Industry Overview" in this document
"General Rules of [**REDACTED**]"	the General Rules of [**REDACTED**] as may be amended or modified from time to time and where the context so permits, shall include the [**REDACTED**] Operational Procedures

[**REDACTED**]

"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
"H Share(s)"	share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and to be [**REDACTED**] on the Hong Kong Stock Exchange

[**REDACTED**]

"Haori Electronic"	Jiangsu Haori Electronic Technology Co., Ltd. (江蘇皓日電子科技有限公司), a limited liability company established under the laws of the PRC on May 14, 2012, and one of the Controlling Shareholders of our Company

"Henghui Management"	Xuzhou Henghui Enterprise Management Partnership (Limited Partnership) (徐州恆輝企業管理合夥企業 (有限合夥)), a limited partnership established under the laws of the PRC on July 1, 2021 and one of the Controlling Shareholders of our Company
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK$" or "Hong Kong dollars" or "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants

[**REDACTED**]

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Takeovers Code" or "Takeovers Code"	Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC

[**REDACTED**]

"IFRS Accounting Standards"	the IFRS Accounting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board (IASB) and the IAS and interpretations issued by the International Accounting Standards Committee (IASC)
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are third party(ies) independent of our Company and our connected persons as defined under the Listing Rules

[**REDACTED**]

"Jiangsu Huaheng"	Jiangsu Huaheng New Energy Co., Ltd. (江蘇華恒新能源有限公司), a limited liability company established under the laws of the PRC on October 24, 2017 and a wholly-owned subsidiary of our Company
"Jiangsu Longheng"	Jiangsu Longheng New Energy Co., Ltd. (江蘇龍恒新能源有限公司), a limited liability company established under the laws of the PRC on December 10, 2019 and a wholly-owned subsidiary of our Company

[**REDACTED**]

"Joint Sponsors"	the joint sponsors as named in "Directors, Supervisors and Parties Involved in the [**REDACTED**]"
"Latest Practicable Date"	March 7, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Longtai Management"	Xuzhou Longtai Enterprise Management Partnership (Limited Partnership) (徐州龍泰企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on July 1, 2021 and one of the Controlling Shareholders of our Company
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Long"	Mr. Long Daqiang (龍大強), our founder, chairman of the Board, executive Director and general manager
"Ms. Meng"	Ms. Meng Liye (孟麗葉), the spouse of Mr. Long, our co-founder, executive Director and deputy general manager
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of our Board

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Legal Adviser"	Jingtian & Gongcheng, the legal adviser to our Company as the laws of the PRC

[**REDACTED**]

"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board

"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
"SAMR"	State Administration for Market Regulation of the PRC (中國國家市場監督管理總局) (formerly known as State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局)
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中國國務院國有資產監督管理委員會)
"SAT"	State Administration of Taxation of the PRC (中國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of Shares
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)
"Solarspace Chuzhou"	Solarspace New Energy (Chuzhou) Co., Ltd. (中潤新能源(滁州)有限公司), a limited liability company established under the laws of the PRC on June 1, 2022 and a wholly-owned subsidiary of our Company
"Solarspace Laos"	Solarspace Technology (Laos) Sole Co., Ltd, a limited liability company registered under the laws of Laos PDR on February 17, 2023 and a wholly-owned subsidiary of the Company

"Solarspace Limited"	Solarspace Technology Development Co., Ltd. (江蘇中潤光能科技發展有限公司), our predecessor, a limited liability company established under the laws of the PRC on January 11, 2011 and was renamed Solarspace Technology Co., Ltd. (江蘇中潤光能科技股份有限公司) on September 21, 2022
"Solarspace Xuzhou"	Solarspace New Energy (Xuzhou) Co., Ltd. (中潤新能源(徐州)有限公司), a limited liability company established under the laws of the PRC on February 18, 2022 and a wholly-owned subsidiary of our Company

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy and Sustainable Development Committee"	the strategy and sustainable development committee of our Board
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Supervisor(s)"	the supervisor(s) of our Company
"Track Record Period"	the three years ended December 31, 2022, 2023 and 2024

[**REDACTED**]

"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency for the time being of the United States
"VAT"	value-added tax

[**REDACTED**]

"Zhonghui Photovoltaic"	Xuzhou Zhonghui Photovoltaic Technology Co., Ltd. (徐州中輝光伏科技有限公司), a limited liability company established under the laws of the PRC on November 5, 2015 and a non wholly-owned subsidiary of our Company
"Zhongyu Photovoltaic"	Jiangsu Zhongyu Photovoltaic Technology Co., Ltd. (江蘇中宇光伏科技有限公司), a limited liability company established under the laws of the PRC on May 24, 2010 and a wholly-owned subsidiary of our Company

Unless otherwise expressly stated or the context otherwise requires, all data in this document is as of the date of this document.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms and may not be comparable to similar terms adopted by other companies.

"ALD"	atomic layer deposition
"annual degradation rate"	the amount by which the projected output of the PV module is expected to be reduced for each year of service
"average selling price"	the average price at which our products are sold to our customers over a specific period of time, which includes both products manufactured and sold by us and products manufactured on behalf of our customers as part of our manufacturing services. Unless otherwise specified, our average selling price is presented on a net of VAT basis
"BSG"	borosilicate glass
"CIF"	cost, insurance and freight
"EPC"	engineering, procurement, and construction
"external shipment volume"	the quantity of products we deliver to external customers within a specific period, which is equal to our sales volume
"GFA"	gross floor area
"GW"	gigawatt, a unit of power, one GW equals to 1,000,000,000 watt
"HJT"	heterojunctions that are formed between semiconductors with dissimilar band gaps, on which HJT PV cells (a type of N-type cell) are based
"IQC"	incoming quality control
"kWh"	kilowatt-hour, a unit of energy, one kWh equals a power of one kW being used for one hour

"LCOE"	levelized cost of energy, the average cost per unit of electricity generated, including all costs such as construction, operation, maintenance and raw material
"MW"	megawatt, a unit of power, one MW equals 1,000,000 watt
"non-silicon cost"	production costs other than silicon in the PV cell production, primarily include pastes, water and electricity, depreciation and labor costs
"N-type cells"	a type of PV cell made from N-type silicon wafer
"N-type TOPCon cells"	tunnel oxide passivated contact cell, a type of N-type cell with a delicate tunnel oxide layer between the N-type silicon wafer and a doped polycrystalline silicon layer
"PECVD"	plasma-enhanced chemical vapor deposition
"production volume"	the total quantity of products including both products manufactured by us and products manufactured on behalf of our customers as part of our manufacturing services within a specific period
"PSG"	phosphosilicate glass
"P-type cells"	a type of PV cell made from P-type silicon wafer
"P-type PERC cells"	passivation emitter rear contact cell, a type of PV cell that has an extra passivation layer on the back side of the cell to achieve higher conversion efficiency
"PV"	photovoltaic
"R&D"	research and development
"RCA cleaning"	a standard set of wafer cleaning steps which need to be performed before high-temperature processing steps of silicon wafers widely used in semiconductor manufacturing and the PV industry
"sales volume"	the quantity of products we sold to external customers within a specific period, including both products manufactured and sold by us and products manufactured on behalf of our customers as part of our manufacturing services

"shipment volume"	the total quantity of products including those we deliver to external customers and we utilize for in-house PV module production within a specific period
"short-circuit current," "I_{sc}"	the maximum current generated by a PV cell when its output terminals are shorted
"SPC"	statistical process control
"specialized PV cell manufacturer"	companies that focus on the research, development, production, and sales of PV cells
"SQE"	supplier quality engineer
"sq.m."	square meters
"W"	watt, a unit of power
"xBC"	back contact, a next-generation platform technology that improves conversion efficiency by shifting all the electrode grids on the front side to the back side of the PV cell, thus reducing the shading of the grids from sunlight

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This Document includes forward-looking statements. All statements other than statements of historical facts contained in this Document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to successfully implement our business plans, strategies, objectives and goals;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- changes in our customers' demands and expectations;
- our business operations and prospects;
- our capital expenditure plans;
- changes in the competitive landscape of the industries where we operate;
- our ability to protect our reputation and brand image, as well as trademarks, technologies, knowhow, patents and other intellectual property rights;
- various business opportunities that we may pursue;

- changes in local economic and political conditions and changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans; and

- developments in technology and our ability to successfully keep up with technological advancement.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this Document. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this Document. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Document might not occur. All forward-looking statements contained in this Document are qualified by reference to the cautionary statements set out in this section.

An investment in our Shares involves various risks. You should carefully consider all the information in this Document and in particular the risks and uncertainties described below before making an investment in our Shares.

The occurrence of any of the following events could materially and adversely affect our business, results of operations, financial condition or prospects. If any of these events occurs, the [**REDACTED**] *price of our Shares could decline, and you may lose all or part of your investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.*

In addition to other information in this Document, you should carefully consider the following risk factors before making any investment decision in relation to our Shares. Any of the following risks may materially and adversely affect our business, results of operations or financial condition, or otherwise cause a decrease in the [**REDACTED**] *price of our Shares and cause you to lose part or all of the value of your investment in our Shares.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in an increasingly competitive industry with the risk of overcapacity. Our downstream demand may be insufficient, and our business, financial condition and results of operations may be thereby materially and adversely affected.

Led by the global initiatives to achieve carbon neutrality while ensuring energy security, the economic benefits of PV power generation have become evident. Major enterprises in various sectors of the PV industry expanded their production capacity by leveraging their accumulated advantages in technology, brand and cost control. Concurrently, an influx of capital and new enterprises into the PV industry has resulted in a substantial increase in new production capacity and, consequently, heightened market competition. Companies within the PV industry are expected to engage in intense competition concerning price, technology, cost, scale, brand and capital.

Simultaneously, demand for our products and services typically hinges on the level of general economic activity and market conditions in the global PV industry, which are subject to a number of factors beyond our control, including:

- fluctuations in economic and market conditions that affect the economic viability of traditional and other renewable energy sources, such as volatility in the prices of oil, natural gas and other fossil fuels;

- the governmental policies that affect the global demand for renewable energy;

- the changes in electricity demand due to cyclical fluctuations in the macroeconomy;

- the cost-effectiveness, performance and reliability of PV energy as compared with traditional and other renewable energy sources;
- the development of other renewable energy sources, such as wind power and hydropower;
- capital expenditure by power plant investors; and
- deregulation or other regulatory actions affecting the PV industry and the broader energy industry.

The PV industry faces competition from other renewable energy sources such as wind power and hydropower, and non-renewable power industries including fossil fuels such as oil, coal, petroleum and natural gas. For details, see "Industry Overview — Analysis of Global Power Generation Industry". Technological advancements in alternative energy sources may lead to reduced costs, mitigated environmental impact, or enhanced safety. Additionally, the discovery of large-scale new fossil fuel deposits could lower their costs. Local governments might also choose to bolster their support for other renewable energy sources while diminishing their backing for the PV industry. Failure to compete effectively against producers of such alternative forms of energy could lead to a reduction in our market share and a material and adverse impact on our business, financial condition and results of operations.

Currently, the cyclical risks faced by the PV industry are mainly the profit level fluctuations caused by changes in the supply and demand relationship in the industry supply chain. The main sectors of the PV industry supply chain include silicon materials, silicon wafers, cells and modules. Our relatively simple product structure makes us relatively vulnerable to fluctuations in both the upstream and downstream sectors of the industry supply chain. Amidst the increasing prosperity of the industry, major companies within the PV industry value chain have embarked on expansion plans. Since the fourth quarter of 2023, with the sudden increased capacity in various sectors of the PV industry value chain, the overall PV industry has experienced phased and regional overcapacity, and the profit margin of the industry has declined. If the growth of the terminal application market falls short of the anticipated expansion of capacity, resulting in an inability to effectively utilize the new capacity, PV cell companies may encounter the cyclical risk of overcapacity. This could lead to intensified competition and a decline in product prices, thereby materially and adversely affecting our business and financial condition.

In the event of a decline in downstream product prices, if we are unable to promptly pass on the pressure of price reductions upstream, or fail to lower production costs and maintain profit margins through technological innovations and vertical and horizontal product diversification, our gross profit may decrease and our financial condition could be materially and adversely affected.

If we fail to maintain the capability of continuous innovation, we may not be able to meet the changing needs of customers, the production and sales volume of our products may decrease, and we may not be able to compete effectively.

The industry in which we operate is characterized by constant technology evolution and product innovations. We compete with both local and global companies that focus on developing, producing and commercializing PV products. Our competitive position therefore depends largely on our ability to continually improve our technology, as well as develop and refine our products. For instance, we experienced technology emergences including large-size cells in the past which significantly changed our customers' product needs in the past. In addition, N-type cells have also become a mainstream product and captured a substantial portion of demands for PV cells due to their higher conversion efficiency, better reliability and strong performance. See "Industry Overview — Analysis of PV Cell and Module Industry — Development Trends of PV Cell and Module Market".

There is no assurance that we can keep abreast of the technology development or enhance the functionality, performance and reliability of our products in a manner that responds to our customers' evolving needs. In the future, our inability to continuously innovate in the realm of new cell technology could pose significant risks, including failing to accurately anticipate technological development trends or to achieve ongoing breakthroughs in core technology research and development. Additionally, if we are unable to promptly apply research and development outcomes to mass production and deliver products that align with customer needs, we may find ourselves at a competitive disadvantage in the market. Consequently, our production and sales volumes could decline, and our machinery and equipment may become underutilized or obsolete. If our products do not meet customers' requirements or expectations in terms of specifications, quality and performance, it may lead to customer dissatisfaction, deteriorating customer relationships or damaged reputation, thereby adversely affecting our business, financial condition and results of operations.

The loss of any key customer or failure to obtain new customers may cause fluctuations or declines in our revenue.

In 2022, 2023 and 2024, our sales revenue from the top five major customers reached 49.8%, 52.9% and 37.2% of our total revenue, respectively. In 2022, 2023 and 2024, our sales revenue from the top customer reached 21.2%, 20.0% and 14.3% of our total revenue, respectively.

Failure to maintain our present sales system could adversely affect our sales network and hence our business, brands, financial condition and results of operations. Our success depends on our ability to successfully manage relationships with our key customers and secure new customers, which includes our ability to deliver quality products that meet their requirements, provide products that address their evolving needs, and offer trade terms that are mutually acceptable and are aligned with our pricing and profitability targets. Any loss or deterioration in our relationships with any of these key customers could materially and adversely affect our profitability and financial condition.

Our ability to expand sales coverage is also affected by changes in the relevant regulatory requirements, competitive landscape, and fluctuations in global economic and market conditions. Failure to effectively respond to such changes may result in an adverse effect on our business and prospects.

In addition, any negative publicity or legal proceedings involving our key customers may affect our reputation and our ability to attract new customers. The occurrence of any of these events could therefore have a material adverse impact on our business, financial condition and results of operations.

Trade restrictions, such as trade barriers, trade protection measures, import restrictions and potential new tariffs, imposed by the countries where we operate or sell products could materially and adversely affect our business, financial condition and results of operations.

During the Track Record Period, we generated a portion of our revenues from overseas markets. Hence, any trade restrictions such as anti-dumping duties, new tariffs or quota fees imposed by the countries where we conduct our business could significantly affect the prices of our products offered therein. Changes in trade policies, treaties and tariffs in those countries and regions could adversely affect our business and financial condition. We may also face protectionist policies that could, among other things, hinder our ability to execute our business strategies and put us at a competitive disadvantage relative to domestic companies in other jurisdictions.

Any trade restrictions such as anti-dumping duties and new tariffs imposed by certain countries or regions could significantly affect our sales of PV products. For example, the United States has imposed multiple restrictive measures on Chinese PV products, such as tariffs and anti-dumping duties. India primarily protects its domestic PV manufacturers through tariffs and other protective measures. For instance, India imposed tariffs on imported PV cells and PV modules from China and issued "Approved Models and Manufacturers of Solar Photovoltaic Modules (Requirement for Compulsory Registration) Order" in 2019, specifying only the models and manufacturers included in Approved Models and Manufacturers of Solar Photovoltaic Modules (ALMM) are eligible for use in certain government related PV projects in India. In addition, in May 2024, the United States Department of Commerce announced the initiation of anti- dumping and countervailing duty investigations of crystalline silicon PV cells, whether or not assembled into modules, from Cambodia, Malaysia, Thailand and Vietnam. If we fail to timely monitor any evolution in such measures, or fail to respond effectively to such measures, our overseas business may be adversely affected.

We cannot assure you that the import tariffs imposed by the countries where we operate or sell products will not increase to higher levels in the future. If we are not able to pass the additional costs incurred due to increases in tariffs to customers, our profit margins could be adversely affected. Furthermore, the uncertainty on trade restriction policies resulting from the political tension and trade wars may cause difficulties for some customers to project their purchasing plans, and may cause them to reduce their orders from us. Any occurrence of these situations could materially and adversely affect our business, financial condition and results of operations.

Our future success is attributable to our ability to operate our production bases in a cost-effective manner in both China and overseas, which are subject to risks and uncertainties.

As of the Latest Practicable Date, we had established production bases both in China and overseas, including production bases in Xuzhou, Suqian and Chuzhou in China and multiple overseas locations. See "Business — Our Production — Production Bases". Our success is attributable to our ability to manufacture products in a cost-effective manner, which in turn depends on our ability to accurately maintain optimal utilization of our production bases in both China and overseas to achieve economies of scale and enhance production efficiency. Our ability to optimize our production capacity, however, is subject to risks and uncertainties which are beyond our control, including fluctuations in market demand for our products and a rise in the cost of maintenance of production bases. Failure to mitigate such risks may incur additional production costs and lead to an increase in our operational costs.

Our production capacity outside China requires us to comply with different laws and regulations, including national and local regulations relating to production, environmental protection, employment and other related matters. Failure to secure the required approvals, permits, licenses and registrations, or to comply with the conditions associated therewith, could result in fines, sanctions, suspension, revocation or non-renewal of the approvals, permits, licenses or registrations, or even criminal penalties, which could materially and adversely affect our business, financial condition and results of operations.

As we expand into new markets across various jurisdictions, we will encounter diverse business environments and industry conditions, necessitating significant investment of resources to acclimatize to these new settings. Due to our rapid business expansion in overseas market, we are yet to familiarize ourselves with local laws, regulation and policies of the market in which we operate. Should our business operations be impacted by unforeseen and adverse economic, regulatory, social or political conditions in the jurisdictions where we operate, we may face project disruptions, loss of assets and personnel and other indirect losses, which may adversely affect our business, financial condition and results of operations.

For instance, our overseas production plant may expose us to various risks including failure to procure financing on satisfactory terms, and failure to procure construction materials, production equipment and qualified personnel for the production plant in a timely and cost-effective manner. Any of these challenges may increase the related costs or impair our ability to run our operations in the future on a cost-effective basis, which could in turn have a material adverse impact on our business and results of operations.

Any price fluctuations in our raw materials, shortage in supplies or disruptions in our supply chain may have a material adverse effect on our business, financial condition and results of operations.

We engage a number of suppliers for the procurement of raw materials such as silicon wafers, pastes, encapsulation films and PV glasses. In 2022, 2023 and 2024, our five largest suppliers in each year of the Track Record Period in aggregate accounted for 64.5%, 48.2% and 29.8% of our total purchase amount for each respective year. In 2022, 2023 and 2024, our largest supplier in each year of the Track Record Period contributed 18.6%, 13.5% and 9.6% of our total purchase amount for the respective year. There can be no assurance that there will not be any fluctuations in the prices of our raw materials or a shortage of raw material supplies as a result of significant changes in the development of the global PV industry, social and economic conditions, regulatory environment and trade relations, or any outbreak of epidemics or continuation of pandemics, or that there will not be any quality issues with raw materials supplied by suppliers. For instance, if the procurement price of silicon wafers rises sharply in the short term and the PV cell sector is unable to promptly pass on the increased costs downstream, this may as well result in a narrowing of our profit margin. Consequently, we could also face risks of declining gross profit margins, which could materially and adversely affect our financial condition. The occurrence of any such events may impede our ability to source stable raw material supplies at a reasonable price, which may, in turn, affect our ability to perform contractual obligations to customers, thereby materially and adversely affecting our business, financial condition and results of operations.

Selling our products in overseas markets as part of our efforts in maintaining and expanding our business, and there are many uncertainties in understanding and adapting to local markets, which may have a material adverse impact on our business, financial condition and results of operations.

We possess sales and marketing facilities and warehouses overseas, and generate revenue from overseas markets. In 2022, 2023 and 2024, our revenue from overseas markets amounted to RMB1,441.4 million, RMB2,796.1 million and RMB3,723.2 million, respectively, representing 11.5%, 13.4% and 32.9% of our total revenue in each respective year. See "Business — Our Sales Network and Customers". To effectively serve our current and prospective clients, it is imperative that we successfully initiate and execute suitable marketing and sales strategies for each local market. These strategies must be informed by comprehensive feasibility studies, prevailing market conditions, the regulatory landscape and the competitive environment in the targeted regions.

Engaging in the marketing and sale of our products may subject us to a variety of risks, including, but not limited to:

- changes in prevailing economic conditions and regulatory requirements;
- obtaining, maintaining or enforcing intellectual property rights;
- risk management and internal control structures for our overseas operations;
- marketing costs;

- customer services and support costs;
- transportation and freight costs;
- fluctuations in foreign exchange rate as we are expanding overseas; and
- other various risks that are beyond our control.

Issues with product quality or product performance may cause us to incur significant warranty expenses, which may damage our market reputation, decrease our sales or reduce our market share.

The quality and performance of our products are critical to the success of our business. However, our product quality and performance are affected by various factors beyond our control, such as inappropriate use of products by our customers. We have also established quality control measures. See "Business — Quality Control". However, we cannot assure you that our measures will always be effective or closely observed by our employees. Any problem with our product quality or performance may cause us to incur significant warranty expenses or subject us to claims or legal proceedings, which in turn may damage our market reputation, reduce our market share or cause our sales to decline.

If our R&D initiatives fail to achieve our intended results, our technological advantages, profitability and financial condition may be materially and adversely affected.

We have been investing heavily in R&D activities to maintain our competitive position in the industry. We have been focusing on accumulating experience and capabilities in product formulation and production processes to promote the sales of our products. The industry in which we operate is subject to rapid technological changes and is evolving quickly in terms of technological innovation. We have been investing significant resources, including financial resources, in R&D to make technological advances in order to expand our product offerings and make our products innovative and competitive in the market. See "Business — Research and Development — Key R&D Projects".

However, our R&D expenditures may not generate corresponding benefits. R&D activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources including qualified R&D personnel. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing our development results. Given the rapid pace of technological innovation in the PV industry, we may not be able to upgrade our technologies in a time-efficient and cost-effective manner, or at all. New technologies in the PV industry could render our products that we are developing or expect to develop in the future unattractive or obsolete, thereby limiting our ability to recover related product development costs, which could result in a decline in our revenue, profitability and market share.

Any failure to attract, motivate and retain key management personnel could severely hinder our ability to maintain and grow our business, and we face risks associated with our ability to attract, train or retain sufficient qualified talent.

While we continue to reform our management structure to sustain our long-term growth, our key management members who bring their valuable industry experience and expertise in formulating and implementing our business strategies are critical to our success. See "Directors, Supervisors and Senior Management". There is no guarantee that we will be able to continuously attract, motivate and retain such personnel. If we lose the services of any member of key management, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could disrupt our business and limit our ability to grow.

Our long-term success depends on our ability to attract, train or retain sufficient qualified talent, particularly those individuals with industry experience and technical expertise. During the Track Record Period, our business scope has been expanding, therefore, a large number of professional talented individuals in production, R&D, quality control, marketing and other disciplines are needed. In order to compete for talent, we may need to offer higher remuneration, better training and more attractive career opportunities and other benefits to our employees, which may be costly. We cannot assure you that we will be able to attract or retain a qualified talent pool to support our future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert the attention of our management and incur additional costs, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, our ability to train and integrate new employees into our operations may not meet the pace of our growing business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

Unexpected equipment failures or accidents may lead to production curtailments or shutdowns, property damage or personal injuries.

Our products are manufactured through sophisticated production processes under a tightly controlled environment. See "Business — Our Production". Any equipment failures, or inappropriate operation, handling or storage during our production processes may lead to accidents that may cause property damage, personal injuries or production curtailments or shutdown. Any such incident could subject us to adverse publicity, reputational damage, monetary compensation, fines or penalties, thereby materially and adversely affecting our normal operations and business prospects. The work injury insurance and medical insurance we purchased may not be sufficient to cover the losses caused by such accident claims. The occurrence of any of these risks may disrupt our production activities, harm our business operations and cause a material and adverse effect on our financial condition and results of operations.

We may be subject to liabilities and disruption in operations in connection with accidents that occur during the manufacturing process at our production facilities, if our employees fail to comply with safety measures and procedures. We implement and require our employees to comply with safety measures and procedures as stipulated in our internal policies, including occupational safety and fire safety-related procedures and protocols, during operations and production. During the Track Record Period, we did not experience any material safety-related or occupational accidents. Nevertheless, there is no assurance that our safety measures and procedures are strictly followed by our employees. As our manufacturing process is complicated and inevitably involves the operation of tools, equipment and machinery and use of chemical materials, accidents resulting in employee injuries or even deaths may occur.

In addition, our existing safety measures and protocols may not be sufficient to prevent all types of malfunctioning or the above accidents, some of which may have never arisen and may not have been foreseen when the current safety measures and protocols are created. Such accidents may result in disruption of our operation and subject us to liabilities, and the work injury insurance and medical insurance we purchased may not be sufficient to cover the losses caused by such accident claims, which could then adversely affect our business, results of operations and financial condition. See "— Our insurance coverage is limited and may not be sufficient to cover all of our potential losses."

We rely on third-party providers for transportation of our products, and we are subject to the risks relating to the logistics and long-distance transportation of our products such as prolonged customer clearance time.

We have established domestic and overseas production bases, and we sell products both domestically and globally. The dispersed locations of our production bases and customers necessitate constant long-distance transportation of our products. We engage third-party logistics service providers for the transportation of our products, and the services provided by our logistics service providers may be suspended, delayed or cancelled due to unforeseen events, which could cause interruption to the delivery of our products and increase our cost.

In addition, delays in delivery may occur for various reasons beyond our control, including improper handling by our logistics service providers, prolonged customer clearance time leading to increased storage costs, labor disputes or strikes, acts of war or terrorism, outbreaks of epidemics, earthquakes and other natural disasters. Further, any improper handling of our products by the logistics service providers could also result in product damage, which may in turn lead to product returns, product liabilities, increased costs and reputational damage, thereby adversely affecting our business, financial condition and results of operations.

Macroeconomic factors have had and may continue to have a material and adverse effect upon our business, financial condition and results of operations.

The global PV industry is affected by macroeconomic factors, including changes in overseas, national, regional and local economic conditions. Any deterioration of the global economy, fear of recession and decreases in customer confidence may lead to a reduction of orders. These macroeconomic factors could materially and adversely affect our financial condition and results of operations.

The occurrence of a sovereign debt crisis, banking crisis or other disruptions in the global financial markets that could impact the availability of credit generally may have a material and adverse impact on financing available to us. Renewed turmoil affecting the financial markets, banking systems or currency exchange rates may significantly restrict our ability to obtain financing from the capital markets or from financial institutions on commercially reasonable terms, or at all, which could materially and adversely affect our business, financial condition and results of operations.

In addition, there is uncertainty over the long-term effects of the monetary and fiscal policies which have been adopted by the central banks and financial authorities of some of the world's leading economies. There have also been concerns over future relationships between some of the world's leading economies with respect to trade policies, treaties, government regulations and tariffs. The economic conditions of the locations in which we have operations are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate.

Our protection of intellectual property may be insufficient and subject us to intellectual property disputes with third parties, both of which may have a material adverse effect on our business, results of operations and financial condition.

We have developed various production process-related know-how, technologies and trademarks of our products. Such know-how and technologies play a critical role in our quality assurance and cost reduction. In addition, we have implemented a number of research and development programs with a view to developing techniques and processes that will improve production efficiency and product quality. Our intellectual property and proprietary rights from our research and development programs will be crucial in maintaining our competitive edge. As of the Latest Practicable Date, we maintained 438 patents, 34 trademarks, six artistic work copyrights and four software copyrights. We plan to continue to seek to protect our intellectual property and proprietary knowledge by applying for patents for them. We cannot assure you that we will be successful in obtaining patents in a timely manner, or at all. Moreover, even if we are successful, different jurisdictions may afford different protection to a company's intellectual property. We also use contractual arrangements with employees to protect our intellectual property and proprietary rights. Nevertheless, contractual arrangements afford only limited protection, and the actions we may take to protect our intellectual property and proprietary rights may not be adequate.

In addition, others may obtain knowledge of our know-how and technologies through independent development. Our failure to protect our production process, related know-how and technologies, our intellectual property and proprietary rights or any combination of the above may undermine our competitive position. Third parties may infringe or misappropriate our proprietary technologies or other intellectual property and proprietary rights. Policing unauthorized use of proprietary technology can be difficult and expensive. Litigation, which can be costly and divert management attention and other resources away from our business, may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of our proprietary rights. We cannot assure you that the outcome of such potential litigation will be in our favor. An adverse determination in any such litigation will impair our intellectual property and proprietary rights, and may materially and adversely affect our business and results of operations.

We may be exposed to intellectual property infringement or misappropriation claims by third parties, which, if determined adversely to us, could cause us to pay significant damages.

Our success depends on our ability to use and develop our technology and know-how and to manufacture and sell our products without infringing the intellectual property or other rights of third parties. We may be subject to litigation involving claims of patent infringement or violation of intellectual property rights of third parties. The validity and scope of intellectual property claims involve complex scientific, legal and factual questions and analysis and, therefore, entail significant risks and uncertainties. The defense and claim of intellectual property lawsuits, patent opposition proceedings, trademark disputes and related legal and administrative proceedings can be both costly and time-consuming, and may significantly divert our resources and the attention of our technical and management personnel. An adverse ruling in such litigation or proceedings could subject us to significant liability to third parties, require us to seek licenses from third parties, to pay ongoing royalties, or to redesign our products or subject us to injunctions prohibiting the manufacturing and sales of our products or the use of our technologies. Protracted litigation could also result in our customers or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation.

If we fail to effectively implement our future expansion plans through investments and acquisitions, if any, our business prospects may be adversely affected.

We may, from time to time, evaluate and consider a wide array of investments and acquisitions that we believe can extend and solidify our market position as part of our overall business strategy. For example, we are in the process of building and further deepening our sales network in overseas markets. We may engage in discussions or negotiations with respect to one or more of these types of transactions and incur substantial costs and expenses in relation to such investments and acquisitions, which may in turn affect our financial condition. In addition, investment and acquisition activities involve significant risks and uncertainties. We may encounter difficulties in identifying suitable targets or face competition from other potential buyers or bidders. We may incur substantial acquisition costs that may result in potential impairment of goodwill. We may incur additional debt in order to finance such transactions, which may increase our finance costs as a result of interest payments. We may also be exposed to unanticipated contingent liabilities of the target and incur additional expenses. As a result of the foregoing, we cannot assure you that any investments or acquisitions we may conduct in the future will be successful. Failure in executing our investment or acquisition plans could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and non-compliance with such laws could subject us to administrative, civil and criminal penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We may be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations in various jurisdictions in which we conduct activities. We have implemented policies and procedures designed to ensure compliance by us and our Directors, Supervisors, officers, employees, representatives, consultants, agents and business partners with applicable anti-corruption, anti-bribery, anti-money laundering and financial and economic sanctions and similar laws and regulations. Our policies and procedures may not be sufficient, and if any of our Directors, Supervisors, officers, employees, representatives, consultants, agents and business partners engage in any improper conduct, we may be held responsible.

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom and Australia, have, through executive order, legislation or other governmental means, implemented measures that impose economic sanctions against certain countries or regions or against targeted industry sectors, groups of companies or persons and/or organizations within such countries or regions. If we fail to comply with such economic sanctions, we may be fined or subjected to other penalties. Furthermore, new requirements or restrictions could come into effect which might increase scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. Our business and reputation could be adversely affected if the authorities of the United States, the European Union, the United Kingdom, Australia or any other jurisdiction or regions were to determine that any of our activities constitutes a violation of the sanctions they impose or provides a basis for a sanction designation of our Group. Non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions and similar laws could subject us to whistleblower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, reputation, financial condition and results of operations.

We may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our employees, suppliers, customers or other third parties.

We are exposed to the risks of fraud, theft or other misconduct committed by employees, suppliers, customers or other third parties, which may have a material adverse effect on our business. We are also exposed to the risk that our employees responsible for procurement and quality control receive bribes or commissions from our suppliers in violation of our policies, which in turn may result in supplies that are overpriced or fail to meet our quality standards. We may be unable to prevent, detect or deter all instances of misconduct. See "Business — Risk Management and Internal Control". Any misconduct committed against our interests, which may include past acts that have gone undetected or future acts, could subject us to financial losses or harm our reputation.

We are required to comply with import and export controls laws and regulations that could subject us to liability and impair our ability to compete in overseas markets.

Our global operations subject us to various applicable export controls regulations. We have exported our products to a large number of countries and regions and derived sales from exporting to these countries and regions. In the event that any of these countries or regions which we export to enforces import restrictions or tariffs in relation to our products, our business and operations may be adversely affected. Furthermore, we rely on a global network of suppliers to obtain raw materials and equipment for the manufacturing of our products. In the event that any of the countries or regions where we procure imposes export controls, tariffs, trade restrictions or other trade barriers on any of the raw materials or equipment supplied to us, we may not be able to obtain a steady supply of necessary raw materials or equipment at competitive prices, and our business and operations may be materially and adversely affected.

Exports of our products must be made in compliance with various export controls laws in different jurisdictions. We take precautions to prevent our products from being provided to any target of these sanctions. We cannot assure you that our products would not be provided to those targets. Any such provision could have negative consequences, including government investigations, penalties and reputational harm. We could be subject to future enforcement action with respect to compliance with export controls laws that result in penalties and costs that could have a material effect on our business and operating results.

Interruption in or failure of IT, control and communication systems that we manage, including cyberattacks to or other privacy or data security incidents that result in security breaches of these systems, could materially and adversely affect us.

We rely on information technology ("**IT**") systems and network infrastructure that we manage to collect, use, transmit, store, dispose of and otherwise process electronic information. See "Business — Data Privacy and Information Security Risk Management". Our IT systems and other infrastructure and the information processed in such IT systems could be affected by cybersecurity incidents from a number of causes, including, but not limited to, power outages, computer and telecommunication failures, computer viruses, malware, attempts to gain unauthorized access to data and systems, ransomware or other destructive software, manual or usage errors, catastrophic events, natural disasters and severe weather conditions. Attacks, including those targeting IT systems, could severely disrupt our business operations and result in significant expense to repair or remediate system damage. We cannot guarantee that attacks and security incidents will not happen in the future. Global threat actors and terrorists have targeted and will continue to target entities and projects like ours that operate in the energy sector, including through disruptive attacks, such as those involving ransomware. We cannot guarantee the security or protection of our IT systems, information or projects. Our defensive measures, including back-up systems, may fail to timely or effectively anticipate, detect, prevent or allow us to recover from cyberattacks. In addition, our costs to adequately counter the risk of cyberattacks and to comply with contractual and regulatory compliance requirements may increase significantly in the future.

Furthermore, cybersecurity breaches may expose us to a risk of loss or misuse of confidential and proprietary information. Such theft, loss or fraudulent use of information, or other unauthorized disclosure of personal or sensitive data, may lead to high costs to notify and protect the impacted persons. It could also subject us to litigation, losses, liabilities, fines, or penalties, any of which could materially and adversely affect our business and results of operations.

We have implemented various security measures and procedures to protect our IT systems, increase security of information, and monitor and mitigate cybersecurity threats. See "Business — Data Privacy and Information Security Risk Management". As cybersecurity threats are dynamic, evolving, and increasing in sophistication, magnitude and frequency, there can be no assurance that such procedures and measures will be successful or sufficient to prevent security breaches from occurring. If any of these potential cybersecurity incidents and corresponding regulatory action were to occur, they could adversely impact our results of operations due to high additional costs, such as penalties, third-party claims, repairs, increased insurance expense, litigation, remediation, security and compliance costs.

ESG matters and the management thereof may impose additional costs and expose us to new risks.

Public ESG and sustainability reporting is becoming more broadly expected by investors, shareholders and other stakeholders and third parties. Certain organizations that provide corporate governance and other corporate risk information to investors and shareholders have developed, and others may in the future develop scores and ratings to evaluate companies and investment funds based upon ESG or sustainability metrics. Many investment funds focus on positive ESG business practices and sustainability scores when making investments, and may consider a company's ESG or sustainability scores as a reputational or other factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers, and if a company is perceived as lagging, these investors may engage with such company to improve ESG disclosure or performance and may also make voting decisions, or take other actions, to hold these companies and their boards of directors accountable. We may face reputational damage in the event our corporate responsibility initiatives or objectives do not meet the standards set by our investors, shareholders, lawmakers, listing exchanges or other constituencies, or if we are unable to achieve an acceptable ESG or sustainability rating from third-party rating services. Ongoing focus on corporate responsibility matters by investors and other parties as described above may impose additional costs or expose us to new risks, including increased risk of investigation and litigation, and negative impacts on the value of our products and access to capital, which may materially and adversely affect our business, financial condition and results of operations.

We have been and continue to rigorously monitor a range of sustainability-related key performance indicators, setting up and monitoring ESG policies, strategies, principles and visions, and we have established a Sustainability Committee to implement the ESG Policy, formulate ESG-related goals and organize their implementation. See "Business — Environmental, Social and Governance". Implementing our ESG Policy may result in increased costs in our supply chain, fulfillment, and corporate business operations, and could deviate from our initial estimates and have a material adverse effect on our business and financial condition. In addition, standards and research regarding ESG strategies could change and become more onerous both for us and our third-party suppliers and vendors to meet successfully. As such, there can be no certainty that we will be able to meet our ESG or other strategic objectives in an efficient and timely manner or at all, or that we will successfully meet societal expectations in this regard.

Furthermore, new climate change laws and regulations could require us to change our manufacturing processes or procure substitute raw materials that may cost more or be more difficult to procure. Various jurisdictions in which we do business have implemented, or in the future could implement or amend, restrictions on emissions of carbon dioxide or other greenhouse gases, limitations or restrictions on water use, regulations on energy management and waste management, and other climate change-based rules and regulations, which may increase our expenses and adversely affect our operating results. We expect increased worldwide regulatory activity relating to climate change in the future. Future compliance with these laws and regulations may adversely affect our business and results of operations.

Our risk management and internal control systems may not be adequate or effective.

While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective in identifying, managing and preventing all potential risks that may arise from our business operations. See "Business — Risk Management and Internal Control". If our internal control system fails to detect potential risks in our business as intended, or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected.

Our risk management and internal controls also depend on the effectiveness of implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended or such implementation will not involve any human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected.

Our insurance coverage is limited and may not be sufficient to cover all of our potential losses.

As of the Latest Practicable Date, we maintained applicable commercial insurance relating to our business operation, including property insurance, export credit insurance, commercial comprehensive liability insurance and product quality insurance, personal accident insurance, cargo insurance and employer's liability insurance. See "Business — Insurance". However, there can be no assurance that our insurance coverage is sufficient to cover all potential risks that may arise from our business operations, or to compensate us for all actual losses that we may incur from business activities. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could suffer significant costs and diversion of our resources, which could have a material and adverse effect on our business, financial condition and results of operations. Furthermore, we may not be able to obtain coverage at current levels, and the premiums on our insurance coverage may increase significantly in the future, which may adversely affect our business, financial condition and results of operations.

We may from time to time become party to litigation, other legal disputes and proceedings that may materially and adversely affect us.

In the course of our ordinary business operations, we may become a party to litigation, legal proceedings, claims, disputes or arbitration proceedings from time to time. See "Business — Legal Proceedings and Compliance". Any ongoing litigation, legal proceedings, regulatory actions, claims, disputes or arbitration proceedings may distract our senior management's attention and consume our time and other resources. In addition, even if we ultimately succeed in such litigation, legal proceedings, regulatory actions, claims, disputes or arbitration proceedings, there may be negative publicity attached to such litigation, legal proceedings, claims, disputes or arbitration proceedings, which may materially and adversely affect our reputation and brand names. In the case of an adverse verdict, we may be required to pay monetary damages, assume liabilities or suspend or terminate parts of our operations. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Natural disasters, public health and public security hazards may severely disrupt our business and operations.

Our business is subject to general economic and social conditions in China and other countries and regions where we operate. Natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. For instance, typhoons, sandstorms, snowstorms, fires and droughts pose significant risks to the regions, including the cities where we conduct our operations. The potential occurrence or recurrence of any of these events could result in a slowdown of global economy or cause substantial disruptions to our operations, which could materially and adversely affect our business, financial condition, results of operations and prospects. Additionally, acts of war and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our distribution channels and destroy our markets. The potential for war or terrorist attacks may also harm or cause uncertainty to our business in ways that we cannot predict.

RISKS RELATING TO OUR FINANCIAL POSITION

We had recorded loss in 2024.

In 2024, we recorded losses of RMB1,362.5 million. There can be no assurance that we will be able to achieve or sustain profitability. Given our loss-making position in 2024, and given the cyclical risks and overcapacity issues faced by the PV industry, we may continue to incur gross loss from time to time and experience material adverse changes in our performance in the near future after 2024, and there is no assurance that we will return to a gross profit position in the future.

Our ability to generate revenue and achieve profitability will depend on the competitiveness of our products and the successful implementation of our strategic initiatives. Our profitability could also be affected by a number of factors, many of which are beyond our control, including regulatory evolvement, changes in economic condition and industry competition. Accordingly, there can be no assurance that we can achieve future profitability.

We had recorded net current liabilities during the Track Record Period.

As of December 31, 2022, 2023 and 2024, we recorded net current liabilities of RMB307.0 million, RMB2,757.6 million and RMB2,773.5 million, respectively. See "Financial information — Liquidity and Capital Resources — Net Current Assets/Liabilities" for further details. Net current liabilities may expose us to certain liquidity risks and may constrain our operational flexibility, as well as adversely affect our ability to expand our business. Our future liquidity, the payment of trade and other payables when they become due, will primarily depend on our ability to generate adequate cash inflows from our operating activities and adequate external financing, which will be affected by our future operating and financial performance, the performance of the industry in which we operate and prevailing economic and capital market conditions, among other factors, many of which are beyond our control.

If we do not maintain sufficient working capital to meet future financial needs by ourselves, we may need to resort to external funding. Our inability to obtain additional external financing on a timely basis and on acceptable terms, or at all, may force us to abandon or delay our development and expansion plans, and our businesses, financial positions and results of operations may be materially and adversely affected. There can be no assurance that we will be able to record net current assets in the future. If we continue to record net losses and net current liabilities in the future, our business, results of operations and liquidity may be materially and adversely affected.

We are subject to credit risks related to our customers, and any significant default or delay in settlement of our trade receivables may affect our business, prospects, financial condition and results of operations.

We are exposed to credit risk related to delay in payment and defaults of our various customers. As of December 31, 2022, 2023 and 2024, we had bills receivables of RMB1,832.8 million, RMB2,323.0 million and RMB1,086.1 million, respectively. As of December 31, 2022, 2023 and 2024, we had trade receivables (net of allowance for credit losses) of RMB445.7 million, RMB717.8 million and RMB441.8 million, respectively. We perform impairment assessment under ECL model on credit-impaired trade receivables individually. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped based on aging of outstanding balances. In 2022, 2023 and 2024, our bills receivables turnover days were 41.5, 36.4 and 55.0 days, and our trade receivables turnover days were 13.5, 10.8 and 19.9 days, respectively. We may not be able to collect all of our bills and trade receivables due to factors beyond our control, such as adverse operating conditions or financial conditions of our customers, and customers' inability to pay due to delays in payment from their own customers. If our customers delay or default on their payments to us, we may need to make impairment provisions and write off the relevant receivables. This would have a negative impact on our liquidity and financial condition. There can be no assurance that our credit control policies and measures implemented will be adequate to protect us against material credit risks and enable us to avoid losses. See "Financial Information — Finance Risks — Credit Risk and Impairment Assessment" for further details.

We may make provisions for doubtful debts based on certain assumptions, estimates and assessments about the recoverability of our bills and trade receivables, including the creditworthiness and past collection history of our customers. As of December 31, 2022, 2023 and 2024, we had balances of impairment for trade receivables of RMB25.7 million, RMB44.9 million and RMB28.8 million, respectively. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Bills, Trade and Other Receivables — Bills and Trade Receivables." However, such collectability estimates may prove to be inaccurate or there may be a change in the underlying basis of such assumptions, estimates and assessments. In the event that we are required to make future adjustment or our actual losses exceed our provisions, this could result in a material and adverse effect on our results of operations and financial condition.

In addition, we allow credit terms on sales of our PV modules and customers for our PV modules may make payments after a certain period of time, generally from 0 to 180 days, if applicable, subsequent to the delivery of our products. We generally do not allow credit terms on sales of our PV cells except to certain customers under certain circumstances. The portion of our sales on credit terms may increase, our working capital requirements, which may negatively affect our liquidity. We may not be able to maintain adequate working capital primarily through cash generated from our operating activities and may need to secure additional financing for our working capital requirements, which may not be available to us on commercially acceptable terms or at all. Moreover, we are exposed to the credit risk of customers to which we have made credit sales, if any of such customers becomes insolvent or bankrupt or otherwise does not make timely payments. If this happens and we fail to collect our receivables in a timely manner, or not at all, our results of operations and finance condition may be materially and adversely affected.

We have recorded net operating cash outflows and there is no assurance that we will realize net cash inflows in the future.

We recorded net operating cash outflows of RMB941.3 million in 2024 primarily due to an overall price decline in the PV industry chain. Please refer to "Financial Information — Liquidity and Capital Resources — Net Cash Flows Generated from (Used in) Operating Activities" in this document for a comprehensive discussion of our liquidity and capital resources with further details. We cannot assure that our business activities, the market competition, the changes to the macroeconomic environment and/or other factors beyond our control will not adversely impact our operating cashflow or result in net operating cash outflows in the future. If we experience prolonged and continuous net operating cash outflows in the future, we may not have sufficient working capital to cover our operating costs. Consequently, our business, financial position and results of operations may be materially and adversely affected.

We have a significant amount of indebtedness and may incur additional indebtedness and increased cost of indebtedness in the future, which could materially and adversely affect our business, results of operations and liquidity.

We typically require a significant amount of cash to meet our capital requirements, including the expansion of our production capacity, as well as to fund our operations. As of December 31, 2024, we had RMB2,195.3 million of bills payables, RMB2,443.3 million of trade payables and RMB2,932.8 million of payables for acquisition of property, plant and equipment and we had RMB2,647.3 million in current bank and other borrowings and RMB3,123.3 million in non-current bank and other borrowings. For details regarding our bills and trade payables, see "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Bills, Trade and Other Payables." For details of our bank borrowings, see "Financial Information — Indebtedness — Bank and Other Borrowings."

We may not have sufficient funds available to meet our payment obligations in light of the amount of bills, trade and other payables and bank and other borrowings due in the near-term future. This level of payables and bank and other bank borrowings could have significant impacts on our operations, including:

- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes as a result of our debt service obligations, and limiting our ability to obtain additional financing;

- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and

- potentially increasing the cost of any additional financing.

Any of these factors and other consequences that may result from our substantial indebtedness could have a material and adverse effect on our business, financial condition and results of operations, as well as our ability to meet our payment obligations under our debt.

In addition, we are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes. We have a considerable amount of borrowings bearing interest at variable rates, generally linked to market benchmarks such as the benchmark interest rate issued by the People's Bank of China. Any increase in interest rates would increase our finance expenses relating to our variable rate indebtedness and increase the costs of refinancing our existing indebtedness and issuing new debt. Furthermore, we are exposed to lending policy changes by the commercial banks. If these commercial banks tighten their lending practices, or if they are no longer willing to provide financing to stakeholders of PV industry, including us, we may not be able to extend our short-term borrowings or make additional borrowings in the future. We may incur gain or loss in relation to our change in the fair value of our financial instruments. The change in fair value of financial instruments may fluctuate significantly from year to year due to factors that are largely beyond our control, and may result in us recording substantial gains or losses as a result of such changes. As a result of the foregoing, our results of operations and financial condition may be materially and adversely affected.

If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.

Our business models require us to maintain a certain level of inventory and to manage it effectively to ensure timely deliveries upon receiving orders. As of December 31, 2022, 2023 and 2024, our inventories were RMB937.6 million, RMB2,237.4 million and RMB2,403.3 million, respectively. In 2022, 2023 and 2024, our inventory turnover days were 19.7, 32.2 and 68.0 days, respectively. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Inventories" for more information. We assess our inventory periodically for impairment and recognize any losses as they occur, in line with our accounting policies. We decide the procurement amount of product from suppliers, and the level of inventory, in accordance with our supply chain management mechanism. See "Business — Supply Chain Management".

Moreover, for stocking purposes we generally estimate demand for the products we sell ahead of the actual time of sale. Demand forecasts are inherently uncertain due to a number of factors, such as launch of new products, pricing, changes in customer procurement decisions and evolving preferences of consumers of PV modules, each of which may affect the accuracy of any forecast. We cannot assure you that we can accurately predict these trends and events and always maintain adequate levels of inventory. On one hand, any unexpected decrease in the market demand for the products we sell could lead to excessive inventory. On the other hand, insufficient inventory level may cause us delay production and delivery, and lose sales to our competitors. We may record impairment losses from time to time in accordance with our impairment policies. For details, see "Financial Information — Material Accounting Policy Information and Key Sources of Estimation Uncertainty." Therefore, if we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.

We may incur capital expenditures and require a significant amount of cash to fund our business operations, which may lead to risks associated with debt repayment and liquidity.

We may, from time to time, incur large capital expenditures for preparations of our new overseas product base, as well as purchasing and/or upgrading our R&D infrastructure and equipment. Inherent risk exists for such capital expenditures as our investments may not succeed or generate the benefits that we expect, which could materially and adversely affect our profitability. In addition, our short-term cash flow and liquidity may be materially and adversely affected. For details on the adequacy of our working capital, please refer to "Financial Information — Liquidity and Capital Resources — Working Capital Confirmation". Moreover, the implementation of technological changes and upgrades, along with the introduction of new products, may not achieve the desired success. Initial investments and development efforts in these new products may not lead to long-term success or generate financial returns, thereby materially and adversely affect our business, financial condition and results of operations.

In addition to investments, we require a significant amount of cash to fund our operations, but our ability to obtain external financing is subject to a number of uncertainties, including:

- our future financial condition, results of operations and cash flow;
- the general condition of the global equity and debt capital markets;
- regulatory and government support, such as subsidies, tax credits and other incentives;
- the continued confidence of banks and other financial institutions in our company and the PV industry;
- economic, political and other conditions; and
- our ability to comply with any financial covenants under debt financing.

Any additional equity financing may be dilutive to our existing shareholders, and any debt financing may require restrictive covenants. Additional funds may not be available on terms commercially advantageous to us. Failure to manage discretionary spending and raise additional capital or debt financing as required may adversely affect our ability to achieve our intended business objectives, and thereby our business, financial condition and results of operations.

We may make additional impairment losses on our assets.

During the Track Record Period, we conducted regular review and impairment assessments on carrying amounts of our property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Pursuant to our accounting policies, if the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. Such test involves business judgment of our management, which is subjective in nature and subject to inherent limitations and risks. Please also see "Financial Information — Material Accounting Policy Information And Key Sources of Estimation Uncertainty" and Note 5 of Appendix I to this document.

In particular, during the Track Record Period, we have accurately identified and strategically and successfully grasped the technological transition from P-type cells to N-type cells and development from small-size cells to large-size cells. Consequently, the profitability and business prospects of our PV cell business line have been, and will continue to be, confronted by an array of evolving challenges. As a result, we recognized impairment loss on property, plant and equipment of RMB159.3 million in 2022 and RMB637.7 million in 2024, respectively. We cannot ensure that we will not continue to make additional impairment on our assets, and if so, it may materially and adversely impact our financial position and results of operations.

Any loss or significant reduction in preferential income tax treatment and government grants may negatively affect our results of operations and financial condition.

There can be no assurance that the policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or will be entitled to enjoy will not be terminated. Pursuant to the Enterprise Income Tax Law of the PRC and the relevant laws and regulations, companies operating in mainland China are subject to income tax at a rate of 25% on taxable income. During the Track Record Period, certain subsidiaries of our Group were accredited as "High and New Technology Enterprises" and therefore were entitled to a preferential income tax rate of 15%. Certain of our overseas subsidiary also enjoyed tax exemptions according to the local tax laws and regulations. See "Financial Information — Description of Major Components of Our Results of Operations — Income Tax (Expense) Credit." We cannot assure you that we or our subsidiaries will continue to enjoy the aforementioned preferential income tax treatment. If any change or termination of preferential tax treatment occurs, the increase in our tax charge or any other related tax liabilities could adversely affect our results of operations and financial condition.

Besides, the government grants we recognized are uncertain and are subject to certain criteria and procedures stipulated by the local government. In addition, the focus of local governments may shift from time to time. The government grants mainly refer to government subsidies obtained in relation to the acquisition of plant and equipment of certain subsidiaries of ours, which were included in the consolidated statement of financial position as deferred income and credited to profit or loss on a straight-line basis over the remaining useful life of the equipment. See "Financial Information — Description of Major Components of Our Results of Operations — Other Income." In 2022, 2023 and 2024, we recognized various government grants, respectively, as other income. We cannot assure you that we will be able to receive any such government grants in the future. If we are unable to receive the government grants in the future that we received during the Track Record Period, our results of operations and financial condition for the period may be adversely affected.

Our transfer pricing arrangements may be subject to scrutiny by relevant tax authorities in the countries and regions where we operate.

Under the applicable laws and regulations in relevant jurisdictions in which we operate, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, we established subsidiaries to carry out our operations in various countries and regions, such as Europe, North America and Asia. See "Business — Intra-group Transactions." We could face material and adverse tax consequences if relevant tax authorities determine that certain of our intra-group transactions do not represent arm's length negotiations and consequently adjust any of those entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by relevant tax authorities, relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any inquiry, audit, investigation, or challenge by any relevant tax authorities in the jurisdictions where we operate in relation to our intra-group transactions. In addition, a transfer pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There is no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operations may therefore be materially and adversely affected.

Fluctuations in exchange rates could adversely affect our results of operations.

In 2022, 2023 and 2024, our revenues derived from overseas customers amounted to RMB1,441.4 million, RMB2,796.1 million and RMB3,723.2 million, respectively, accounting for 11.5%, 13.4% and 32.9% of our total revenue in each respective year. As a result, we face risks resulting from currency exchange rate fluctuations, particularly between Renminbi and U.S. dollars, and between Renminbi and Euro. We incurred net foreign exchange losses of RMB6.2 million in 2023. In addition, we recorded net losses on foreign currency forward contracts at fair value through profit or loss, which we entered into to mitigate the impacts from fluctuations in foreign exchange rates in 2022. See "Financial Information — Description of Major Components of Our Results of Operations — Other Gains and Losses". We cannot predict the impact of future exchange rate fluctuations on our results of operations and may incur net foreign exchange losses again in the future.

We rely on assumptions, estimates, externally developed software and data to deliver timely and accurate information in order to accurately report our financial results in the timeframe and manner required by law.

We need to receive timely, accurate, and complete information from our internal company data that has not been independently verified, utilizing externally developed software in order to accurately report our financial results on a timely basis. If the information that we receive is not accurate, our consolidated financial statements may be materially incorrect and may require restatement. While these numbers are based on what we believe to be reasonable calculations for the applicable period of measurement, there are inherent challenges in measuring such information. In addition, our measurement of certain metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology, as a result, our results may not be comparable to our competitors. As a result, we may have difficulty completing accurate and timely financial disclosures, which could have an adverse effect on our business.

RISKS RELATING TO LAWS AND REGULATIONS

Our business is subject to various and developing laws and regulations. Any changes in the regulatory regime relating to the areas where we operate our business may affect our ability to provide products, thereby materially and adversely affecting our business, financial condition and results of operations.

The operations of our businesses are mainly subject to various PRC laws, rules and regulations at the national and regional levels. Such laws, rules and regulations include, but are not limited to, production safety, fire safety, environmental protection, labor and employment. Compliance with these laws and regulations can cause difficulties and incur higher costs. New laws or regulations or changes to laws and regulations may impose additional compliance costs, reduce our revenue, and require us to change our operations to ensure compliance, or otherwise change our business.

In recent years, the PRC government has, on many occasions, promoted the development of the PV industry. Nevertheless, new laws, rules and regulations relevant to our business may be introduced in the future, or the current applicable regulations may otherwise be amended or replaced, requiring us to conduct business with additional oversight and regulatory compliance. In particular, any change in the applicable laws, rules and regulations may require us to obtain additional licenses, permits, approvals or certificates, increase our operational expenses or result in the invalidation of our current licenses, permits, approvals or certificates.

Newly promulgated laws and regulations may be subject to further variations in application, interpretation and implementation. As a result, we may not be aware in a timely manner that we have violated certain policies and rules. There can be no assurance that we can adapt to the changes in the regulatory environment swiftly enough or in a cost-efficient manner, failure of which may adversely affect our operations and lead to substantial compliance costs. Meanwhile, we may need to implement changes in our facilities, equipment, personnel or services to comply with the latest laws and regulations in light of changes in the regulatory environment, and such may increase our capital expenditures and operating expenses, thereby adversely affecting our business, financial condition and results of operations.

We may need to devote additional effort and resources to ensure our compliance with relevant laws or regulations, in particular to obtain or maintain required government permits, licenses and approvals for our business or renewals thereof in a timely manner, and the failure of which could materially and adversely affect our business, results of operations, financial condition and growth prospects.

Our business is subject to various compliance and operational requirements under the laws and regulations of the PRC and other jurisdictions. Complying with government regulations may require substantial expense, and any material non-compliance may expose us to liability or penalties. In case of any material non-compliance, we may have to incur significant expenses and divert substantial management time to rectifying such non-compliance incidents. We may also experience adverse publicity arising from such non-compliance with government regulations that could negatively impact our brand. In addition, we may need to devote additional effort and resources to ensure our compliance with relevant laws or regulations due to changes in local laws, regulations and policies relating to our business that might be outside our control.

In addition, some of these approvals, permits, licenses and certificates are subject to periodic renewal and reassessment by the relevant authorities, and the standards of such renewal and reassessment may change in the future. While we undertake to apply for the renewal and reassessment of these approvals, permits, licenses and certificates when required by applicable laws and regulations, we cannot guarantee that we will be able to successfully maintain or renew existing permits, licenses or any other regulatory approvals or obtain permits, licenses or other approvals needed for the operation of our business in the future on a timely basis. If we fail to obtain the necessary renewals or otherwise fail to maintain all approvals, licenses, permits and certificates required to carry out our business at any time, our business could be severely disrupted, which could have a material adverse effect on our business, financial condition and results of operations. See "Business — Legal Proceedings and Compliance".

We cannot assure you that the government authorities with jurisdiction over our business activities will not revoke or significantly alter our licenses, permits or approvals or that our licenses, permits or approvals will not be challenged or impugned in the future. Furthermore, if existing laws and regulations develop or new regulations come into effect requiring us to obtain any additional approvals, permits, licenses or certificates that were previously not required to operate our existing business, we cannot assure you that we will successfully obtain such approvals, permits, licenses or certificates.

The remittance of Renminbi into and out of the PRC and government regulations on currency conversion may affect our ability to pay dividends and other obligations, and affect the value of your investment.

The PRC government requires that the conversion of Renminbi into foreign currencies must be subject to certain regulatory procedures, and, under certain circumstances, remittances out of China are also subject to certain regulatory procedures. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations.

Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. If we are not able to obtain sufficient foreign currencies to satisfy our foreign currency demands due to regulatory procedures, we may not be able to pay dividends in foreign currencies to our Shareholders.

Certain judgments obtained against us by our shareholders may be difficult to enforce.

We are a company incorporated under the laws of the PRC. The majority of our Directors, Supervisors and senior management reside within the PRC. Judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met. Nonetheless, it may be difficult for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. In addition, it may be difficult for you to bring an original action against us or our PRC resident officers and directors in a PRC court based on the liability provisions of non-PRC securities laws.

Although we will be subject to the Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong upon the [**REDACTED**] of our Shares on the Stock Exchange, the holders of the Shares will not be able to bring actions on the basis of violations of the Listing Rules, and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong do not have the force of law in Hong Kong.

It may be difficult for the Hong Kong regulators to obtain information or call for regulatory assistance in places where we operate where circumstances necessitate in the course of overseeing us as a [REDACTED] company by the regulations in Hong Kong.

Our Directors and us, which will be regulated by the SFO and other applicable laws and regulations in Hong Kong upon the [**REDACTED**], shall be required to provide the SFC with all information relating to our business in Laos and Cambodia that is necessary for its investigation of our affairs as may be required under Hong Kong laws or regulations. However, as neither Laos nor Cambodia has not signed any regulatory cooperation agreement or memorandum of understanding with the SFC or the Hong Kong Stock Exchange, nor is it a member of the International Organization of Securities Commissions (the "**IOSCO**") or a signatory to the IOSCO Multi-lateral Memorandum of Understanding (the "**IOSCO MMOU**"), it may be difficult for the Hong Kong regulators to obtain information or call for regulatory assistance in either Laos and Cambodia where circumstances necessitate in the course of overseeing us as a [**REDACTED**] company by the regulations in Hong Kong.

Although we continue to grow our operations in our core markets and expand our presence into further global jurisdictions, we will continuously monitor our local business operations and business expansion rate in Laos and Cambodia on an ongoing basis. Our management will also report periodic information of the revenue generated by our operating entities in Laos and Cambodia to our Board of Directors. We will take necessary steps with respect to access to our Laos and Cambodian operating entities' books and records and fully cooperate with regulatory requests in order to facilitate the Hong Kong Stock Exchange and the SFC's access to information of these operating entities based abroad.

We may face risks relating to labor relations, labor disputes, labor shortages, increases in labor costs and labor law compliance.

The production and sale of PV products are labor-intensive, and our success depends in part on our ability to hire, train, retain and motivate our employees. Any deterioration of our labor relations could lead to labor disputes, which may result in the disruption of our production and operations, and adversely affect our business and results of operations.

Although we strive to provide a safe and desirable working environment to our employees to prevent occupational hazards, we may be subject to liability claims, negative publicity and government investigation or intervention in relation to workplace safety or occupational hazards, in particular if our employees, third-party service providers or other parties suffer from personal injuries or casualties at our facilities or during the transportation of our products.

Such incidents could worsen our relationship with our employees and damage our brand and reputation. Moreover, average wages in the society are expected to increase as China's economy grows, and the trends of labor shortage and aging population may further contribute to increases in labor costs. Any material increase in our labor costs may adversely affect our profitability, results of operations and financial condition. In addition, we may need to increase our total compensations to continually recruit experienced personnel required to achieve our business objectives. Prolonged labor shortages or inflation in labor costs could have an adverse impact on our business, results of operations and financial condition.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary among local governments in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments. Employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. There can be no assurance that any new laws and regulations will not require us to pay any contribution shortfall retroactively, which may adversely affect our results of operations and financial condition.

Our legal right to use certain properties could be challenged or restricted.

As of the Latest Practicable Date, we had not obtained the building ownership certificate for a building with an aggregate GFA of approximately 10,940 sq.m. which we used as warehouse. We had not obtained the building ownership certificate primarily because of our failure to obtain the construction planning permits and the construction work commencement permits in a timely manner and the original engineering design does not meet the current regulatory requirements. As advised by our PRC Legal Adviser, our rights as owner or occupant of this property may be adversely affected due to the absence of the relevant building ownership certificate. Accordingly, certain rights including our rights to transfer or lease the building and/or to mortgage the building may be restricted. During the Track Record Period and up to the Latest Practicable Date, no material administrative action, fine or penalty had been imposed by relevant regulatory authorities with respect to the failure to obtain the construction planning permits, the construction work commencement permits and the building ownership certificate. See "Business — Properties" for details.

According to the respective agreements that we entered into with Chuzhou Langya District People's Government (滁州市琅琊區人民政府), Jiangsu Xuzhou High-tech Industrial Development Zone Management Committee (江蘇省徐州市高新技術產業開發區管理委員會) and Jiangsu Peixian Economic Development Zone Management Committee (江蘇沛縣經濟 開發區管理委員會), the relevant government authorities are responsible for the construction of certain production bases and related ancillary buildings and we are required or have options to purchase or lease those properties. As of the Latest Practicable Date, the building ownership certificates of the aforementioned properties were still in the process of application preparation and thus had not been obtained. In additional, as of the Latest Practicable Date, the lessor in relation to a lease agreement entered into by Jiangsu Huaheng and Solarspace Xuzhou with a

GFA of approximately 3,656.5 sq.m. and 2,344.63 sq.m., respectively, had not been able to obtain the building ownership certificates of the properties or other documents evidencing its right to let the properties. As advised by our PRC Legal Adviser, if the lessor of the leased properties do not have the requisite rights to lease the relevant properties, we would not be subject to any administrative penalties with respect to these properties, but our lease may be affected, and, as a result, we may be required to vacate the relevant properties and relocate. See "Business — Properties" for details.

If our right to use these properties is challenged, we would need to seek alternative properties on short notice and incur relocation costs, and there is no guarantee that we would be able to find suitable alternative properties on reasonable commercial terms, or at all. Any relocation could lead to disruptions to our operations and may have an adverse effect on our business, financial condition and results of operations.

We may be subject to fines for failure to register some of our leases.

As of the Latest Practicable Date, five lease agreements which we entered into for general business and accommodation purposes in China had yet to be registered with the relevant government authorities in accordance with PRC Law. As advised by our PRC Legal Adviser, the lack of registration of a lease will not affect its legality, validity or enforceability. We may be subject to fines ranging from RMB1,000 to RMB10,000 for each of such non-registered leases should we fail to register the lease agreements upon request by the relevant authority, which may adversely affect our business, financial condition and results of operations. See "Business — Properties — Leased Properties" for details.

We are subject to various risks relating to the Third-Party Payment Arrangement.

During the Track Record Period, one customer settled payments with us through third parties who were not contractually obligated to do so pursuant to the agreements between the Relevant Customer and us. During the Track Record Period, the aggregate amount of the payments settled under the Third-Party Payment Arrangement was USD0.5 million. We have been rectified, all the Third-Party Payment Arrangement. See "Business — Our Customers — Third-Party Payment Arrangement." We faced various risks related to the Third-Party Payment Arrangement during the Track Record Period, including: (i) third-party payers who are not contractually obligated debtors may seek to reclaim funds from us; (ii) potential risks arising from our limited understanding of the source and use of funds by third-party payers; and (iii) claims that may be made by the liquidators of third-party payers. If any claims are made by third-party payers or their family members, creditors or liquidators, or if any legal proceedings are initiated or brought against us regarding any third-party payments, we may need to allocate additional financial and management resources to address these claims or legal proceedings, which could adversely affect our business and financial performance.

We were involved in certain non-compliant bill transfer arrangements during the Track Record Period and such transactions were not in strict compliance with the relevant PRC laws.

In 2022, we used and accepted bank bills to settle payments in our operations following the industry norms in the PV industry. These include (i) intra-group transactions settled via bank bills, and (ii) bill change arrangements between us and a supplier. As advised by our PRC Legal Advisers, such bill transfer arrangements were not in strict compliance with the relevant PRC laws and regulations.

We have ceased all non-compliant bill transfer arrangements since December 31, 2022. However, we cannot assure you that the relevant regulatory bodies will not retrospectively impose penalties and/or fines on or take legal actions against us for the previous non-compliant bill transfer arrangements and/or non-compliant advances to related parties. Any such penalties, fines and/or legal action could adversely affect our business, reputation, financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to PRC source income or gains at a rate of 20%. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) issued by the MOF and STA on May 13, 1994, the income gained by foreign individuals from dividends and bonuses of foreign-invested enterprises are exempted from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the STA (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) effective as of March 30, 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cease foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the MOF and the STA should be responsible for making and implementing the details of such plan. However, relevant implementation rules or regulations have not been promulgated by the MOF and the STA. Considering this situation, non-resident individual holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and bonus realized from the H Shares in the future.

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archive management responsibilities. The interpretation and implementation of the Archives Rules may keep developing, failure to comply with which may materially affect our business, results of operations or financial condition.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) which became effective on March 31, 2023 and stipulates that domestic companies that seek to offer or list securities overseas, both directly and indirectly, shall complete the filing procedures and report relevant information to the CSRC. We will be required to complete the filing procedures with the CSRC in connection with the [**REDACTED**] within three business days after our application is submitted. We cannot assure you that we could meet such requirements or complete such filing in accordance with the Overseas Listing Trial Measures in a timely manner. Any failure may restrict our ability to complete the [**REDACTED**] or any future equity capital raising activities, which would have a material adverse effect on our business and financial condition.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares and the liquidity and market price of our H Shares may be volatile.

Prior to the completion of the [**REDACTED**], there has been no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is a result of negotiations between the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and us, and may not be an indication of the market price of our H Shares following the completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following the completion of the [**REDACTED**], the market price and liquidity of our H Shares may be materially and adversely affected.

The liquidity, [REDACTED] and [REDACTED] of our H Shares following the completion of the [REDACTED] may be volatile.

The price at which our H Shares will be [**REDACTED**] following the completion of the [**REDACTED**] will be determined by the marketplace, which may be influenced by many factors, some of which are beyond our control, including:

- our financial performance;
- changes in securities analysts' estimates, if any, of our financial performance;
- the development of, and the prospects for, us and the industry in which we operate;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenue and cost structures that independent research analysts, if any, may publish;
- the present state of our development;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- changes in laws and regulations in the jurisdictions where we operate;
- our actual or perceived inability to compete effectively in the market; and
- political, economic, financial and social developments in the PRC and globally.

In addition, the Stock Exchange has from time to time experienced significant price and volume volatility that has affected the market prices for the securities of companies listed on the Stock Exchange. As a result, investors in our H Shares may experience volatility in the market price of their H Shares and a decrease in the value of their H Shares, regardless of our operating performance or prospects.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and Shareholders, could adversely affect the market price of our H Shares.

Future sales of a substantial number of our H Shares by our Directors, executive officers or Shareholders, or the perception or anticipation of such sales, could adversely impact the [**REDACTED**] of our H Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

While we are not currently aware of any intention of Shareholders to dispose of significant amounts of their Shares, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

You will incur immediate and significant dilution, and raising additional capital may cause further dilution or restrict our operations.

The [**REDACTED**] of the [**REDACTED**] is expected to be higher than the net tangible asset value per H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value, and our existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible assets per Share of their Shares. If we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a Shareholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, declaring dividends, or other operating restrictions.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may allocate the [**REDACTED**] from the [**REDACTED**] in ways with which you may not agree or which do not yield a favorable return to our Shareholders. Please refer to "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]" for details. Our management will have the discretion to determine the specific application of our net [**REDACTED**]. By participating in this [**REDACTED**], you are entrusting your funds to our management and relying on their judgment regarding the utilization of these net [**REDACTED**].

Our Controlling Shareholders may have substantial influence over our Company, and their interests may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors, Supervisors and other significant corporate actions. Immediately following the completion of the [**REDACTED**] and assuming the [**REDACTED**] is not exercised, our Controlling Shareholders will be entitled to exercise approximately [**REDACTED**]% of the voting rights of our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the interests of our other Shareholders.

We may not be able to distribute dividends to our Shareholders.

We cannot assure you when and in what form dividends will be paid on our H Shares after the completion of the [**REDACTED**]. The declaration and distribution of dividends is at the discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient profits, if any, to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. We currently intend to retain most, if not all, of our available funds and any future earnings after the completion of the [**REDACTED**] to fund our business operations. As a result of the above, we cannot assure you that we will be able to make dividend payments on our H Shares in the future. See "Financial Information — Dividends".

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications contained in this document.

This document, particularly the section headed "Industry Overview", contains information and statistics relating to the PV cell and module market. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], or any other persons or parties involved in the [**REDACTED**], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate," "believe," "could," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

There may be, subsequent to the date of this document but prior to completion of the [**REDACTED**], press and media coverage regarding us and the [**REDACTED**], which contains, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. We have not authorized the disclosure of any such information in the press or other media, and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only, and should not rely on any other information.

You should rely solely upon the information contained in this document and any formal announcements made by us in Hong Kong in making your investment decision regarding our H Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our [**REDACTED**]. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document.

In preparation of the [**REDACTED**], we have sought the following waivers from strict compliance with certain provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong, which normally means that at least two executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

Given that (i) our core business operations are principally located, managed and conducted in the PRC under the supervision of executive Directors and senior management; and (ii) our executive Directors and senior management principally reside in the PRC, our Company considers that it would be more practical for the executive Directors and senior management of our Company to remain ordinarily resident in the PRC where our Group has substantial operations. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, [and the Stock Exchange has granted us], a waiver from strict compliance with Rule 8.12 of the Listing Rules. We will ensure that there are adequate and efficient arrangements to achieve regular and effective communication between us and the Stock Exchange as well as compliance with the Listing Rules by way of the following arrangements:

(a) We have appointed Ms. Hu Xiaoyan (胡曉艷) ("**Ms. Hu**") and Ms. Wang Shuang (王爽) ("**Ms. Wang**") as the authorized representatives (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange. Ms. Wang ordinarily resides in the PRC, possesses valid travel documents, and is able to renew such travel documents when they expire in order to visit Hong Kong. Ms. Hu ordinarily resides in Hong Kong. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. See the section headed "Corporate Information" in this document for more information about our Authorized Representatives;

(b) To facilitate communication with the Stock Exchange, we have provided the Authorized Representatives and the Stock Exchange with the contact details of our Directors (i.e. mobile phone number, office phone number, email address and fax number (as applicable)). In the event that any of our Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his/her accommodation to the Authorized Representatives, so that the Authorized Representatives would be able to contact all our Directors (including the proposed independent non-executive Directors) promptly at all times if and when the Hong Kong Stock Exchange wishes to contact our Directors. To the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period after requested by the Stock Exchange; and

(c) we have appointed Somerley Capital Limited as our compliance adviser (the "**Compliance Adviser**") in compliance with Rules 3A.19 and 19A.05 of the Listing Rules. The Compliance Adviser will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of our Company with the Stock Exchange during the period from the [**REDACTED**] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [**REDACTED**]. The Compliance Adviser will be available to answer enquiries from the Stock Exchange and will act as an additional channel of communication with the Stock Exchange when the Authorized Representatives are not available.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that our Company must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our Company must appoint an individual, who, by virtue of her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles they played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Ms. Wang as one of the joint company secretaries of our Company. Ms. Wang currently severs as the secretary to the Board and has substantial experience in corporate governance and investor relations but personally does not process any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, our Company has appointed Ms. Chu Cheuk Ting (朱卓婷) ("**Ms. Chu**"), who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as one of our joint company secretaries and to provide assistance to Ms. Wang for an initial period of three years from the [**REDACTED**] to enable Ms. Wang to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. See "Directors, Supervisors and Senior Management" in this document for further biographical details of Ms. Wang and Ms. Chu. The following arrangements have been, or will be, put in place to assist Ms. Wang in acquiring the qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules:

(a) Ms. Wang will endeavor to attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules which will be organized by our Company's Hong Kong legal advisers on an invitation basis and seminars organized by the Stock Exchange for [**REDACTED**] issuers from time to time;

(b) Both Ms. Wang and Ms. Chu have confirmed that each of them will be attending a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investors relation as well as the functions and duties of the company secretary of a Hong Kong [**REDACTED**] issuer during each financial year as required under Rule 3.29 of the Listing Rules;

(c) Ms. Chu will assist Ms. Wang to enable her to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as the company secretary of our Company;

(d) Ms. Wang will communicate regularly with Ms. Chu on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to our Company and its affairs. Ms. Chu will work closely with, and provide assistance to, Ms. Wang in the discharge of her duties as a company secretary, including organizing our Company's Board meetings and Shareholders' general meetings;

(e) Prior to the expiry of Ms. Wang's initial term of appointment as the company secretary of our Company, we will evaluate her experience in order to determine if she has acquired the qualifications required under Rules 3.28 of the Listing Rules, and whether on-going assistance should be arranged so that Ms. Wang's appointment as the company secretary of our Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules; and

(f) The Company has appointed Somerley Capital Limited as its Compliance Adviser pursuant to Rules 3A.19 of and 19A.05 the Listing Rules which will act as the additional communication channel with the Stock Exchange (for a period commencing on the [**REDACTED**] and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year after the [**REDACTED**], or until the engagement is terminated, whichever is earlier) and provide professional guidance and advice to the Company (including Ms. Wang) as to the compliance with the Listing Rules and all other applicable laws and regulations.

Accordingly, we have applied to the Stock Exchange for, [and the Stock Exchange has granted us], a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when (i) Ms. Wang ceases to be assisted by a person with qualifications under Rules 3.28 and 8.17 of the Listing Rules, or (ii) if there are material breaches of the Listing Rules by us. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Ms. Wang, having had the benefit of Ms. Chu's assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions for the Company under the Listing Rules after [**REDACTED**]. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions — Waiver Application for Non-Exempt Continuing Connected Transaction." For more information, see "Connected Transactions."

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Long Daqiang 龍大強	Room 303, Building 1 Jinkai Apartment Economic and Technological Development Zone Xuzhou, Jiangsu PRC	Chinese
Ms. Meng Liye 孟麗葉	Room 303, Building 1 Jinkai Apartment Economic and Technological Development Zone Xuzhou, Jiangsu PRC	Chinese
Dr. Feng Ping 豐平	Room 203, Unit 1, Building 9 Jinkai Apartment Economic and Technological Development Zone Xuzhou, Jiangsu PRC	Chinese
Ms. Hu Xiaoyan 胡曉艷	Flat RD 42/F Tower 2, R Wing (Sunflower) Le Prestige, Lohas Park Tseung Kwan O New Territories Hong Kong SAR	Chinese
Mr. Meng Baishun 孟百順	Room 1701, Unit 2, Building 239 Phase 6 Greenland Century City No. 29 Hanjing Avenue Yunlong District Xuzhou, Jiangsu PRC	Chinese
Non-executive Director		
Mr. Xu Shuzhang 徐抒璋	Room 101, No. 2, Lane 1000 Pudong Avenue Pudong New District Shanghai PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Ms. Liu Shiping 柳世平	Room 10-801 No. 1, Zhonghangjincheng (South Garden) No. 9, Hangcheng Road Qinhuai District Nanjing, Jiangsu PRC	Chinese
Dr. Yu Linwei 余林蔚	Room 503, Unit 2 Building 82, Heyuan Xianlin Campus, Nanjing University Nanjing, Jiangsu PRC	Chinese
Mr. Tong Wan Sze 湯雲斯	Flat G, 48/F, Tower 6, Liberte 833 Lai Chi Kok Road Kowloon Hong Kong SAR	Chinese

SUPERVISORS

Name	Address	Nationality
Mr. Dong Hui 董輝	Room 35-2-503 Jinxiu Shanshui North District Gulou District Xuzhou, Jiangsu PRC	Chinese
Mr. Chen Jian 陳建	Room 3-3-401 Dongfangmingzhu Garden Yunlong District Xuzhou, Jiangsu PRC	Chinese
Mr. Liu Xu 劉旭	Room 1908, Tower A Gaoke Jinhui Building No. 1 Kangning Road Tongshan District Xuzhou, Jiangsu PRC	Chinese

For further information on our Directors and Supervisors, please refer to the section headed "Directors, Supervisors and Senior Management" of this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

China Securities (International) Corporate Finance Company Limited
18/F Two Exchange Square
8 Connaught Place, Central
Hong Kong

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

[REDACTED]

[**REDACTED**]

Legal Advisers to the Company	*As to Hong Kong and U.S. laws:* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong *As to PRC law:* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Beijing PRC
Legal Advisers to the Joint Sponsors and the [REDACTED]	*As to Hong Kong law:* **Han Kun Law Offices LLP** Rooms 4301-10, 43/F Gloucester Tower, The Landmark 15 Queen's Road Central Hong Kong *As to PRC law:* **C&T Partners** 4/F, Building C, Jiangdao Intelligent Cube Xiankun Road, Jianye District Nanjing PRC
Reporting Accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway Hong Kong

Industry Consultant	**Frost & Sullivan (Beijing) Inc.,** **Shanghai Branch Co.** Suite 2504 Wheelock Square 1717 Nanjing West Road Shanghai PRC

[**REDACTED**]

Registered Office	No. 29, Gaoxin Road Economic and Technological Development Zone Xuzhou, Jiangsu PRC
Head Office and Principal Place of Business in the PRC	No. 29, Gaoxin Road Economic and Technological Development Zone Xuzhou, Jiangsu PRC
Principal Place of Business in Hong Kong	31/F., Tower Two, Times Square 1 Matheson Street, Causeway Bay Hong Kong
Company's Website	**www.solarspace.com** *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Ms. Wang Shuang (王爽)** No. 29, Gaoxin Road Economic and Technological Development Zone Xuzhou, Jiangsu PRC **Ms. Chu Cheuk Ting (朱卓婷)** *(ACG, HKACG)* 31/F., Tower Two, Times Square 1 Matheson Street, Causeway Bay Hong Kong
Authorised Representatives	**Ms. Hu Xiaoyan (胡曉艷)** Flat RD 42/F Tower 2, R Wing (Sunflower) Le Prestige, Lohas Park Tseung Kwan O New Territories Hong Kong SAR

	Ms. Wang Shuang (王爽) No. 29, Gaoxin Road Economic and Technological Development Zone Xuzhou, Jiangsu PRC
Audit Committee	Mr. Tong Wan Sze (湯雲斯) *(chairperson)* Ms. Liu Shiping (柳世平) Dr. Yu Linwei (余林蔚)
Nomination Committee	Dr. Yu Linwei (余林蔚) *(chairperson)* Ms. Meng Liye (孟麗葉) Ms. Liu Shiping (柳世平)
Remuneration and Appraisal Committee	Ms. Liu Shiping (柳世平) *(chairperson)* Ms. Hu Xiaoyan (胡曉艷) Mr. Tong Wan Sze (湯雲斯)
Strategy and Sustainable Development Committee	Mr. Long Daqiang (龍大強) *(chairperson)* Dr. Feng Ping (豐平) Dr. Yu Linwei (余林蔚)
Compliance Adviser	**Somerley Capital Limited** 20/F China Building 29 Queen's Road Central Hong Kong

[**REDACTED**]

Principal Banks	**China Construction Bank Corporation Chuzhou Branch** No. 424, Fenghuang West Road Chuzhou, Anhui PRC

Bank of China Limited
Chuzhou Branch
No. 79, Longpan Avenue
Nanqiao District
Chuzhou, Anhui
PRC

China CITIC Bank Corporation Limited
Xuzhou Branch
Xinglong Building
No. 6, Jiefang North Road
Xuzhou, Jiangsu
PRC

The information and statistics presented in this section and other sections of this document, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Sponsors, the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *any of their respective directors and advisers, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on the global and China's PV cell and module industry for use in this Document, which was commissioned by us for a fee of RMB380,000. In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan adopted the following assumptions: (i) the social, economic and political conditions globally currently discussed will remain stable during the forecast period, (ii) global policy, as well as that of the Chinese government, on the photovoltaic cell and module industry, will remain consistent during the forecast period, (iii) global, China, U.S. and India's PV cell and module industry will be driven by the factors that are stated in the report in the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties.

Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing company reports, independent research reports and data based on its own research database.

OVERVIEW OF PV INDUSTRY

The PV industry has undergone a journey from its initial stage to explosive growth since the early 21st century. By 2029, global cumulative installed capacity of solar power is expected to exceed fossil fuels, becoming the energy source with the largest cumulative installed capacity globally, reaching 36.7% of cumulative installed power capacity. Before that, China's cumulative installed capacity of solar power is expected to surpass fossil fuels in 2027, becoming the energy source with the largest cumulative installed capacity in China, accounting for 39.0% of cumulative installed power capacity. The PV industry has also become an important part of China's national economic development.

The Chinese PV industry, after going through ups and downs, has gradually transitioned from subsidy driven and scale driven to technology driven and market driven, ultimately achieving a leap from "subsidized electricity prices" (補貼電價) to "grid parity" (平價上網), and is expected to fully achieve "competitive bidding" (競價上網) in the future. In 2021, China's PV industry achieved a milestone breakthrough — reaching "grid parity", marking the industry's official entry into a market-driven stage. The economic advantages of PV energy have become increasingly prominent, and global installed capacity of solar power has grown rapidly, becoming an important pillar for the transformation of the global energy structure.

From 2023, affected by the decline in silicon wafer prices caused by the growing upstream silicon material production capacity, the prices of the PV products, including PV cells began to decrease. Starting from the fourth quarter of 2024, global PV cell prices had gradually stabilized, and since January 2025, the PV cell prices have started to rise.

Technological advancements, market demand, and international competition have collectively propelled the development of the PV industry. The PV industry has shown resilience through cyclical fluctuations. Looking ahead, as global carbon neutrality goals advance and energy structures continue to optimize, PV power is expected to be the most cost-effective and promising green energy source globally.

ANALYSIS OF GLOBAL POWER GENERATION INDUSTRY

Market Size of Global Power Generation Market

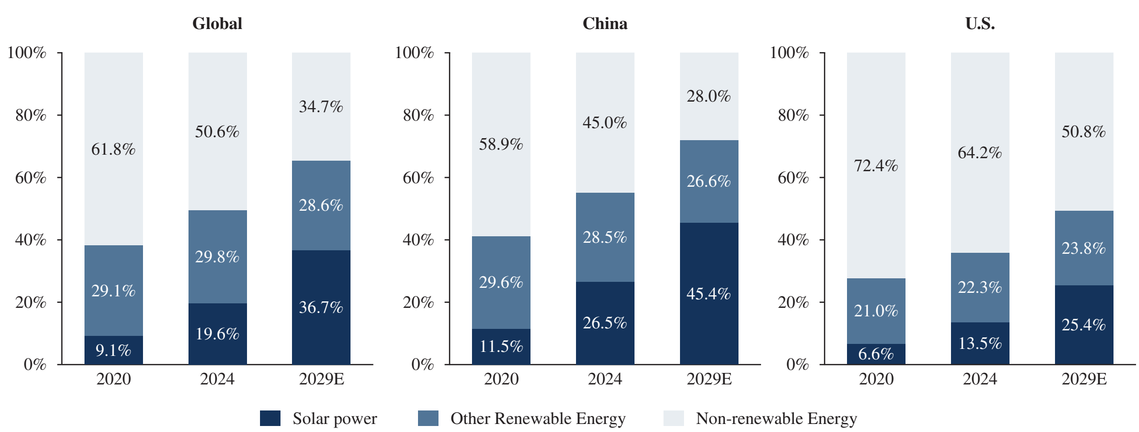
Renewable energy refers to energy derived from naturally replenishing sources that are virtually inexhaustible. Amid escalating climate concerns and energy transition imperatives, nations worldwide are prioritizing renewable energy deployment to achieve carbon neutrality and energy security goals.

Renewable energy's share in global cumulative installed power capacity increased from 38.2% in 2020 to 49.4% in 2024, and is projected to further increase to 65.3% in 2029, overtaking non-renewable energy, which is expected to decrease from 61.8% in 2020 to 34.7% in 2029. Solar power's share in cumulative installed power capacity grew from 9.1% in 2020 to 19.6% in 2024, and is expected to further increase to 36.7% in 2029, becoming the energy source with the largest cumulative installed capacity. Meanwhile, solar power's share in the cumulative installed capacity of renewable energy increased from 23.9% in 2020 to 39.7% in 2024, and is expected to reach 56.2% in 2029. This growth underscores solar power's advantages, including abundant resource availability, technological maturity, and declining levelized costs.

Renewable energy's share in cumulative installed power capacity in China rose from 41.1% in 2020 to 55.0% in 2024, with projections indicating a sharp climb to 72.0% in 2029. Solar power stands out as the fastest-expanding renewable source, surging from 11.5% in 2020 to 26.5% in 2024 and further to 45.4% in 2029. Solar power's share in the cumulative installed capacity of renewable energy increased from 28.0% in 2020 to 48.1% in 2024, and is expected to reach 63.1% in 2029.

In the U.S., renewable energy's share in cumulative installed power capacity increased from 27.6% in 2020 to 35.8% in 2024 and is forecasted to reach 49.2% in 2029. Solar power is dominating this transition, expanding from 6.6% in 2020 to 13.5% in 2024 and accelerating to 25.4% in 2029. Solar power's share in the cumulative installed capacity of renewable energy increased from 24.0% in 2020 to 37.6% in 2024, and is expected to reach 51.6% in 2029.

Power Generation Market Share by Power Source (by cumulative installed power capacity), Global, China and U.S., 2020&2024&2029E



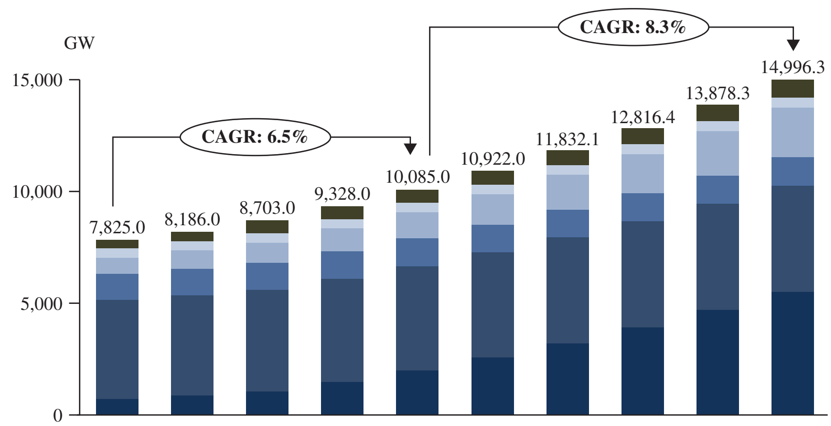
Note: Other renewable energy sources include wind power, hydropower, bioenergy, etc.
Non-renewable energy sources include fossil fuels, nuclear power, etc.

Source: International Energy Agency (IEA), National Energy Administration of China (NEA), U.S. Energy Information Administration (EIA), Frost & Sullivan

Driven by the growing global economy and an increasing global population, as well as the development of emerging downstream industries, such as AI, data center, and EV industries, global electricity demand has been continuously increasing. To meet the growing electricity demand, global cumulative installed power capacity increased from 7,825.0 GW in 2020 to 10,085.0 GW in 2024, reflecting a CAGR of 6.5% during the period. With the carbon-neutral target, governments in major economies have released a series of policies to encourage the development of renewable energy. As the clean energy transition progresses, global cumulative installed power capacity is expected to further increase to 14,996.3 GW in 2029, with a CAGR of 8.3% from 2024 to 2029.

As an important part of clean energy, the PV industry has reached grid parity and its application scale has been expanding. With the continuous advancement of PV technology and the introduction of policy support from governments around the world, the cumulative installed capacity of solar power increased from 713.9 GW to 1,976.8 GW, reflecting a CAGR of 29.0%, and is expected to reach 5,498.8 GW in 2029, with a CAGR of 22.7%.

Cumulative Installed Power Capacity (by power source), Global, 2020-2029E



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR 20-24	CAGR 24-29E
Solar Power	713.9	855.2	1,046.6	1,466.6	1,976.8	2,556.8	3,200.6	3,908.1	4,682.9	5,498.8	29.0%	22.7%
Fossil Fuel Power	4,421.0	4,480.0	4,535.0	4,624.5	4,680.5	4,715.0	4,736.0	4,748.7	4,756.4	4,764.1	1.4%	0.4%
Hydropower	1,170.5	1,195.0	1,222.0	1,229.0	1,235.3	1,241.0	1,246.1	1,250.7	1,254.8	1,258.5	1.4%	0.4%
Wind Power	731.7	824.2	898.8	1,015.8	1,167.9	1,350.4	1,551.2	1,768.0	1,997.9	2,239.2	12.4%	13.9%
Nuclear Power	415.2	413.0	417.0	421.0	425.1	429.2	433.4	437.6	441.8	446.1	0.6%	1.0%
Others	372.8	418.7	583.6	571.1	599.4	629.6	664.8	703.3	744.6	789.6	12.6%	5.7%

Note: Hydropower excludes pumped storage.

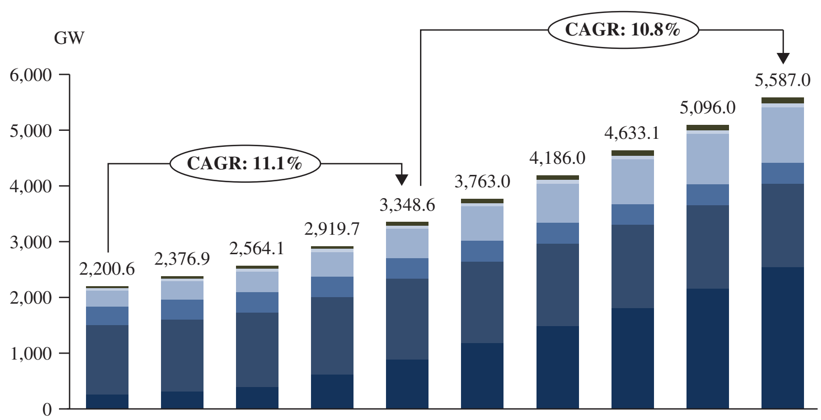
Source: IEA, Frost & Sullivan

Market Size of China's Power Generation Market

Driven by increasing downstream demand on power consumption, China's cumulative installed power capacity increased from 2,200.6 GW to 3,348.6 GW, reflecting a CAGR of 11.1% from 2020 to 2024, and is expected to further increase to 5,587.0 GW in 2029, with a CAGR of 10.8% from 2024 to 2029.

Benefiting from the improvement in solar power generation efficiency and cost reduction, the cumulative installed capacity of solar power is growing faster than other major energy sources. From 2020 to 2024, the installed capacity of solar power increased from 253.4 GW to 886.7 GW, reflecting a CAGR of 36.8%, and is expected to reach 2,537.4 GW in 2029, with a CAGR of 23.4% from 2024 to 2029.

Cumulative Installed Power Capacity (by power source), China, 2020-2029E



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR 20-24	CAGR 24-29E
Solar Power	253.4	306.6	392.6	609.5	886.7	1,175.8	1,478.5	1,808.6	2,157.3	2,537.4	36.8%	23.4%
Fossil Fuel Power	1,245.2	1,296.8	1,332.4	1,390.3	1,444.5	1,467.1	1,480.8	1,489.2	1,494.2	1,497.2	3.8%	0.7%
Hydropower	338.5	354.0	368.0	371.0	373.0	374.5	375.5	376.2	376.7	377.2	2.5%	0.2%
Wind Power	281.0	328.5	365.4	441.3	520.7	609.2	703.0	800.3	899.5	998.6	16.7%	13.9%
Nuclear Power	49.9	53.3	55.5	56.9	60.8	62.7	64.4	65.9	67.2	68.5	5.1%	2.4%
Others	32.6	37.8	50.1	50.6	63.0	73.7	83.8	92.9	101.0	108.1	17.9%	11.4%

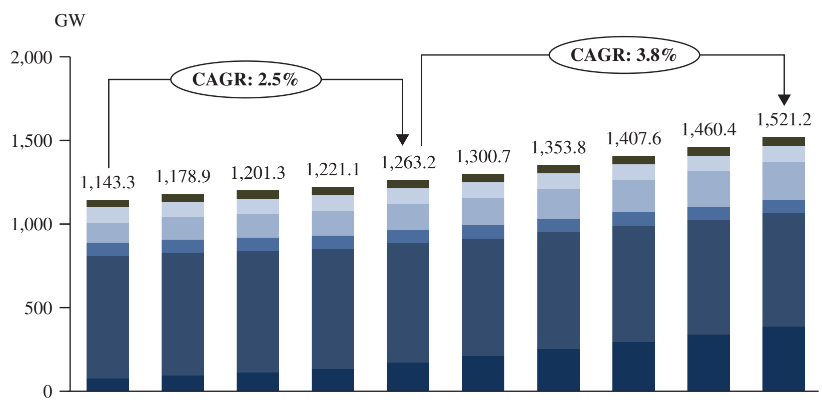
Note: Hydropower excludes pumped storage.

Source: NEA, Frost & Sullivan

Market Size of U.S.'s Power Generation Market

From 2020 to 2024, the U.S.'s cumulative installed power capacity increased from 1,143.3 GW to 1,263.2 GW, reflecting a CAGR of 2.5%. It is expected to increase to 1,521.2 GW in 2029, with a CAGR of 3.8% from 2024 to 2029. In the future, renewable energy will become an important part of the U.S. energy consumption structure, among which the capacity of solar power owns the highest growth rate. From 2020 to 2024, the installed capacity of solar power increased from 75.6 GW to 170.3 GW, reflecting a CAGR of 22.5%, and is expected to reach 386.7 GW in 2029.

Cumulative Installed Power Capacity (by power source), U.S., 2020-2029E



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR 20-24	CAGR 24-29E
Solar Power	75.6	94.6	112.7	132.0	170.3	209.6	251.1	294.6	339.9	386.7	22.5%	17.8%
Fossil Fuel Power	731.2	731.8	724.2	717.3	713.7	703.5	700.4	694.8	683.4	676.7	-0.6%	-1.1%
Hydropower	79.9	79.9	80.1	80.1	79.9	80.0	80.0	80.0	80.2	80.3	0.0%	0.1%
Wind Power	118.4	132.8	141.4	147.6	154.1	163.5	178.3	193.5	210.4	229.3	6.8%	8.3%
Nuclear Power	96.5	95.5	94.7	95.7	96.9	95.7	95.7	95.7	95.7	95.7	0.1%	-0.2%
Others	41.6	44.3	48.2	48.4	48.3	48.3	48.4	48.9	50.8	52.5	3.8%	1.7%

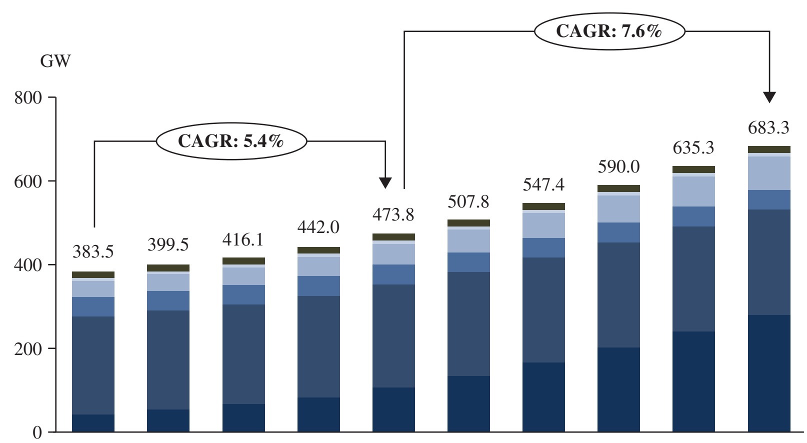
Note: Hydropower excludes pumped storage.

Source: EIA, Frost & Sullivan

Market Size of India's Power Generation Market

From 2020 to 2024, India's cumulative installed power capacity increased from 383.5 GW to 473.8 GW, reflecting a CAGR of 5.4%. It is expected to increase to 683.3 GW in 2029, with a CAGR of 7.6% from 2024 to 2029. Furthermore, the capacity of solar power is growing faster than other energy sources. From 2020 to 2024, the installed capacity of solar power increased from 41.2 GW to 106.1 GW, reflecting a CAGR of 26.6%, and is expected to reach 279.3 GW in 2029.

Cumulative Installed Power Capacity (by power source), India, 2020-2029E



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR 20-24	CAGR 24-29E
Solar Power	41.2	54.0	66.8	81.8	106.1	133.0	165.9	201.6	239.5	279.3	26.6%	21.4%
Fossil Fuel Power	234.7	236.1	237.3	243.2	246.9	249.1	250.5	251.3	251.8	252.1	1.3%	0.4%
Hydropower	46.2	46.7	46.9	46.9	47.0	47.1	47.1	47.2	47.2	47.3	0.4%	0.1%
Wind Power	39.3	40.4	42.6	45.9	49.5	54.1	59.2	65.0	71.7	79.4	6.0%	9.9%
Nuclear Power	6.8	6.8	6.8	8.2	8.2	8.3	8.3	8.4	8.4	8.5	5.0%	0.6%
Others	15.3	15.5	15.8	15.9	16.1	16.3	16.4	16.5	16.7	16.8	1.3%	0.8%

Note: Hydropower excludes pumped storage.

Source: Central Electricity Authority of India (CEA), Ministry of New and Renewable Energy of India (MNRE), Frost & Sullivan

Definition and Classification of Renewable Energy

Compared with other energy sources, solar power has multiple competitive advantages, such as extensive solar energy sources, and lower generation cost. Therefore, solar power has been more widely used globally.

Comparison between Different Types of Major Renewable Energy and Fossil Fuels

Energy Sources	Solar Power	Wind Power	Hydropower	Fossil Fuel Power
Application Scenarios	• Household distributed power stations, industrial and commercial distributed power stations, and centralized power stations	• Onshore and offshore wind farms	• Regions with extensive water areas and height differences	• Areas where electricity demand is high and renewable energy is insufficient
Characteristics	• Abundant resources • Low maintenance costs • Low generation costs	• Rich resources • High investment costs and maintenance costs • Power generation heavily dependent on location	• Stable and adjustable output • Constrained by geographical requirements • High initial investment costs	• Reliable baseload power • Significant carbon emissions • Uneven distribution of resources
Average Generation Costs in 2024	• 0.039 USD per kWh	• 0.035 (onshore) and 0.075 (offshore) USD per kWh	• 0.061 USD per kWh	• 0.067 USD per kWh
Carbon Emissions in 2024	• 10-34 grams per kWh	• 7-17 grams per kWh	• 10-30 grams per kWh	• 650-900 grams per kWh

Source: International Renewable Energy Agency (IRENA), Frost & Sullivan

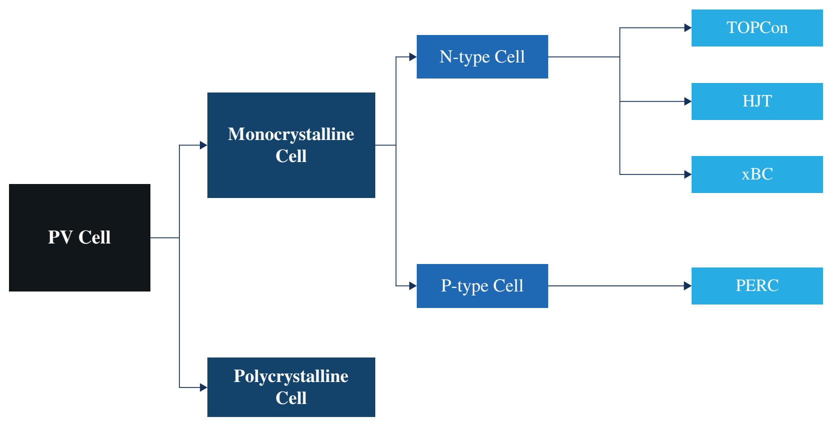
ANALYSIS OF PV CELL AND MODULE INDUSTRY

Definition and Classification of PV Cells

PV cells are semiconductor-based devices designed to convert sunlight directly into electricity via the photovoltaic effect. PV cells consist of semiconductor layers with P-N junctions, anti-reflective coatings, electrodes for charge collection, etc. Currently, monocrystalline cells dominate the PV cells market due to their higher conversion efficiency.

According to different dopant elements employed, PV cells can be classified into N-type and P-type, with N-type encompassing various technologies such as N-type TOPCon cells, N-type HJT cells, and N-type xBC cells, and P-type represented by P-type PERC cells.

Classification of Main PV Cells



Source: Frost & Sullivan

PV cells are the core components of solar power generation, and their performance determines the power generation capacity of PV modules. The current average mass production conversion efficiency of P-type PERC cells is 23.5%, which is approaching its theoretical efficiency limit, with limited room for future improvement. Higher conversion efficiency leads to higher electricity generation under the same conditions, thereby enhancing the return on investment. Due to their higher conversion efficiency, N-type cells are often preferred over P-type cells for new installations from an economic perspective.

Comparison between Different Types of PV Cells

Type	P-type	N-type		
	PERC	TOPCon	HJT	N-type xBC
Theoretical Conversion Efficiency	24.5%	28.7%	28.5%	29.1%
Mass Production Conversion Efficiency*	23.5%	26.5%	26.0%	27.0%
Equipment Investment	Low	Low	High	High
BOM (Boil of Materials) Cost	Low	Low	High	High

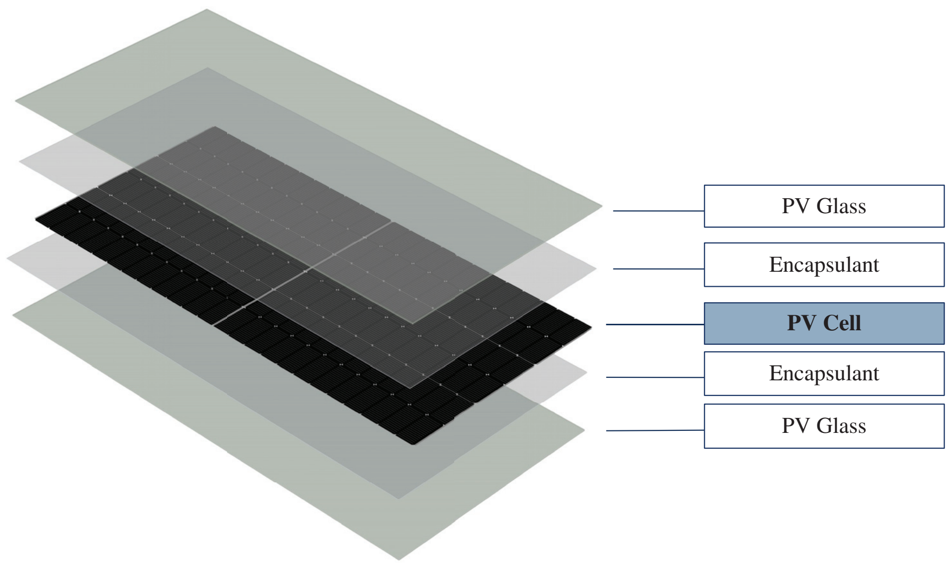
Note: The mass production conversion efficiency refers to the mass production conversion efficiency of PV cells tested on the production line.

Source: China Photovoltaic Industry Association (CPIA), Frost & Sullivan

Definition and Composition of PV Modules

PV modules, also known as solar panels, are products composed of multiple interconnected solar cells and encapsulation materials. Apart from PV cells, the other core parts of PV modules include photovoltaic glass, aluminum alloy frame, encapsulant, welding ribbons, junction box, silicone, etc. The basic structure of a bifacial PV module is demonstrated in the picture below:

Composition and Structure of PV Modules



Source: Frost & Sullivan

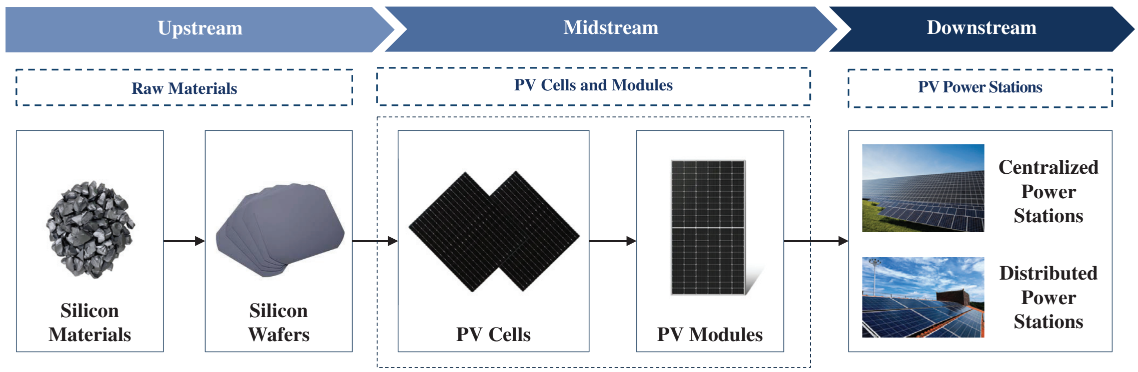
Value Chain of PV Industry

The upstream segment of the PV industry comprises the supply of raw materials and components such as silicon materials and silicon wafers.

The midstream segment involves the R&D and manufacturing of PV cells and modules, which are essential in determining the performance and service life of PV systems.

In the downstream of PV industry, PV modules are integrated into PV system, and then deployed in scenarios such as new energy power plants, factories, buildings, residences, and others, for the purpose of solar power generation.

Value Chain of the PV Industry

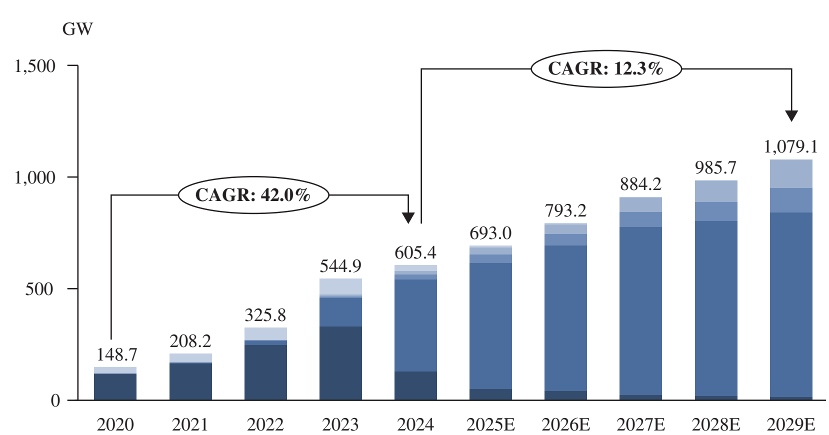


Source: Frost & Sullivan

Market Size of PV Cell Market

The global PV cell shipment volume has experienced rapid growth, driven by increasing demand for electricity from data center and AI sectors and technological advancements. Global PV cell shipment volume grew from 148.7 GW in 2020 to 605.4 GW in 2024, and is expected to reach 1,079.1 GW in 2029, with a CAGR of 12.3% from 2024 to 2029. Before 2024, P-type PERC cells held a significant share of the PV cell market due to their mature technology and lower production costs. However, as the efficiency of P-type PERC cells approaches its theoretical limit, the need for other types of PV cells with better performance and lower costs has grown. Compared with P-type cells, N-type cells offer multiple advantages, including higher efficiency and better temperature coefficient. This has led to the technology transition in the industry from P-type cells to N-type cells, including TOPCon, HJT and xBC cells. Therefore, the global shipment volume of N-type TOPCon cells is expected to reach 826.8 GW in 2029, with a CAGR of 15.0% from 2024 to 2029.

PV Cell Shipment Volume (by type), Global, 2020-2029E

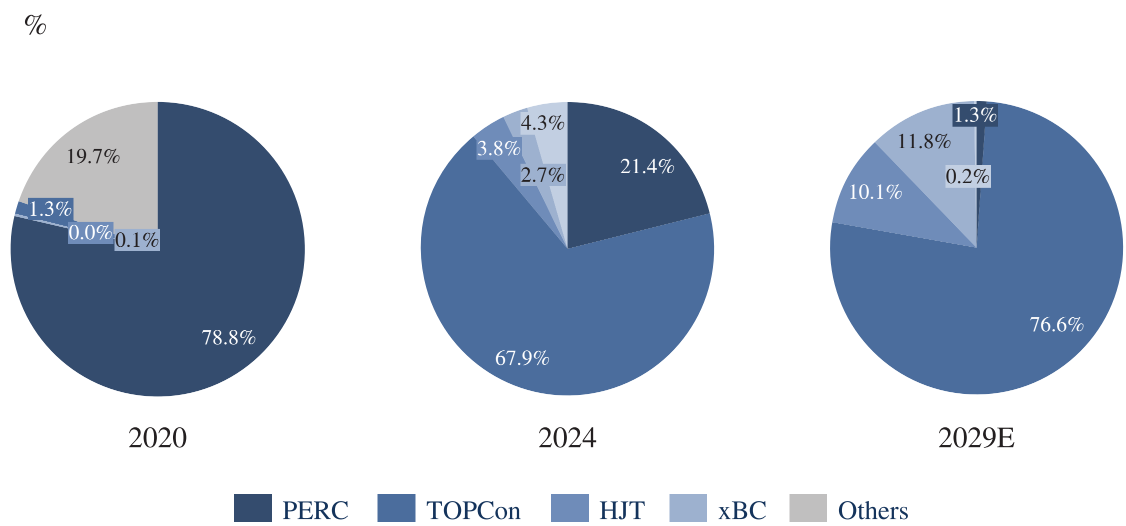


	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
PERC	117.2	164.0	248.3	331.4	129.5	49.5	40.4	24.3	18.8	14.2
TOPCon	2.0	4.8	18.6	126.6	410.8	565.2	652.7	725.2	782.6	826.8
HJT	0.0	0.1	0.7	5.8	22.9	37.2	50.3	66.4	86.0	109.0
xBC	0.2	0.3	2.2	10.4	16.1	31.6	42.6	64.3	95.4	127.1
Others	29.3	39.0	56.0	70.7	26.1	9.4	7.2	4.0	2.9	2.0

Source: CPIA, EIA, Frost & Sullivan

Among all N-type cells, N-type TOPCon cells have advantages, including high conversion efficiency, low investment cost and low production and operational costs, which enable them to capture the largest share of the global PV cell market in 2024. It accounted for 67.9% of the total market in terms of shipment volume, highlighting their pivotal roles in driving advancements in the PV industry in 2024. N-type TOPCon cells are expected to account for 76.6% of the total market in terms of shipment volume in 2029.

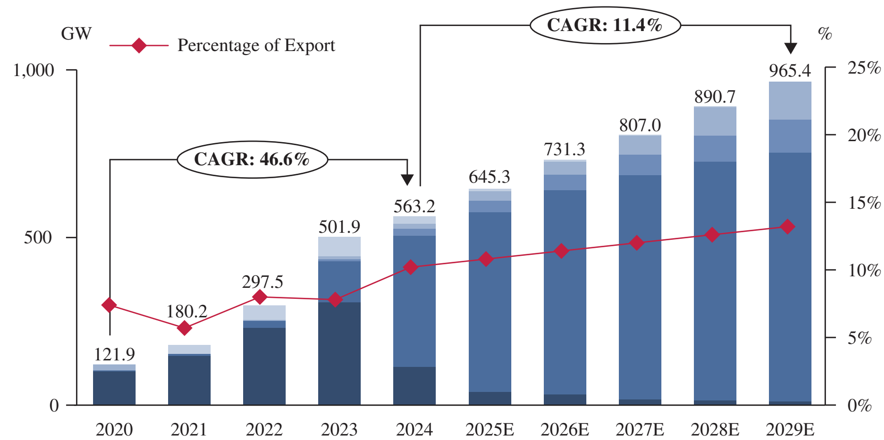
PV Cell Shipment Volume (by type), Global, 2020, 2024, 2029E



Source: Frost & Sullivan

In China, driven by the increasing demand for electricity, the improvement in the cost-performance ratio of PV power generation, and technological advancements, the PV cell shipment volume has surged in recent years, growing from 121.9 GW in 2020 to 563.2 GW in 2024, and is expected to reach 965.4 GW in 2029, with a CAGR of 11.4% from 2024 to 2029. China exported 8.4% of its PV cell shipments in 2024, and this proportion is expected to continue to increase during the forecast period. As Chinese PV companies continuously advance the production of N-type cells including N-type TOPCon and HJT cells, N-type cells have seen remarkable growth in China, firmly positioning the country at the forefront of next-generation solar technology advancements. The shipment volume of N-type TOPCon cells is expected to reach 741.7 GW in 2029, with a CAGR of 13.7% from 2024 to 2029.

PV Cell Shipment Volume*
(by type), China, 2020-2029E



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
PERC	101.0	146.9	230.9	305.8	113.7	39.7	31.5	17.5	13.7	11.1
TOPCon	2.0	5.2	19.7	122.7	390.8	534.6	609.1	667.9	711.4	741.7
HJT	0.0	0.2	0.8	5.7	21.8	35.1	46.8	60.9	77.9	97.7
xBC	0.0	0.0	1.7	9.0	14.3	28.8	38.7	58.2	85.9	113.5
Others	18.9	27.9	44.4	58.7	22.6	7.1	5.2	2.5	1.8	1.4

Source: CPIA, Frost & Sullivan
**Note:* The shipment volume includes export volume.

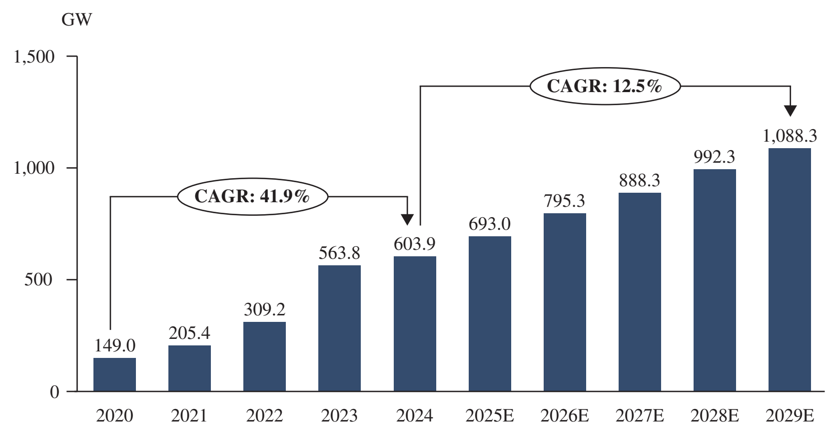
The increasing demand for electricity in the U.S., driven by the rapid development of emerging industries such as AI and data centers, has significantly propelled progress in power generation sectors, especially in the solar power sector, thereby driving growth in the PV cell industry. PV cell shipment volume in the U.S. grew from 0.1 GW in 2020 to 0.9 GW in 2024, and is expected to reach 28.0 GW in 2029, with a CAGR of 97.2% from 2024 to 2029. In 2024, the shipment of PV cell in the U.S. satisfied less than 5% of the total PV cell demand, and over 95% of the demand are satisfied by imported PV cells. During the forecast period, the percentage of imported PV cells into the U.S. is expected to continue to decrease.

In India, the rising electricity demand across various industries has also driven growth in power generation sectors, especially the solar power sector, thereby advancing the PV cell industry. India's PV cell shipment volume grew from 0.9 GW in 2020 to 3.5 GW in 2024, and is expected to reach 34.0 GW in 2029, with a CAGR of 58.1% from 2024 to 2029. In 2024, the shipment of PV cells in India satisfied approximately 15% of the total PV cell demand, and the remaining demand are satisfied by imported PV cells.

Market Size of PV Module Market

As the downstream market of the PV cell market, the global PV module market has also been driven by the increasing demand for clean energy, advancements in PV technology, as well as increasing investment in PV power stations. Therefore, the global PV module shipment volume grew significantly from 149.0 GW in 2020 to 603.9 GW in 2024, and is expected to reach 1,088.3 GW in 2029, with a CAGR of 12.5% from 2024 to 2029.

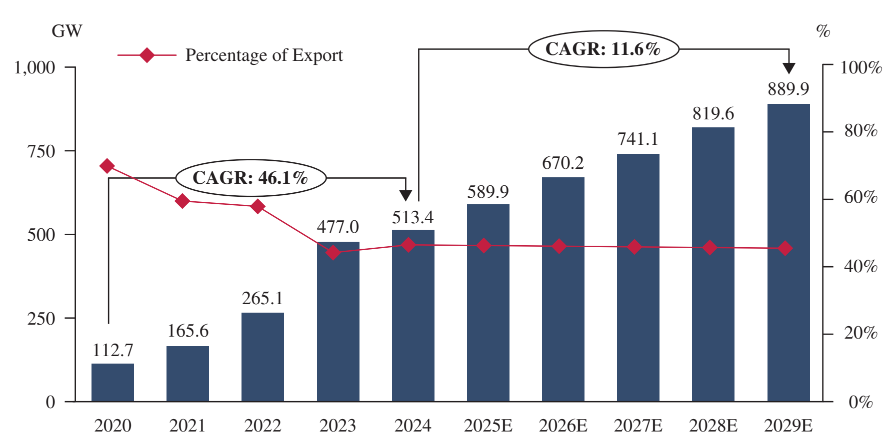
PV Module Shipment Volume, Global, 2020-2029E



Source: IEA, CPIA, EIA, Frost & Sullivan

China holds a leading position in the global PV module market as well. The PV module shipment volume in China has experienced rapid growth, increasing from 112.7 GW in 2020 to 513.4 GW in 2024. It accounted for 85% of the global PV module shipment volume in 2024. Driven by rising demand, continued R&D investment, and technological advancements, the shipment volume is expected to reach 889.9 GW in China in 2029, with a CAGR of 11.6% from 2024 to 2029.

PV Module Shipment Volume*, China, 2020-2029E



Source: CPIA, Frost & Sullivan
**Note:* The shipment volume includes export volume.

Driven by rising energy demand, government support for renewable energy, and technological advancements, the PV module market in the U.S. and India is also growing rapidly. PV module shipment volume in the U.S. is expected to reach 35.9 GW in 2029, with a CAGR of 113.5% from 2024 to 2029. Meanwhile, India's PV module shipment volume is expected to reach 41.7 GW in 2029, with a CAGR of 51.6% from 2024 to 2029.

Market Drivers of PV Cell and Module Market

- ***Sustained Growth in Electricity Demand.*** Global electricity demand has grown rapidly, driven by the development of emerging downstream industries. The sustained growth demand has significantly boosted the global power generation market, including the PV sector, thus driving the development of PV cell manufacturers. For instance, global computing power is expected to grow from 2,466.6 EFlops in 2024 to 30,165.9 EFlops in 2029, with a CAGR of 65.0%. The global AI market is expected to grow from RMB4,551.8 billion in 2024 to RMB20,235.6 billion in 2029, with a CAGR of 34.8% from 2024 to 2029. Recently, the market has been continuously introducing transformative large AI models, and the explosive growth of AI applications has driven the increased demand for computing power and energy. And the global sales volume of EVs is expected to grow from 17.8 million units in 2024 to 49.5 million units in 2029, reflecting a CAGR of 22.8% from 2024 to 2029.

- ***Efficiency Improvements and Cost Reduction.*** The PV cell industry is currently undergoing a technological transition, shifting from P-type to N-type cells. N-type cells offer distinct advantages, including higher theoretical and mass production conversion efficiencies. Such an improvement in efficiency is crucial for enhancing the overall performance of solar power systems, enabling greater energy generation from the same surface area. Additionally, N-type cells are less prone to light-induced degradation, contributing to longer lifespans and lower overall costs. As a result, the technological shift is expected to drive both efficiency gains and cost reductions in the PV cell and module industry.

- ***Advantages Compared with Traditional Energy Sources.*** Compared with traditional energy sources, solar power offers advantages such as lower carbon emissions and sustainable energy production. On the one hand, CO_2 emissions from solar power systems are approximately 90% lower per kWh of electricity generated compared to coal-fired power generation. On the other hand, the average generation cost of solar power from 2022 to 2024 is 0.049, 0.041 and 0.039 USD per kWh, experiencing a continuous decline. Also, the cost of generating solar power was significantly lower than that of coal-based power generation in 2024. In the forecasting period, as the generation cost of solar power continues to decrease, its cost advantage is expected to be more significant. As a result, the global cumulative installed capacity of solar power continues to rise, and is expected to increase from 1,976.8 GW in 2024 to 5,498.8 GW in 2029, with a CAGR of 22.7%. It further drives the development of PV cells and modules.

- ***Supportive Policies.*** Countries worldwide are adopting policies and initiatives to prioritize the development of renewable energy sources, with the goal of achieving carbon neutrality. Particularly, governments across the globe have shown strong support for the advancement of PV technology. In October 2024, China's National Development and Reform Commission (NDRC) issued the "Guidelines for Accelerating Renewable Energy Substitution," which focuses on enhancing the energy efficiency of key renewable energy components, including PV cells and modules. In addition, in May 2024, the U.S.'s Federal Energy Regulatory Commission (FERC) issued the "Rule on Renewable Energy Transmission," which outlines key measures to enhance the transmission infrastructure for renewable energy sources. Such regulatory support continues to drive technological innovation, efficiency improvements, and cost reductions within the PV cell and module industry, accelerating the global transition toward clean energy solutions.

Development Trends of PV Cell and Module Market

- ***Transition from P-Type Cells to N-Type Cells.*** N-Type cells are becoming a major trend in the PV market due to their higher efficiency compared with P-Type cells. N-type TOPCon cells began large-scale production in the third quarter of 2022. With the transition accelerating in late 2023, they surpassed the market share of P-type PERC cells in 2024, as P-type PERC cells approached their efficiency limit. Measured by shipment volume, the share of N-type TOPCon cells within the global PV cell market is expected to rise from 67.9% in 2024 to 76.6% in 2029. Meanwhile, the market share of N-type HJT cells is projected to increase from 3.8% in 2024 to 10.1% in 2029, and the share of N-type xBC cells is forecasted to grow from 2.7% to 11.8% in the same period. This shift reflects a strong trend toward higher efficiency and advanced technology in the PV industry.

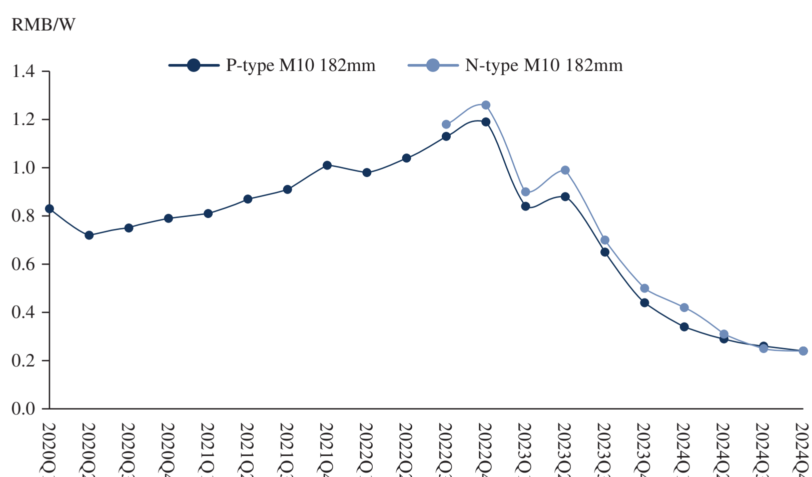
- ***Development of N-type TOPCon Cells.*** N-type TOPCon cells are expected to obtain a larger market share in the PV cell market in the forecast period, driven by their established production processes, high cost-effectiveness, and high efficiency. Different from other N-type technologies such as HJT and xBC, N-type TOPCon cells benefit from mature manufacturing processes requiring lower investment costs. And with a theoretical conversion efficiency of 28.7%, N-type TOPCon cells can offer significant potential for further improvements in mass production efficiency.

- ***Improved Efficiency and Adaptation to Complex Environments.*** Large-sized PV cells reduce manufacturing costs and system expenses by enabling higher power per module. This shift not only accelerates technological development but also aligns with industry goals for delivering more power using fewer resources, supporting both economic and sustainability targets. Furthermore, bifacial modules are emerging as a mainstream choice due to their ability to generate power from both sides, significantly improving energy yields and reliability of PV systems. Coupled with advancements such as N-Type cell technology, bifacial modules address the need for reliable and high-performance PV systems, particularly in environments with strong sunlight reflection such as snowfields and deserts. Their increasing adoption reflects the industry's focus on maximizing energy output per installation, making them a core solution for achieving renewable energy targets.

Price Analysis of PV Cells

In 2020, as the PV industry entered a phase of grid parity, the global demand for installing photovoltaic cells surged, but the shortage of upstream silicon material supply led to an increase in industrial chain prices, driving the average selling price of P-type 182mm cells to increase from 2020 to 2022. Starting from 2023, technological advances such as large-size silicon wafers, thinning of silicon wafers, and technology development of N-type TOPCon cells resulted in a significant improvement in module power and conversion efficiency. Meanwhile, with the centralized release of material, the average selling price of P-type and N-type 182mm cells dropped from 2023 to 2024. The economic efficiency of photovoltaic power generation further highlights and promotes the rapid expansion of application scale. In the fourth quarter of 2024, global PV cell prices have been gradually stabilizing and began to rise slightly in the first quarter of 2025.

Average Selling Price of PV Cells (M10, 182mm), Global, 2020-2024



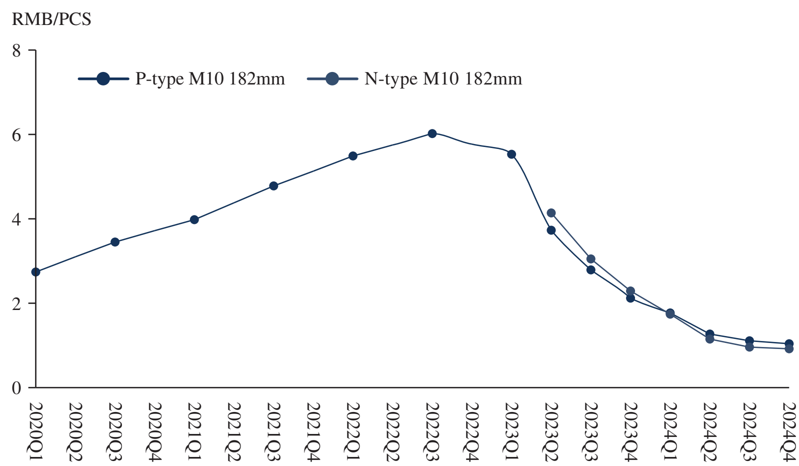
Source: Frost & Sullivan

Raw Materials Analysis of PV Products

PV cells are the major component of PV modules. Among various types of raw materials of PV cells, silicon wafers account for the largest share of the total cost of PV cells. As the core raw material used in silicon wafer manufacturing, the fluctuation of its price directly affects the price of silicon wafers. Starting from 2023, the release of polysilicon production capacity triggered market oversupply, causing polysilicon prices to decrease, which drove the average selling price of silicon wafers used in P-type and N-type 182mm cells to decrease rapidly from 2023 to 2024. However, the price of silicon wafers is expected to stabilize in the forecast period.

The non-silicon cost of PV cells mainly includes the costs of pastes, water, electricity, depreciation, labor, etc. The control of non-silicon cost is crucial for the cost control of the PV cells. With the advancement of technology in the industry, conversion efficiency of PV cells have been improved, which further decrease the non-silicon cost of PV cells.

Average Selling Price of Silicon Wafers (M10, 182mm), Global, 2020-2024



Source: Frost & Sullivan

COMPETITIVE ANALYSIS OF PV CELL AND MODULE INDUSTRY

Competitive Landscape of Global and China's PV Cell Market

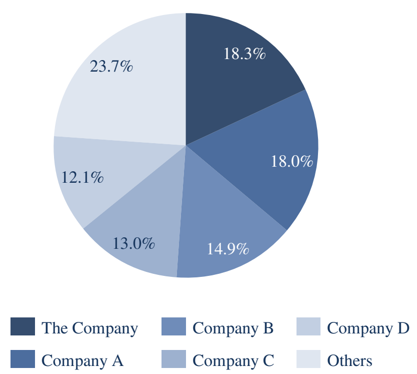
Specialized PV cell manufacturers and integrated PV manufacturers are two types of players in the global and China's PV cells industry. Specialized PV cell manufacturers refer to companies that focus on the research, development, production, and sales of PV cells. In contrast, integrated PV manufacturers are involved in multiple segments within the industry, including the production of silicon material, silicon wafers, PV cells, PV modules, and other products, and their PV cells are primarily utilized for in-house PV module production. Meanwhile, integrated PV manufacturers often purchase PV cell from specialized PV cell manufacturers.

It is common for specialized PV cell manufacturers to not only focus on PV cell production, but also to provide some production services for PV module manufacturers. Such practice ensures technical expertise and economies of scale for specialized PV cell manufacturers while enabling flexible allocation of industry chain resources to cope with order fluctuations.

Ranking of Global Specialized PV Cell Manufacturers

In 2024, the total global PV cell external shipment volume of specialized PV cell manufacturers reached 188.0 GW. Based on the PV cell external shipment volume in 2024, the largest specialized PV cell manufacturer in the global market was the Company, followed by Company A and Company B. With a PV cell external shipment volume of 34.5 GW, the market share of the Company was 18.3%.

Specialized PV Cell Manufacturer Ranking (by external shipment volume), Global, 2024



Rank	Company	Country	PV Cell External Shipment (GW)	Market Share
1	**The Company**	China	34.5	18.3%
2	Company A	China	33.7	18.0%
3	Company B	China	28.0	14.9%
4	Company C	China	24.5	13.0%
5	Company D	China	22.8	12.1%
	Others		44.5	23.7%
	Total		**188.0**	

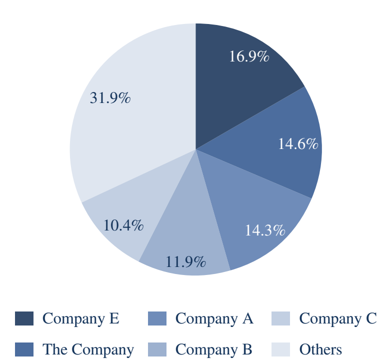
Source: Company reports, Frost & Sullivan

Note: The external shipment volume represents the volume of PV cells delivered to external customers during a specific period.

Ranking of Global PV Cell Manufacturers

Based on the PV cell external shipment volume in 2024, the largest PV cell manufacturer in the global market was Company E, followed by the Company and Company A. With a PV cell external shipment volume of 34.5 GW, the market share of the Company was 14.6%.

PV Cell Manufacturer Ranking (by external shipment volume), Global, 2024



Rank	Company	Country	PV Cell External Shipment (GW)	Market Share
1	Company E	China	40.0	16.9%
2	**The Company**	**China**	**34.5**	14.6%
3	Company A	China	33.7	14.3%
4	Company B	China	28.0	11.9%
5	Company C	China	24.5	10.4%
	Others		75.4	31.9%
	Total		**236.1**	

Source: Company reports, Frost & Sullivan

Note: The external shipment volume represents the volume of PV cells delivered to external customers during a specific period.

In 2024, the total global PV module shipment volume reached 603.9 GW. With a PV module shipment volume of 2.9 GW, the Company's market share was 0.5%.

Entry Barriers of Global and China's PV Cell and Module Market

- ***Technology Barrier.*** The PV cell and module industry is a technology-intensive field with significant technology barriers. Due to the development of downstream industries, customers have higher requirements in terms of the performance of PV cells and modules, which requires PV cell and module manufacturers to have deep technical research and development strength and continuous innovation ability to ensure that PV cells and modules continue to improve in terms of conversion efficiency and reliability. The technical barrier makes it difficult for new entrants to reach the market-leading level in a short time.

- ***Talent Barrier.*** The production technology used in the PV cell and module industry is complex and diverse, and the demand for related talents is extensive. The manufacturing process of PV cells requires talents with production techniques, covering diffusion, etching, coating, and metallization, etc. In addition, as the business of leading PV cell manufacturers expands to the downstream module industry, more talents with relevant technical knowledge of module design, testing, and quality control are required. For new entrants, recruiting and retaining the necessary technical expertise across multiple areas poses a significant challenge.

- ***Customer Resource Barrier.*** The number and quality of downstream customers has a critical impact on the long-term growth of PV cell and module manufacturers. Manufacturers have to undergo rigorous evaluations before entering the supply chain of major clients and establishing long-term cooperative supply relationships. And major clients have low willingness in switching existing suppliers because of the long evaluation cycle and high switching costs. As a result, new entrants need to spend a lot of time and effort to build customer relationships, which provides established manufacturers with a significant first-mover advantage.

- ***Capital Barrier.*** Each link of the PV cell and module industry, including the development and construction of production lines, raw material procurement, product research and development, and marketing, needs substantial financial support. In addition, given the rapid development of the market, PV cell and module manufacturers have to invest plenty of money in the research and development of new technologies to remain competitive in the market. Therefore, the high capital barrier in the PV cell and module industry limits the entry of new entrants.

- ***Supply Chain Barrier.*** The production of PV cells and modules relies on a variety of raw materials, including silicon wafers, silver paste, PV glasses and encapsulant films, etc. Leading manufacturers in the PV cell and module industry have long-established cooperation relationships with upstream suppliers to ensure a stable supply of raw materials and maintain continuous and stable production. However, for new entrants to the industry, the lack of stable supply chains would be one of the main challenges during their early stage of development.

This section sets out a summary of the most significant rules and regulations affecting our business activities in China.

REGULATIONS RELATING TO FOREIGN INVESTMENT

The establishment, operation and management of our PRC companies are governed by the Company Law, as promulgated in 1993 by the Standing Committee of the National People's Congress (the "**SCNPC**") and newly amended in 2023 and came into effect on July 1, 2024, which applies to all PRC companies including foreign-invested companies, except where foreign-investment related laws provide otherwise. According to the Company Law, companies established in the PRC are either limited liability companies or joint stock limited liability companies.

On March 15, 2019, the National People's Congress (the "**NPC**") approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which sets out the regulatory framework for foreign investments and pursuant to which (i) foreign natural persons, enterprises or other organizations (collectively, the "foreign investors") shall not invest in any sector prohibited as specified in the negative list for access of foreign investment (the "negative list"), (ii) for any sector restricted by the negative list, foreign investors shall conform to the investment conditions provided in the negative list, and (iii) sectors not included in the negative list shall be managed under the principle of equality in treating domestic investments and foreign investments. It, together with its implementation rules, also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information report system where foreign investors or foreign-funded enterprises shall submit investment information to the competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system.

The Measures for Foreign Investment Information Reporting (《外商投資信息報告辦法》), which was promulgated on December 30, 2019 and came into effect on January 1, 2020, sets out the details of the foreign investment information report system. Since January 1, 2020, with respect to foreign investors carrying out investment activities directly or indirectly in the PRC, foreign investors or foreign-funded enterprises shall submit investment information to the commerce authorities in accordance with these measures.

According to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) promulgated on September 6, 2024 and brought into effect on November 1, 2024, our business does not fall under such categories where foreign investment is restricted or prohibited.

Domestic industrial development mainly follows the relevant industrial structure guidelines proposed by the NDRC. Foreign investors and foreign-invested enterprises investing in China shall comply with the Catalogue of Industries for Encouraging Foreign Investment (2022 edition) (《鼓勵外商投資產業目錄(2022年版)》) (the "**Catalogue**"), which was promulgated by the NDRC and the Ministry of Commerce of the PRC on October 26, 2022 and came into effect on January 1, 2023. Pursuant to the Catalogue, the manufacturing of PV battery involved in our Company's operation falls within the scope of industries in which foreign investment is encouraged.

INDUSTRIAL POLICES

Domestic industrial development mainly follows the relevant industrial structure guidelines proposed by the NDRC and the Ministry of Industry and Information Technology (the "**MIIT**").

The Renewable Energy Law of the PRC (《中華人民共和國可再生能源法》) was promulgated by the SCNPC on February 28, 2005 and last amended and brought into effect on April 1, 2010. According to this law, to realize a sustainable economic and social development, the state shall encourage entities and individuals to install and use solar water heating systems, solar heating and refrigeration systems and solar power electricity generation systems. The administrative department of energy of the State Council shall, according to the national planning for the development and utilization of renewable energies, formulate and publish a renewable energy resource industry development guidance catalogue.

According to the Notice on Actively Promoting the Unsubsidized Grid Connection of Wind Power and PV Power Generation at a Fair Price (《關於積極推進風電、光伏發電無補貼平價上網有關工作的通知》) which was promulgated by the NDRC and the National Energy Administration (the "**NEA**") on January 7, 2019, the state will optimize the investment environment for projects of grid connection at a fair or low price and ensure priority power generation and full-amount guaranteed purchase.

According to Notice of issuing the Guiding Opinions on Energy Work in 2020 (《關於印發2020年能源工作指導意見的通知》) which was promulgated by the NEA on June 5, 2020, the state will maintain the reasonable scale and development of wind power and PV power generation. The state plans to promote the construction of centralized wind power, PV and offshore wind power in an orderly manner, and accelerate the development of distributed PV and decentralized wind power in central and eastern and southern regions.

According to Guiding Opinions on Promoting the Construction of New Infrastructure in the Field of Transport (《推動交通運輸領域新型基礎設施建設的指導意見》) which was promulgated by the Ministry of Transport on August 3, 2020, the state will promote new infrastructure construction in the transport sector to advance its transformation to digitalization and the use of artificial intelligence. Encouraging the installation of PV power generation facilities along highways such as service areas will be one of these measures.

The Several Opinions on Promotion of the Sound Development of Power Generation with Non-hydropower Renewable Energy Resources (《關於促進非水可再生能源發電健康發展的若干意見》) was promulgated on January 20, 2020, and a supplementary notice to the foregoing Opinion was published on September 29, 2020. According to this Opinions and its supplementary notice, the state will continuously drive down the prices of onshore wind power, PV power plants, and industrial and commercial distributed PV, actively support the development of household distributed PV, and give priority to the projects with low degree of subsidy, large extent of downgrade and high technical level through market competition.

According to the Guiding Opinions on Accelerating the Establishment and Improvement of a Green, Low-carbon and Recycling Economic System (《關於加快建立健全綠色低碳循環發展經濟體系的指導意見》) which was promulgated by the State Council on February 2, 2021, the state will promote the green and low-carbon transformation of the energy system, increase the proportion of renewable energy used, and vigorously promote the development of PV power generation.

According to the Notice on Guiding to Increase Financial Support to Promote the Healthy and Orderly Development of Wind Power and PV Power Generation Industries (《關於引導加大金融支持力度促進風電和光伏發電等行業健康有序發展的通知》) promulgated on February 24, 2021, the healthy and orderly development of PV power generation is of great significance to the state, and vigorously developing renewable energy is an important support for promoting green and low-carbon development and accelerating ecological progress. The state will increase its support for PV enterprises through financial means to help enterprises tide over difficulties.

According to the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Long-Range Objectives for 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) approved by the NPC and brought into effect on March 12, 2021, from 2021 to 2025, the state will promote the energy revolution, accelerate the development of non-fossil energy, vigorously increase the scale of PV power generation, and increase the proportion of non-fossil energy consumption in total energy consumption to about 20%.

According to the Notice on Actively Promoting the Grid Connection and to the Greatest Extent and the Maximum Power Generation in Respect of New Energy Power Generation Projects (《關於積極推動新能源發電項目能併盡併、多發滿發有關工作的通知》) promulgated by the NEA on October 15, 2021, the state will accelerate the construction of wind power and PV power generation to connect to the grid and increase the supply of clean electricity, which is conducive to relieve the tight situation of electricity supply, but also to help complete the dual control of energy consumption and promote the low-carbon transformation.

According to the 14th Five-Year Plan for Modern Energy System (《"十四五"現代能源體系規劃》) which was promulgated by the NDRC and the NEA on January 29, 2022 and came into effect at the same time, the PRC government will actively promote the large-scale exploitation and high-quality development of PV power and improve the pricing mechanism of PV power. Specifically, the PRC government will actively promote the construction of distributed PV projects in the eastern and central China and other regions and the construction of clean energy bases in western China.

According to the Opinions on Improving Systems, Mechanisms, Policies and the Measures for Green and Low-carbon Energy Transition (《關於完善能源綠色低碳轉型體制機制和政策措施的意見》) which was promulgated by the NDRC and the NEA on January 30, 2022, the state will speed up building a clean, low-carbon, safe, and highly-efficient energy system while deepening reforms of mechanisms and innovation in the energy sector.

According to the Notice on Promulgation of the Action Plan for Accelerating the Green and Low-Carbon Innovative Development of Electrical Equipment (《關於印發加快電力裝備綠色低碳創新發展行動計畫的通知》) jointly promulgated by the MIIT, the Ministry of Finance, Ministry of Commerce, State-owned Assets Supervision and Administration Commission of China State Council and State Administration for Market Regulation on August 24, 2022, the state will strive to build a clean, low-carbon, safe and efficient energy system, and seek to drive down the cost and advance the application of more mature new energy technologies such as efficient, low-cost PV battery, in an effort to achieve carbon peak and carbon neutrality.

According to the Notice on Matters Concerning Promoting the Sound Development of the PV Industry Chain (《關於促進光伏產業鏈健康發展有關事項的通知》) which was promulgated by the NDRC and the NEA on September 13, 2022, the state will promote the construction of large-scale wind and solar power bases to alleviate the capacity and price bottlenecks in the upstream and downstream of the PV industry chain, enhance the supporting supply capacity of the PV power generation supply chain, and support the rapid development of clean energy in China.

According to the Guiding Opinions on Vigorously Taking the Renewable Energy Substitution Action (《關於大力實施可再生能源替代行動的指導意見》), which became effective on October 18, 2024, the state shall comprehensively increasing renewable energy supply capacity. On the one hand, the installation of PV systems on the roofs of existing buildings shall be promoted, and the installation of PV systems in new plants and new public buildings where the conditions are met as much as possible shall be promoted. On the other hand, decentralized wind power and distributed PV power generation in rural areas where conditions are met shall be actively developed.

Pursuant to the PV manufacturing industry specifications (2024) (《光伏製造行業規範條件(2024年本)》) promulgated by the MIIT on November 15, 2024, PV manufacturing enterprises and projects should meet the requirements of national resources development and utilization, environmental protection, energy conservation management and other laws and regulations, meet the requirements of national industrial policies and related industrial planning and layout, meet the requirements of local territorial space planning, social and economic development planning and environmental protection planning, meet the requirements of regional ecological environment zoning control and planning environmental assessment.

On November 8, 2024, the SCNPC promulgated the Energy Law of the PRC (《中華人民共和國能源法》), which came into effect on January 1, 2025. Firstly, the state shall improve energy development and utilization policies, optimize energy supply structure and consumption structure, vigorously promote the clean and low-carbon development of energy, and improve utilization efficiency of energy. Secondly, the state shall support the priority development and utilization of renewable energy, develop in a reasonable manner and use in a clean and efficient way fossil energy, advance the safe, reliable and orderly replacement of fossil energy with non-fossil energy, and increase the proportion of non-fossil energy consumption. Thirdly, the state shall promote the development and utilization of wind energy and solar energy, adhere to both centralized and distributed development, accelerate the construction of wind power and PV power generation bases, support the nearby development and utilization of distributed wind power and PV power generation, develop offshore wind power in a rational and orderly manner, and vigorously develop solar thermal power generation.

According to the Administrative measures for the development and construction of distributed PV power generation (《分佈式光伏發電開發建設管理辦法》) promulgated by the NEA on January 17, 2025, the NEA considers the development needs of distributed PV power generation as a whole, and promotes the integration of multi-scenario development and application of distributed PV power generation in construction, transportation, industry and other fields.

REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 and last amended on December 30, 2022, the department in charge of foreign trade under the State Council shall be responsible for all foreign trade work throughout country, and work with other relevant departments under the State Council to formulate, adjust and issue a catalogue of goods and technologies that are restricted or prohibited from import and export. The department in charge of foreign trade under the State Council or, together with other relevant departments under the State Council, may, with the approval of the State Council, make temporary decisions to restrict or prohibit the import and export of specific goods and technologies not included in the aforesaid catalogue to the extent permitted by laws.

According to the Notice on Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》) promulgated on January 3, 2023 and took effect on the same day, and the Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on November 19, 2021 and effective as of January 1, 2022, beginning on January 3, 2023, a consignee or consignor of imported or exported goods that apply for filing shall obtain market entity qualifications and are not required to complete the record-filing registration procedures for foreign trade operators.

REGULATIONS RELATING TO PRODUCT QUALITY AND CONSUMERS PROTECTION

On May 28, 2020, the NPC promulgated the Civil Code of the PRC (《中華人民共和國民法典》) (the "**Civil Code**"), which became effective on January 1, 2021. According to the Civil Code, a producer shall bear tort liability if its product causes damage to others due to a defect. If a defect is found in a product after it has been put into circulation, the producer and the seller shall take remedial measures in a timely manner including, inter alia, withdrawal from sale, alerts and recalls. In the event of expanded damage arising from a failure to take remedial measures in a timely manner or inadequate remedial measures, the producer and the seller shall also bear tort liability.

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which took effect on September 1, 1993 and was last amended on December 29, 2018, products for sale must satisfy relevant safety standards and sellers shall adopt measures to maintain the quality of products for sale. The state applies a system of supervision and inspection in respect of product quality with random inspection as the main method. Sellers shall not mix impurities or imitations into products, or pass counterfeit goods off as genuine ones, or defective products as good ones or substandard products as standard ones. For sellers, any violation of state or industrial standards for health and safety or other requirements may result in civil liabilities and administrative penalties, such as compensation for damages, fines, confiscation of products illegally manufactured or sold and the proceeds from the sales of such products illegally manufactured or sold, and even revoking business licenses; in addition, severe violations may subject the responsible individual or enterprise to criminal liabilities. Consumers or victims who suffer injuries or property losses due to product defects may demand compensation from either the producer or the seller. Where the liability lies with the producer, the seller shall, after settling the claim, have the right to recover such claim from the producer, and vice versa.

According to the Consumers Rights and Interests Protection Law of the PRC (《中華人民共和國消費者權益保護法》), which took effect on January 1, 1994 and was last amended on October 25, 2013, business operators should guarantee that the products and services they provide satisfy the requirements for personal or property safety, and provide consumers with authentic information about the quality, function, usage and term of validity of the products or services. Where business operators have discovered any defect in the goods or services they provided, which may endanger personal or property safety, they shall forthwith report to relevant administrative authorities and notify consumers, and adopt measures such as suspension of selling, alerts, recalls, decontamination, destruction, and suspension of manufacturing or services. In the case where recall measures are adopted, the business operator shall bear necessary expenses incurred by consumers resulting from the recall of goods. Violations of the Consumers Rights and Interests Protection Law of the PRC may result in a warning, the confiscation of illegal income, and the imposition of fines. In addition, the relevant business operator will be ordered to suspend its operations, have its business license revoked, and have criminal liability incurred in serious cases.

REGULATIONS RELATING TO WORK SAFETY

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated on June 29, 2002, last amended on June 10, 2021 with effect on September 1, 2021, the state shall apply an accountability enforcement system to work safety accidents. Business entities shall strengthen their work safety management, enhance work safety conditions, strengthen standardization and informatization of work safety and improve work safety levels. Entities which cannot meet the safety conditions prescribed by laws, regulations and national or industry standards shall not engage in production or other business activities. In addition, the safety equipment shall be designed, manufactured, installed, used, tested, maintained, improved, and retired in accordance with national or industry standards. Business entities shall establish and improve their work safety responsibility systems which specify responsible person at each position, the scope of duties and evaluation criteria. Business entities shall provide their employees with labor protection equipment and work safety training. Where the primary person-in-charge of a business entity fails to perform his or her duties in respect of work safety, he or she would be subject to legal liabilities, depending on the seriousness of the relevant work safety accidents.

REGULATIONS RELATING TO LAND, PLANNING AND CONSTRUCTION PERMITS

Land Use Rights

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the SCNPC on June 25, 1986, last amended on August 26, 2019 with effect from January 1, 2020, lands owned by the State might be allocated to be used by units or individuals in accordance with the law. According to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated on November 24, 2014 and last amended on March 10, 2024 and brought into effect on May 1, 2024, the real estate registration shall be conducted by the real estate registration authority of the people's government at or above the county level.

According to the Civil Code, the creation, alteration, alienation, or extinguishment of a real right of the immovable property that is required by law to be registered becomes effective at the time when it is recorded in the register of immovable property. The real right certificate for immovable property is the proof of a right holder's entitlement to the real right in the immovable property.

The Interim Regulations on Real Estate Registration and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated on January 1, 2016 and last amended on May 9, 2024 and brought into effect on May 21, 2024 provide that, the state implements a uniform real estate registration system and the registration of real estate shall be strictly administered and carried out in a stable and continuous manner that provides convenience for people.

Construction Land Planning Permit

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) (the "**Urban and Rural Planning Law**") promulgated by the SCNPC on October 28, 2007, implemented on January 1, 2008 and amended on April 24, 2015 and April 23, 2019 respectively, a Construction Land Planning Permit is required for the right to use the State-owned land acquired by transfer and allocation.

If a construction entity which is authorized to use the land fails to obtain a Construction Land Use Planning Permit, the people's government at or above the county level shall revoke any relevant approval document. If the land has already been occupied, it shall be returned promptly. Furthermore, the construction entity shall be obliged to compensate for any damage caused to any other relevant parties according to laws.

Construction Work Planning Permit

According to the Urban and Rural Planning Law, to build any building, structure, road, pipeline or other engineering project within a city or town planning area, the relevant construction entity or individual shall apply for a Construction Work Planning Permit from a competent urban and rural planning administrative department of the people's government at the municipal or county level or to the people's government of town as recognized by the people's government of a province, autonomous region or municipality directly under the Central Government.

For construction work that proceeds without the Construction Work Planning Permit or is in violation of the provisions of the Construction Work Planning Permit, a competent urban and rural planning administrative department at or above the county level can order termination; if the impact on the planning caused by such construction can be eliminated, the department shall order it to take remedial action within a prescribed time limit and pay a fine of no less than 5% but not exceeding 10% of the construction cost; if such impact cannot be eliminated by remedial action, the department shall order the construction entity to demolish its construction within a prescribed time limit. For construction work that cannot be demolished, the department shall not only confiscate it or seize any illegal income but also may impose a fine of no more than 10% of the construction cost.

Construction Work Commencement Permit

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the SCNPC on November 1, 1997, implemented on March 1, 1998 and last amended on April 23, 2019, a construction entity shall, prior to the commencement of a construction project, apply for a Construction Work Commencement Permit to a competent construction administrative department of the people's government at or above the county level of the place where the project is located pursuant to relevant regulations, except for small projects below the limit determined by the construction administrative department of the State Council. Units in charge of construction should start to build the projects within three months since obtaining construction licenses.

According to the Regulations on the Administration of Construction Quality (《建設工程質量管理條例》) promulgated and implemented by the State Council on January 30, 2000 and amended on October 7, 2017 and April 23, 2019, a construction entity commencing the project without obtaining the construction work commencement permit or approvals for its construction commencement report, shall be ordered to terminate the construction work, carry out remedial actions within a prescribed time limit and pay a fine of no less than 1% but not exceeding 2% of the contractual project price.

Inspection and Acceptance on Completion of Construction Projects

According to the Regulations on the Administration of Construction Quality and the Administrative Measures for Recording of the Inspection and Acceptance on Construction Completion of Buildings and Municipal Infrastructures (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated and implemented by the former Ministry of Construction on April 7, 2000 and amended on October 19, 2009, a construction project shall not be delivered for use unless it has passed the acceptance checks. The construction entity should file a record to a competent construction administrative department of the people's government at or above the county level of the place where the project is located within 15 days from the day when the construction project passes the acceptance checks.

Where a construction entity illegally delivers the construction project for use without obtaining the acceptance checks or in circumstances where it failed to pass the acceptance checks or checks and accepts a substandard construction project as one which is up to standard, it shall be ordered to carry out remedial actions and also pay a fine of not less than 2% but not exceeding 4% of the contractual project price, and shall be obliged to pay compensation according to law if any losses have been caused. If the construction entity fails to file a record of passing the acceptance checks in respect of the project within 15 days from the day when the construction project passes such checks, it shall be ordered by the archiving organ to carry out remedial actions within a prescribed time limit and pay a fine of no less than RMB200,000 but not exceeding RMB500,000.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

The PRC laws and regulations relating to environmental protection mainly include: the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**") (revised on 24 April 2014 and implemented on 1 January 2015), Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》) (revised on 27 June 2017 and implemented on 1 January 2018), Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》) (revised and implemented on 26 October 2018), Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)

(revised on 29 April 2020 and implemented on 1 September 2020), Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護稅法》) (revised and implemented on 26 October 2018), Implementation Regulation on the Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護稅法實施條例》) (revised on 25 December 2017 and implemented on 1 January 2018), Measures for Pollutant Discharge Permitting Administration (《排污許可管理辦法》)) (revised on December 25, 2023 and implemented on 1 July 2024), and Law of the PRC on Prevention and Control of Pollution from Environmental Noise (《中華人民共和國環境噪聲污染防治法》) (revised and implemented on 29 December 2018, and was abolished and replaced by Law of the PRC on Noise Pollution Prevention and Control (《中華人民共和國噪聲污染防治法》) which became effective on 5 June 2022).

Pursuant to the aforesaid laws and regulations, enterprises that discharge and dispose of toxic and dangerous substances such as wastewater, waste gas and solid wastes shall comply with the national and local standards of usage and shall declare to and register with the relevant environmental protection administration authorities and pay environmental protection tax according to law where applicable.

Pursuant to the Law on Environmental Impact Assessment of the PRC (《中華人民共和國環境影響評價法》), which came into effect on 1 September 2003 and was amended on 2 July 2016 and 29 December 2018 respectively, construction entities should prepare or fill in the environment impact reports, reporting forms or registration forms of the environment impact according to the degree of environmental impact caused by the construction projects as follows: (i) if the environmental impact may be significant, an environmental impact report shall be required, which shall thoroughly appraise the environmental impact; (ii) if the environmental impact may be gentle, an environmental impact report form of analysing or appraising the specific environmental impact shall be required; and (iii) if the environmental impact may be so slight that it is unnecessary to conduct an appraisal of the environmental impacts, an environmental impact registration form shall be filled in and submitted.

Pursuant to the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) effective as of 20 November 2017 and the Regulations on the Administration Construction Project Environmental Protection (《建設項目環境保護管理條例》), which was revised on 16 July 2017 and implemented on 1 October 2017, after the completion of a construction project for which an environmental impact report or an environmental impact report form is required, the construction entity shall, according to standards and procedures prescribed by the environmental protection administrative department of the State Council, conduct environmental protection completion acceptance check and compile an acceptance check report. A construction project for which an environmental impact report or an environmental impact report form is required shall not be put into production or use until the environmental protection completion acceptance check has been passed.

In addition, according to the Administrative Measures for the Licensing of Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on January 22, 2015, last revised on December 1, 2022 and effective on February 1, 2023, enterprises, institutions and individual industrial and commercial enterprises engaged in manufacturing, construction, catering and medical activities must apply for a drainage license before discharging sewage into urban facilities.

REGULATIONS RELATING TO PRODUCTION AND OPERATION OF DANGEROUS CHEMICALS

According to the Regulation on the Safety Administration of Hazardous Chemicals (《危險化學品安全管理條例》) promulgated by the State Council on January 26, 2002 and last amended on December 7, 2013, the chemicals listed in the catalog of hazardous chemical ("Hazardous Chemicals") shall be regulated by the catalog. The entities that produce, store, use and operate Hazardous Chemicals shall meet the safety conditions required by the law and administrative regulations as well as national standards and industrial standards, and obtain relevant licenses in accordance with laws and regulations. For instance, a production enterprise shall obtain the hazardous chemical safety production license to produce Hazardous Chemicals. Construction projects newly built, reconstructed, expanded for the production of hazardous chemicals and for the storage of Hazardous Chemicals, shall be inspected for their safety conditions by the safety production supervision and administration departments.

The Regulations on the Administration of Precursor Chemicals (《易製毒化學品管理條例》) was promulgated by the State Council on August 26, 2005 and last amended on September 18, 2018. Pursuant to this regulation, the State Council applies the classified administration and licensing system to the production, distribution, purchase, transportation and import and export of precursor chemicals. The precursor chemicals are classified into three categories which are specific in the Catalog of Classification and Types of Precursor Chemicals. Category I includes the major materials that can be used for producing drugs. Categories II and III include the chemical agents that can be used for producing drugs.

According to the Measures for the Public Security Administration of Explosive Dangerous Chemicals (《易製爆危險化學品治安管理辦法》) promulgated on 6 July 2019 and implemented since 10 August 2019, the entities selling or purchasing explosive dangerous chemicals shall, within five days after the sales or purchases, file with the public security authorities at the county level where they are located, the varieties and quantities of the explosive dangerous chemicals sold or purchased, as well as information on the direction of the flow, through the information system on explosive dangerous chemicals.

REGULATIONS RELATING TO ENERGY CONSERVATION

The Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) was promulgated by the SCNPC on November 1, 1997 and last amended and brought into effect on October 26, 2018. Pursuant to this law, the state shall implement an energy conservation assessment and audit system for fixed asset investment projects. For projects which do not meet the compulsory energy conservation standards, the developer shall not commence construction; where the construction is completed, the project shall not be put into production or use. For government investment projects which do not meet the compulsory energy conservation standards, the agency in charge of examination and approval pursuant to the law shall not grant approval for construction. Detailed measures shall be formulated by the department regulating energy conservation under the State Council jointly with other relevant State Council departments.

The Measures for the Energy Conservation Review of Fixed Asset Investment Projects (《固定資產投資項目節能審查辦法》) came into effect on June 1, 2023. The review opinions on energy conservation of a fixed asset investment project are an important basis for the commencement of construction, acceptance upon completion as well as operation and management of such project. For a government-invested project, the project owner shall obtain the review opinions on energy conservation issued by the energy conservation review authority prior to submitting its feasibility study report for the project. For an enterprise-invested project, the project owner shall obtain the review opinions on energy conservation issued by the energy conservation review authority prior to the commencement of construction. For a project which has not undergone the energy conservation review or fails to pass the energy conservation review, the project owner shall not commence construction, or the project shall not be put into production or use if it is already completed. The administrative departments for energy conservation of the local people's governments at or above the county level shall, in light of the actual circumstances of the local energy conservation, strengthen the overall guidance and overall coordination of the work of energy conservation review, implement the regulation and control of the total energy consumption and intensity, enhance the management of obligatory target for the reduction of energy consumption intensity, effectively increase the flexibility of the management of total energy consumption, control fossil energy consumption, and resolutely curb the blind development of high-energy-consumption, high-emission and low-level projects.

REGULATIONS RELATING TO FIRE PREVENTION

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》), which was promulgated on April 29, 1998 and last amended on April 29, 2021, the construction entities shall apply to the administrative authority of housing and urban-rural construction for fire protection acceptance check upon completion of the construction projects that are subject to fire protection acceptance check as stipulated by the administrative authority of housing and urban-rural construction of the State Council. For other construction projects, the construction entities shall file with the administrative authority of housing and urban-rural construction after the acceptance, and the administrative authority of housing and urban-rural construction shall conduct random inspection. Where a construction project that is subject to fire protection final inspection according to the law fails or is nonconforming as established by the fire protection final inspection, it shall be prohibited from being put into use; and any other construction project that is nonconforming as established by random inspection conducted under the law shall cease to be used.

REGULATIONS RELATING TO DATA, CYBER AND INFORMATION SECURITY

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), which became effective on June 1, 2017. According to the Cybersecurity Law, network operators must comply with applicable laws and regulations and fulfill their obligations to safeguard cybersecurity in conducting business and providing services. For the construction and operation of the network or the provision of services through the network, technical and other necessary measures shall be taken as required by law and the compulsory requirements of national standards to ensure the safe and stable operation of the network, respond to cybersecurity incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

The Data Security Law of the PRC (《中華人民共和國數據安全法》) was released by the SCNPC on June 10, 2021 and became effective on September 1, 2021. The PRC Data Security Law stipulates the measures to support and promote data security and development, to establish and optimize the national data security management system, and to clarify the responsibilities in data security. According to the PRC Data Security Law, the state introduces a data classification and hierarchical protection system based on the materiality of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or entities when such data is tampered with, destroyed, divulged, or illegally acquired or used.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**") and certain other PRC regulatory authorities published the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective on February 15, 2022. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that purchase network products and services and network platform operators engaging in data processing activities that affect or may affect national security must be subject to the Cybersecurity Review.

On September 24, 2024, the State Council released the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the "**Regulation**"), which came into effect on January 1, 2025. According to the Regulation, where network data processing activities carried out by a network data processor affect or may affect national security, national security review shall be conducted in accordance with the relevant provisions issued by the state. Furthermore, where it is indeed necessary to provide an overseas party with important data collected and generated by a network data processor during its operation within the territory of the PRC, it shall be subject to the security assessment of outbound data transfer organized by the cyberspace administration of the state. If a network data processor identifies and declares important data according to the relevant provisions of the state, which has not been informed or announced by the relevant region or department to be important data, it is not required to declare such data as important data for security assessment of outbound data transfer.

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**PIPL**") was promulgated by the SCNPC on August 20, 2021 and became effective on November 1, 2021. The PIPL stipulates the scope of personal information and the ways of processing personal information, establishes rules for processing personal information and for providing personal information to overseas recipients, and clarifies the individual's rights and the processor's obligations in the process of personal information processing.

The CAC promulgated the Security Assessment Measures for Data Provision Abroad (《數據出境安全評估辦法》) (the "**Security Assessment Measures**"), which came into effect on September 1, 2022. Pursuant to the Security Assessment Measures, a data processor shall declare the security assessment of cross-border data transfer when the data is provided to an overseas receiver under one of the following circumstances: (i) The data processor provides important data abroad; (ii) the critical information infrastructure operator or the data processor that has processed the personal information of over one million people provides personal information abroad; (iii) the data processor that has provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively since January 1 of the previous year provides personal information abroad; and (iv) any other circumstance where an application for the security assessment of cross-border data transfer is required by the national cyberspace administration.

The MIIT promulgated the Administrative Measures on Data Security in the Field of Industry and Information Technology (for Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》), effect on January 1, 2023. The Measures applies to the data processing activities in the field of industry and information technology carried out within the territory of China, and sets out a series of data security protection obligations for data processors in such field, such as establishing a full life-cycle data security management system, appointing data security management personnel, and conducting filings for the important data and core data processed by the data processors.

The CAC promulgated the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》) (the "**Provisions**"), which came into effect on March 22, 2024. The Provisions specifies the circumstances where it is not required to apply for security assessment for data to be provided abroad, to conclude a standard contract for personal information to be provided abroad or to pass the certification for personal information protection.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patent

Patents in the PRC are principally protected under the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated on March 12, 1984, came into effect on April 1, 1985, and was last amended on October 17, 2020 with effect from June 1, 2021, as well as the Implementation Rules for the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001, came into effect on July 1, 2001, and was last amended on December 11, 2023 with effect from January 20, 2024. According to the PRC Patent Law and its implementation rules, the duration of a patent right for inventions, utility models and designs shall be 20 years, 10 years and 15 years, respectively, all commencing from the application date, except where no annual fee for the patent has been paid as required, or the patent owner has given up its patent by a written declaration.

Copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》) (the "**Copyright Law**"), promulgated on September 7, 1990 and last amended on November 11, 2020 and brought into effect on June 1, 2021, specifies that works of Chinese citizens, legal persons or other organizations, namely ingenious intellectual achievements in the fields of literature, art and science that can be presented in a certain form, whether published or not, shall enjoy the copyright. The copyright holder can enjoy multiple rights, including the right of publication, the right of authorship, and the right of reproduction. On May 30, 1991, the State Council promulgated the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) (the "**Implementation Regulations of the Copyright Law**"), which came into effect on June 1, 1991. It was last amended by the State Council on January 30, 2013 and took effect from March 1, 2013. Copyrights are protected by relevant laws and regulations such as the Civil Code, the Copyright Law and the Implementation Regulations of the Copyright Law. The national copyright authority is responsible for copyright administration throughout the country.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》) (the "**Software Copyright Measures**"), promulgated by the National Copyright Administration and brought into effect on February 20, 2002, regulates the registration of software copyright, exclusive licensing contracts for software copyright and transfer contracts. The National Copyright Administration shall be the competent governmental authority for the national administration of software copyright registration and the Copyright Protection Center of China (the "**CPCC**") is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants pursuant to the provisions of both the Software Copyright Measures and the Computer Software Protection Regulations (《計算機軟件保護條例》).

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated on August 23, 1982, came into effect on March 1, 1983, and last amended on April 23, 2019 with effect from November 1, 2019, as well as the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) adopted by the State Council on August 3, 2002, came into effect on September 15, 2002, and was revised on April 29, 2014 with effect from May 1, 2014, registered trademarks are trademarks approved and registered by the Trademark Office of China National Intellectual Property Administration, including commodity trademarks, service trademarks, collective trademarks, and certification marks. A trademark registrant enjoys exclusive rights to use a registered trademark, which is protected by the law. The Trademark Law and its implementation regulations set forth an application for trademark registration, which shall be filled in based on the published classification of commodities and services. The description of commodities or services shall be filled in based on the class number and description in the classification of commodities and services; where the commodities or services are not listed in the classification of commodities and services, a statement on the commodities or services shall be attached. Registered trademarks are valid for ten years commencing from the date of registration, unless otherwise revoked by the Trademark Office. When it is necessary to continue using the registered trademark upon expiration of period of validity, a trademark registrant shall make an application for renewal in accordance with the requirements. The period of validity for each renewal of registration shall be ten years commencing from the next day of the expiration of the previous period of validity. If the formalities for renewal have not been handled upon expiration of period of validity, the registered trademarks will be deregistered.

Domain Name

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), promulgated on August 24, 2017 and brought into effect on November 1, 2017, the principle of "first to file" is adopted for domain name registration services. The applicant for domain name registration shall provide the agency of domain name registration with true, accurate and complete information about the domain name holder's identity for registration purpose. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name. The Notice on Regulating the Use of Domain Names in Internet Information Services (《關於規範互聯網信息服務使用域名的通知》), which was promulgated on November 27, 2017 and came into effect on January 1, 2018, stipulates the obligations of Internet information service providers and other entities to combat terrorism and maintain network security.

REGULATIONS RELATING TO EMPLOYMENT, SOCIAL INSURANCE AND HOUSING FUND

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) (the "**Labor Law**"), which was promulgated in 1994 and last amended in 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**"), which was promulgated in 2007 and amended in 2012, and the Implementation Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was issued by the State Council on September 18, 2008 and came into effect on the same day, employers must execute written labor contracts with full-time employees. All employers must comply with local minimum wage standards. Employers must establish a system for labor safety and sanitation that strictly abide by state standards and provide relevant education to its employees. Violations of the Labor Contract Law and the Labor Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated on October 28, 2010 and amended on December 29, 2018, and the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) recently amended by the State Council and effective on March 24, 2019, an employer is required to make contributions to social insurance schemes for its employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance authorities may demand the employer make payments or supplementary payments for the unpaid social insurance premium within a prescribed time limit together with a 0.05% surcharge of the unpaid social insurance premium from the due date. If the payment is not made within such time limit, the relevant administrative authorities will impose a fine ranging from one to three times the total outstanding amount.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was promulgated on July 20, 2018, commencing from January 1, 2019, all the social insurance premiums, including the premiums of basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, shall be collected by the tax authorities. According to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated by the SAT on September 13, 2018 and the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated by the General Office of the Ministry of Human Resources and Social Security on September 21, 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden from conducting self-collection of historical unpaid social insurance contributions from enterprises. The Notice on Implementing the Several Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》), promulgated by the SAT on November 16, 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises from the previous years. The Notice on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《關於印發降低社會保險費率綜合方案的通知》), promulgated on April 1, 2019, requires steady advancement of the reform of the system of social security fees collection. In principle, the basic pension insurance for enterprise employees and other insurance types for enterprise employees shall be collected temporarily according to the existing collection system to stabilize the payment method. It also emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of reformation of the collection system, the relevant governmental body is not allowed to conduct self-collection of historical unpaid arrears from enterprises, neither is it allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprises.

According to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), which was promulgated on April 3, 1999 and last amended on March 24, 2019, employers are required to make contributions to housing provident funds for their employees. Any entity fails to make payment of housing provident fund within the time limit or has shortfall in payment of housing provident fund will be ordered to make the payment or makeup the shortfall within the prescribed time limit, otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the People's Court. Each employee can only have one housing provident fund account. The contribution ratio of employee and employer's housing provident fund shall not be less than 5% of the employee's monthly average salary in the previous year. Cities with favorable conditions can appropriately the contribution ratio.

REGULATIONS RELATING TO TAX

Enterprise Income Tax

Under the EIT Law, which became effective on January 1, 2008 and was last amended on December 29, 2018, and the Regulations on the Implementation of EIT Law (《企業所得稅法實施條例》) which was promulgated by the State Council on December 6, 2007, came into effect on January 1, 2008 and was amended on April 23, 2019, enterprises are classified as resident enterprises and non-resident enterprises. Enterprises which are established in China in accordance with PRC laws or established pursuant to foreign laws with their "de facto management bodies" located in the PRC are deemed a "resident enterprise" and subject to an enterprise income tax rate of 25% on their global income. Non-resident enterprises are subject to (i) an enterprise income tax rate of 25% on their income generated by their establishments or places of business in the PRC and their income derived outside the PRC which are effectively connected with their establishments or places of business in the PRC; and (ii) an enterprise income tax rate of 10% on their income derived from the PRC but not connected with their establishments or places of business located in the PRC. Non-resident enterprises without establishment or place of business in the PRC are subject to an enterprise income tax of 10% on their income derived from the PRC. High and new technology enterprises that need the support of the country are entitled to enjoy the reduced enterprise income tax rate of 15%.

Value-added Tax ("VAT")

According to the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated on December 13, 1993 and last amended on November 19, 2017, together with the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated on December 25, 1993, came into effect on the same day and was amended on December 15, 2008 and October 28, 2011 with effect from November 1, 2011, entities and individuals engaged in selling goods or labor services of processing, repair or maintenance, selling services, intangible assets or immovables within the PRC or importing goods to the PRC are subject to the payment of value-added tax. The Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》) was promulgated by the SCNPC on November 25, 2024, which will become effective on January 1, 2026. According to the Value-Added Tax Law of the PRC, entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, or immovables, or import goods within the territory of the PRC are taxpayers of VAT, and shall pay VAT in accordance with this Law.

Pursuant to the Notice on Adjusting Value-Added Tax Rates (《關於調整增值稅稅率的通知》) effective on May 1, 2018, a taxpayer who was previously subject to a 17% tax rate on VAT-taxable sales activities shall have the applicable tax rate adjusted to 16%. According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), which came into effect on April 1, 2019, for VAT-taxable sales or imported goods of a VAT general taxpayer previously subject to VAT tax rate of 16%, the tax rate shall be adjusted to 13%.

REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated on January 29, 1996 and last amended on August 5, 2008, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE or its designated banks is obtained.

According to the Notice on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》) promulgated on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including but not limited to foreign exchange capital and external debts and funds recovered from overseas listing) may convert from foreign currency into RMB on a self-discretionary basis. The ratio of the discretionary exchange rate of foreign exchange receipts under the domestic capital account is tentatively set at 100%. The SAFE may adjust the above ratio in due course according to the balance of payment status.

According to the Notice on Further Promoting Cross-border Trade and Investment Facilitation (《關於進一步促進跨境貿易投資便利化的通知》) which was promulgated on October 23, 2019 and amended by SAFE, together with the Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《關於進一步深化改革促進跨境貿易投資便利化的通知》) which was promulgated on December 4, 2023, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to the law on the condition that the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) are not violated and the relevant domestic investment projects are genuine and in compliance with laws.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct spot checking in accordance with the relevant requirements.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

The principal regulations governing dividends distributions by companies is the Company Law. PRC companies are required to set aside as general reserves at least 10% of their after-tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital. PRC companies are not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

REGULATIONS RELATING TO OVERSEAS LISTING

On February 17, 2023, the CSRC issued the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**"), which came into force on March 31, 2023. The Trial Measures regulates overseas securities offering and listing activities by domestic companies in direct or indirect form. The Trial Measures provides that (i) Chinese companies that seek to offer and list securities in overseas markets shall fulfill the filing procedures with the CSRC and report relevant information to the CSRC, and the filing shall be submitted within three working days after the application for an initial public offering is submitted, and (ii) in the event that Chinese companies that have directly or indirectly listed securities in overseas markets intend to conduct follow-on offerings in overseas markets, such companies shall fulfill the filing procedures with and report relevant information to the CSRC, and such filing shall be submitted within three working days after such follow-on offering is completed. Moreover, an overseas offering and listing is prohibited if (i) it is prohibited by PRC laws, (ii) it may endanger national security as reviewed and determined by competent PRC authorities under the State Council in accordance with law, (iii) in recent three years, the Chinese operating entities or their controlling shareholders or actual controllers have committed relevant prescribed criminal offenses, (iv) domestic companies that are suspected of committing crimes or major violations of laws and regulations are under investigation according to law, and no conclusion has yet been made thereof, or (v) there are material ownership disputes over equity held by the controlling shareholders or by other shareholders that are controlled by the controlling shareholders or actual controllers.

On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**") which came into force on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. According to the Archives Rules, during an overseas offering and listing, if a domestic company needs to provide or publicly disclose to securities companies, securities service providers and overseas regulators, any materials that contain relevant state secrets or that have an adverse impact on the national security or public interests, the domestic company should complete the relevant approval/filing and other regulatory procedures.

On November 14, 2019, CSRC promulgated the Guidance for the Application for the "Full Circulation" of the Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) (the "**Guidance**"), which came into effect on the same day and further amended on August 10, 2023. According to the Guidance, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file with the CSRC. An unlisted domestic joint stock company may file with the CSRC for "full circulation" at the time of its initial public offering and listing overseas. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China.

In addition, pursuant to the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf.

LAWS AND REGULATIONS IN RELATION TO OUR OPERATIONS IN LAOS

The main laws that govern the operation and business activities of the Company are Law on Investment Promotion, Law on Enterprise, Law on Industrial Processing, Law on Tax, Law on Foreign Currency Management, and Decree on Special Economic Zone.

Manufacturing of Solar Panel

Legal entity is required to obtain factory operation permit and environmental certificate to be about to operate the manufacturing plant.

Factory operation permit is valid for one calendar year and prior to each renewal, the operation of the factory shall be assessed by the department of industry and handicraft for its legal compliance along with environmental impact which is also review annually by the department of natural resources and environment.

Trade Management System

To conduct the business of foreign trade, one is required to be established as a legal entity and is required to obtain import-export business operation license. Foreign trade, under Lao laws, is referred to the import and export of products; products are categorized into two types, general products which may be freely import and export; and products prohibited for import and export.

Products prohibited for import and export are not allowed to be imported or exported for commercial purpose and may be imported or exported for the purposes of research and development and for the purposes of national defense.

While the general products can all be import and export by the foreign trade entity, such entity is required to obtain import and export permit for each product. On the other hand, the entity who manufactures such general product in the Lao People's Democratic Republic may freely export its products without requirement to obtain any additional export permit.

Tariffs and Quotas

As of the Latest Practicable Date, the tariff rates for both photovoltaic cells that are not assembled into modules and panels and photovoltaic cells that are assembled into modules and panels is 5 % CIF.

Investment Incentives

Under the investment promotion regime, companies may enjoy certain tax and custom duties exemption as investment promotion incentive, including:

- Exemptions from import duties for the importation of machinery, equipment and manufacturing facility construction material which are not available in local market;

- Exemptions from import duties for the importation material, including but not limited to silicon, glass, aluminum, polymers, and other chemicals, for the manufacturing of solar penal and batteries for export;

- Exemptions from export duties imposed on certain products; and

- Profit tax holiday of certain periods under both the Law on Investment Promotion and the Decree on Special Economic Zone.

OVERVIEW

Our history can be traced back to May 2010 when Mr. Long, our founder, chairman of the Board and general manager, started our PV cell business by establishing the first PV cell production base in Jiangsu Province, the PRC. In January 2011, our Company was established by Mr. Long and Ms. Meng, our co-founder, in Jiangsu Province, the PRC, and was converted from a limited liability company into a joint stock company with limited liabilities, and was renamed Solarspace Technology Co., Ltd. (江蘇中潤光能科技股份有限公司) (the "**Conversion**") in September 2022. Through the years of development, we become a global leading specialized PV cell manufacturer, and we also provide PV modules, thereby broadening our business presence in the PV industry value chain. For details of Mr. Long and Ms. Meng, see "Directors, Supervisors and Senior Management".

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

Time	Milestones
2010	Zhongyu Photovoltaic, our subsidiary which mainly engaged in the research and development, production and sales of PV cells, was established in Jiangsu Province, the PRC.
2011	Our predecessor, Solarspace Limited, was established in Jiangsu Province, the PRC. Zhongyu Photovoltaic's Phase I Project was put into production, which was our first PV cell production facility.
2016	Zhonghui Photovoltaic's Phase I Project was put into production and our total PV cell production capacity exceeded 1GW.
2019	Zhonghui Photovoltaic's Phase II 2GW Monocrystalline PERC Cell Project was put into production, marking the beginning of our advancement mass production transformation from polycrystalline cells to monocrystalline cells. For the first time since our incorporation, our aggregate external shipment volume of PV cells ranked among the top five global PV cell manufactures, according to PV Infolink.
2020	We started to invest and build our first large-size monocrystalline PERC cell production facility: Jiangsu Longheng Phase I 182mm PV Cell Project.
2021-2022	We conducted a series of Pre-[**REDACTED**] Investments with an aggregate investment amount of approximately RMB2,364 million.

Time	Milestones
2023	Solarspace Chuzhou TOPCon Cell Project was put into production, producing PV cells with conversion efficiency of over 25.5%, maintaining a leading position in the industry. With the commencement of production for the Jiangsu Longheng Phase III 210mm Large-size Monocrystalline PERC Cell Project, and Solarspace Xuzhou 210mm Large-size Monocrystalline PERC and TOPCon Cell Project, our products had met mainstream market demands. Our overseas production bases were put into operations in 2023, laying a solid foundation for our increasing market shares.
2024	Our overseas PV cell production capacity exceeded 15GW, and our revenue generated from countries and regions other than Mainland China accounted for over 30% of our total revenue, representing a significant increase as compared to previous years. Our Company was awarded "2024 Global Top 500 New Energy Enterprises" by 2024 Taiyuan Energy Low Carbon Development Forum and "Top 500 Enterprises of China's Manufacturing Industry" by China Enterprise Confederation and China Enterprise Directors Association.

1. PV Infolink is a sub-brand of InfoLink Consulting, a market survey company focus on renewable energy and one of the major consultation agencies of PV industry.

CORPORATE DEVELOPMENT OF OUR COMPANY

(1) Establishment of our Company

On January 11, 2011, our predecessor Solarspace Limited was established by Ms. Meng and Xuzhou Qiangda Metal Materials Trading Co., Ltd. (徐州強大金屬材料貿易有限公司) ("**Qiangda Metal**") as a limited liability company under the laws of the PRC with a registered capital of RMB220 million. Mr. Long and Ms. Meng are spouses, and Qiangda Metal was ultimately controlled by Mr. Long by nominee shareholding arrangement for administrative convenience purpose. Upon establishment, Solarspace Limited was ultimately owned by Ms. Meng and by Mr. Long as to 70% and 30% of its equity interests, respectively.

Following the establishment of Solarspace Limited till September 2020, Mr. Long and Ms. Meng remained the actual controllers of our Company, together holding 100% of the equity interests of Solarspace Limited. During such period, Mr. Long controlled Solarspace Limited by his direct shareholding and nominee shareholding arrangements for administrative convenience purpose through his relative and controlled entities Haori Electronic and/or Qiangda Metal. All such nominee shareholding arrangements in the Shares were terminated by September 2020. From the incorporation of our Company to November 2021, Mr. Long and Ms. Meng remained the actual controllers of our Company, together holding 100% of the equity interests of Solarspace Limited.

(2) Registered Capital Reduction in 2013

In January 2013, pursuant to the shareholders' resolutions dated December 5, 2012, Solarspace Limited reduced its registered capital from RMB220 million to RMB100 million. Upon completion of such registered capital reduction, the shareholding percentage of Ms. Meng in our Company was reduced to 66.5% and the shareholding percentage of Mr. Long (through his control over Qiangda Metal) was increased to 33.5%.

(3) Share Transfer to the Employee Shareholding Platforms

In July 2021, Haori Electronic (i) transferred the registered capital of our Company of RMB20 million to Mr. Long and Ms. Meng at the consideration of RMB20 million; and (ii) transferred the registered capital of our Company of RMB4 million and RMB3 million to Longtai Management and Henghui Management at the consideration of RMB4 million and RMB3 million, respectively. The consideration of such share transfer was determined with reference to the nominal value of the registered capital of our Company. Each of Longtai Management and Henghui Management is an employee shareholding platform with Mr. Long as their respective general partner and employees of our Company as their respective limited partners.

Upon completion of the share transfer, the shareholding of our Company was as follows:

Shareholders	**Registered capital subscribed for**	**Shareholding percentage**
	(RMB million)	*(%)*
Mr. Long	76.5	76.5
Ms. Meng	10.0	10.0
Haori Electronic	6.5	6.5
Longtai Management	4.0	4.0
Henghui Management	3.0	3.0
Total	**100.0**	**100.0**

(4) Pre-[REDACTED] Investments before the Conversion

In November 2021, Zibo Yingke Jiyun Venture Capital Partnership (Limited Partnership) (淄博盈科吉運創業投資合夥企業(有限合夥)) ("**Zibo Yingke**") and Qingdao Yingke Value Venture Capital Partnership (Limited Partnership) (青島盈科價值創業投資合夥企業(有限合夥)) ("**Qingdao Yingke**") subscribed for the registered capital of our Company of RMB1,428,500 and RMB1,428,500 at the consideration of RMB50 million and RMB50 million, respectively. Upon completion of the subscription, the registered share capital of our Company increased from RMB100,000,000 to RMB102,857,000.

In March 2022, Xizi United Holding Corporation (西子聯合控股有限公司) ("**Xizi United**") and Xuzhou High Tech Guorun New Energy Industry Investment Fund Partnership (Limited Partnership) (徐州高新國潤新能源產業投資基金合夥企業(有限合夥)) ("**Guorun New Energy**") subscribed for the registered capital of our Company of RMB8,571,400 and RMB2,857,100 at the consideration of RMB300 million and RMB100 million, respectively. Upon completion of the subscription, the registered share capital of our Company increased from RMB102,857,000 to RMB114,285,500.

In May 2022, Mr. Long transferred the registered capital of our Company of RMB7,428,600, RMB8,571,400 and RMB1,142,900 to Xuzhou High Tech Industrial Development Zone State Owned Assets Management Co., Ltd. (徐州高新技術產業開發區國有資產經營有限公司) ("**High Tech Management**"), Chuzhou Guolang New Energy Technology Investment Development Co., Ltd. (滁州市國琅新能源科技投資發展有限公司) ("**Guolang New Energy**") and Xuzhou Wanlin Chuangfu Equity Investment Partnership (Limited Partnership) (徐州萬林創富股權投資合夥企業(有限合夥)) ("**Wanlin Chuangfu**"), respectively, at the consideration of RMB260 million, RMB300 million and RMB40 million, respectively.

In May 2022, Xuzhou Zhongshan New Energy Investment Partnership (Limited Partnership) (徐州中善新能源投資合夥企業(有限合夥)) ("**Zhongshan New Energy**") and Hunan Bofu Cultural Industry Investment Funds (Limited Partnership) (湖南泊富文化產業投資基金企業(有限合夥)) ("**Bofu Cultural**") subscribed for the registered capital of our Company of RMB11,085,700 and RMB857,100 at the consideration of RMB388 million and RMB30 million, respectively. Upon completion of the subscription, the registered share capital of our Company increased from RMB114,285,500 to RMB126,228,300.

In August 2022, Mr. Long transferred the registered capital of our Company of RMB2,000,000, RMB1,714,300 and RMB850,000 to Xuzhou Guotou Environmental Energy Co., Ltd. (徐州國投環保能源有限公司) (currently known as Xuzhou Guotou Energy Group Co., Ltd. (徐州市國投能源集團有限公司)) ("**Guotou Energy**"), Zhongqi Holding Group Corporation Ltd. (中啟控股集團股份有限公司) ("**Zhongqi Holding**") and Guangdong Baochuang Win Win Science and Technology Innovation Equity Investment Partnership (Limited Partnership) (廣東寶創共贏科創股權投資合夥企業(有限合夥)) ("**Baochuang Win Win**"), respectively, at the consideration of approximately RMB70 million, RMB60 million and RMB29 million, respectively.

The consideration of the capital increases and share transfers between November 2021 and August 2022 was determined based on arm's length negotiation with reference to, among others, the pre-money valuation of our Company in September 2021 as agreed by the parties.

In September 2022, Xizi United transferred the registered capital of our Company of RMB8,571,400 to Ningbo Meishan Bonded Port Jinsheng Changheng Investment Partnership (Limited Partnership) (寧波梅山保稅港區錦升長亨投資合夥企業(有限合夥)) ("**Jinsheng Changheng**") at the consideration of approximately RMB345 million. The consideration of such share transfer was determined based on arm's length negotiation with reference to, among others, valuation of our Company at the time of such share transfer.

For further details of the Pre-[**REDACTED**] investments before the conversion of our Company into a joint stock limited company, see "— Pre-[**REDACTED**] Investments" below.

(5) The Conversion

Pursuant to a promoters' agreement dated September 12, 2022 entered into by all the then Shareholders and the shareholders' resolutions dated September 13, 2022, all promoters of our Company (being all the then Shareholders) approved the conversion of the net assets value of our Company as of May 31, 2022 into 126,228,300 Shares of our Company with a nominal value of RMB1.00 each, with the remaining net assets value recorded as capital reserves of our Company. On September 21, 2022, our Company was converted into a joint stock company with limited liability and was renamed Solarspace Technology Co., Ltd. (江蘇中潤光能科技股份有限公司).

Upon completion of the Conversion, the shareholding of our Company was as follows:

Shareholders	Number of shares held	Shareholding percentage[Note]
		(%)
Mr. Long	54,792,800	43.41
Zhongshan New Energy	11,085,700	8.78
Ms. Meng	10,000,000	7.92
Guolang New Energy	8,571,400	6.79
Jinsheng Changheng	8,571,400	6.79
High Tech Management	7,428,600	5.89
Haori Electronic	6,500,000	5.15
Longtai Management	4,000,000	3.17
Henghui Management	3,000,000	2.38
Guorun New Energy	2,857,100	2.26
Guotou Energy	2,000,000	1.58
Zhongqi Holding	1,714,300	1.36
Zibo Yingke	1,428,500	1.13

Shareholders	Number of shares held	Shareholding percentage[Note]
		(%)
Qingdao Yingke	1,428,500	1.13
Wanlin Chuangfu	1,142,900	0.91
Bofu Cultural	857,100	0.68
Baochuang Win Win	850,000	0.67
Total	**126,228,300**	**100.0**

Note: Percentages shown as totals in the chart may not be the arithmetic aggregation of the figures shown in the notes are due to rounding adjustment.

(6) Pre-[REDACTED] Investments after the Conversion

In October 2022, Huzhou Jianing Equity Investment Partnership (Limited Partnership) (湖州佳寧股權投資合夥企業(有限合夥)) ("**Huzhou Jianing**") subscribed for 571,400 Shares at the consideration of RMB20 million ("**2022 October Investment**"). The agreement for the 2022 October Investment was entered into in October 2021, and the 2022 October Investment completed the registration procedures of market regulation authorities in October 2022. The consideration of such share subscription was determined based on arm's length negotiation with reference to, among others, the pre-money valuation of our Company in September 2021 as agreed by the parties. Upon completion of the subscription, the registered share capital of our Company increased from RMB126,228,300 to RMB126,799,700.

In November 2022, the 13 investors as set out below subscribed for a total increase in the registered capital of our Company of RMB15,040,500 at a total consideration of approximately RMB771 million. Upon completion of the subscription, the registered share capital of our Company increased from RMB126,799,700 to RMB141,840,200.

Name of investors	Registered capital subscribed for	Consideration
	(RMB)	*(RMB million)*
Shandong Province New Momentum Sinochem Green Fund Partnership (Limited Partnership)(山東省新動能中化綠色基金合夥企業(有限合夥)) ("**Sinochem Green**")	1,560,600	80
Sinochem Xingfa (Hubei) High and New Technology Fund Partnership (Limited Partnership)(中化興發(湖北)高新產業基金合夥企業(有限合夥)) ("**Sinochem Xingfa**")	975,400	50

Name of investors	Registered capital subscribed for	Consideration
	(RMB)	*(RMB million)*
Guoyue Junan No. 6 (Hangzhou) Equity Investment Partnership (Limited Partnership) (國悦君安六號(杭州)股權投資合夥企業(有限合夥)) ("**Guoyue No. 6**")	1,658,100	85
Guoyue Junan No. 10 (Taizhou) Equity Investment Partnership (Limited Partnership) (國悦君安十號(台州)股權投資合夥企業(有限合夥)) ("**Guoyue No. 10**")	507,200	26
Jiaxing Jiuyi Zhirui Equity Investment Partnership (Limited Partnership) (嘉興久奕志睿股權投資合夥企業(有限合夥)) ("**Jiuyi Zhirui**")	1,950,800	100
Dehe Changying (Zibo) Equity Investment Partnership (Limited Partnership) (德合長盈(淄博)股權投資合夥企業(有限合夥)) ("**Dehe Changying**")	1,950,800	100
Pingyang Zhongsu Chuangyu Equity Investment Partnership (Limited Partnership) (平陽中肅創煜股權投資合夥企業(有限合夥)) ("**Zhongsu Chuangyu**")	1,170,500	60
Shaanxi Province Enterprise Innovation Investment Fund Partnership (Limited Partnership) (陝西省省屬企業創新投資基金合夥企業(有限合夥)) ("**Shaanxi Innovation**")	1,170,500	60
Matrix Zongheng No. 1 (Yantai) Equity Investment Partnership (Limited Partnership) (矩陣縱橫一號(煙台)股權投資合夥企業(有限合夥)) ("**Matrix Zongheng**")	975,400	50
Suzhou Puda Entrepreneurship Investment Partnership (Limited Partnership) (蘇州璞達創業投資合夥企業(有限合夥)) ("**Suzhou Puda**")	975,400	50
Zibo Yingke	975,400	50
Zheneng Jiuzhi (Hangzhou) Equity Investment Partnership (Limited Partnership) (浙能九智(杭州)股權投資合夥企業(有限合夥)) ("**Zheneng Jiuzhi**")	585,200	30
Hunan Lianghu Culture Entrepreneurship Investment Partnership (Limited Partnership) (湖南兩湖文化創業投資合夥企業(有限合夥)) ("**Lianghu Culture**")	585,200	30
Total	**15,040,500**	**771**

In December 2022, the 8 investors as set out below subscribed for a total increase in the registered capital of our Company of RMB12,777,800 at a total consideration of approximately RMB655 million. Upon completion of the subscription, the registered share capital of our Company increased from RMB141,840,200 to RMB154,618,000.

Name of investors	Registered capital subscribed for	Consideration
	(RMB)	*(RMB million)*
National Green Development Fund Co., Ltd. (國家綠色發展基金股份有限公司) ("**Green Fund**")	5,852,500	300
Qilu Qianhai (Qingdao) Entrepreneurship Investment (齊魯前海(青島)創業投資基金合夥企業(有限合夥)) ("**Qilu Qianhai**")	975,400	50
Qianhai Ark Asset Management Co., Ltd. (前海方舟資產管理有限公司) ("**Qianhai Ark**")	585,200	30
Zhongyuan Qianhai Equity Investment Fund (Limited Partnership) (中原前海股權投資基金(有限合夥)) ("**Zhongyuan Qianhai**")	1,170,500	60
Connected Intelligent Telecom Ark (Shenzhen) Venture Capital Fund Partnership (Limited Partnership) (智慧互聯電信方舟(深圳)創業投資基金合夥企業(有限合夥)) ("**Connected Intelligent Fund**")	1,170,500	60
Hefei Sunshine Renfa Carbon Neutrality Investment Management Center (Limited Partnership) (合肥陽光仁發碳中和投資管理中心(有限合夥)) ("**Sunshine Renfa**")	1,170,500	60
Xiamen Xiangjin Equity Investment Partnership (Limited Partnership) (廈門象錦股權投資合夥企業(有限合夥)) ("**Xiamen Xiangjin**")	1,560,700	80
Jiaxing Lejia Shanda Equity Investment Partnership (Limited Partnership) (嘉興樂佳善達股權投資合夥企業(有限合夥)) ("**Lejia Shanda**")	292,600	15
Total	**12,777,800**	**655**

The consideration of such investments in November and December 2022 was determined based on arm's length negotiation with reference to, among others, the pre-money valuation of our Company in September 2022 as agreed by the parties.

(7) Capital Increase Converted from Capital Reserve in December 2022

In December 2022, the registered capital of our Company was increased from RMB154,618,000 to RMB360,000,000 through conversion of capital reserve pursuant to the resolution of the shareholders of our Company dated December 21, 2022.

Upon completion of the conversion from capital reserve into capital increase, the shareholding of our Company was as follows:

No.	Shareholders[1]	Number of shares held	Shareholding percentage[2]
			(%)
1	Mr. Long[3]	127,575,100	35.44
	Ms. Meng[3]	23,283,200	6.47
	Haori Electronic[3]	15,134,100	4.20
	Longtai Management[3]	9,313,300	2.59
	Henghui Management[3]	6,985,000	1.94
	Sub-total	*182,290,700*	*50.64*
2	Zhongshan New Energy[4]	25,811,000	7.17
	Lejia Shanda	681,300	0.19
	Sub-total	*26,492,300*	*7.36*
3	High Tech Entrepreneurship[5]	17,296,200	4.80
	Guorun New Energy	6,652,200	1.85
	Sub-total	*23,948,400*	*6.65*
4	Guolang New Energy	19,957,000	5.54
5	Jinsheng Changheng	19,957,000	5.54
6	Green Fund	13,626,500	3.79
7	Zhongyuan Qianhai	2,725,300	0.76
	Connected Intelligent Fund	2,725,300	0.76
	Qilu Qianhai	2,271,000	0.63
	Qianhai Ark	1,362,500	0.38
	Sub-total	*9,084,100*	*2.52*
8	Zibo Yingke	5,597,100	1.55
	Qingdao Yingke	3,326,000	0.92
	Sub-total	*8,923,100*	*2.48*
9	Sinochem Green	3,633,600	1.01
	Sinochem Xingfa	2,271,000	0.63
	Sub-total	*5,904,600*	*1.64*
10 . . .	Guoyue No. 6	3,860,600	1.07
	Guoyue No. 10	1,180,900	0.33
	Sub-total	*5,041,500*	*1.40*
11 . . .	Guotou Energy	4,656,600	1.29
12 . . .	Jiuyi Zhirui	4,542,100	1.26
13 . . .	Dehe Changying	4,542,100	1.26
14 . . .	Zhongqi Holding	3,991,400	1.11
15 . . .	Xiamen Xiangjin	3,633,600	1.01
16 . . .	Bofu Cultural	1,995,600	0.55
	Lianghu Culture	1,362,500	0.38
	Sub-total	*3,358,100*	*0.93*
17 . . .	Zhongsu Chuangyu	2,725,300	0.76
18 . . .	Shaanxi Innovation	2,725,300	0.76
19 . . .	Sunshine Renfa	2,725,300	0.76
20 . . .	Wanlin Chuangfu	2,661,000	0.74
21 . . .	Matrix Zongheng	2,271,000	0.63
22 . . .	Suzhou Puda	2,271,000	0.63
23 . . .	Baochuang Win Win	1,979,100	0.55
24 . . .	Zheneng Jiuzhi	1,362,500	0.38
25 . . .	Huzhou Jianing	1,330,400	0.37
	Total	**360,000,000**	**100.0**

Notes:

1. The Shareholders are grouped based on relationship with one another. For details, see "— Pre [**REDACTED**] Investors".

2. Percentages shown as totals in the chart may not be the arithmetic aggregation of the figures shown in the notes are due to rounding adjustment.

3. Mr. Long, Ms. Meng, Haori Electronic, Longtai Management and Henghui Management are a group of Controlling Shareholders, see "Relationship with Our Controlling Shareholders" for further details.

4. As of the Latest Practicable Date, Mr. Long holds 39.88% interests of Zhongshan New Energy as a limited partner. Therefore, Zhongshan New Energy is a close associate of Mr. Long. See "— Information about the Pre-[**REDACTED**] Investors" for details.

5. In August 2024, High Tech Management entered into an equity transfer agreement with Xuzhou High Tech Industrial Development Zone Entrepreneurship and Development Co., Ltd. (徐州高新技術產業開發區創業發展有限公司) ("**High Tech Entrepreneurship**") and transferred all the 4.80% of the total issued Shares it held to High Tech Entrepreneurship at nil consideration. High Tech Entrepreneurship is wholly owned by Xuzhou High Tech Industrial Development Zone Industrial Fund Co., Ltd. (徐州高新技術產業開發區產業基金有限公司), which is in turn wholly owned by Xuzhou High Tech Holding Group Co., Ltd. (徐州高新控股集團有限公司). High Tech Management is also wholly owned by Xuzhou High Tech Holding Group Co., Ltd..

CONFIRMATION BY THE PRC LEGAL ADVISER

Our PRC Legal Adviser confirmed that: (i) all necessary regulatory approvals, permits and licenses required under PRC laws in relation to the share transfers and investments above have been obtained; and (ii) all share transfers and investments above have complied with all applicable PRC laws in all material respects.

PRE-[REDACTED] INVESTMENTS

Principal terms of the Pre-[REDACTED] Investments

The table below summarizes the principal terms of the Pre-[**REDACTED**] Investments:

Relevant Investment	2021 November Investment	2022 March Investment	2022 May Share Transfer	2022 May Investment	2022 August Share Transfer	2022 September Share Transfer	2022 October Investment	2022 November Investment	2022 December Investment
Date of investment agreement(s)	September 6, 2021	February 12, 2022, February 22, 2022	April 29, 2022 and May 25, 2022	April 19, 2022 and April 20, 2022	June 23, 2022, June 27, 2022 and July 21, 2022	August 30, 2022	October 30, 2021	September 22, 2022, September 26, 2022, September 27, 2022, September 29, 2022, October 8, 2022, October 10, 2022, October 13, 2022, October 26, 2022, October 31, 2022, November 2, 2022 and November 3, 2022	November 17, 2022, November 28, 2022, November 30, 2022, December 7, 2022 and December 8, 2022
Date of payment in full . .	September 13, 2021	March 22, 2022	May 26, 2022	May 27, 2022	August 12, 2022	September 30, 2022	November 26, 2021	November 8, 2022	December 14, 2022
Amount of registered capital subscribed for/acquired (RMB) . . .	2,857,000	11,428,500	17,142,900	11,942,800	4,564,300	8,571,400	571,400	15,040,500	12,777,800
Amount of consideration paid.	RMB100 million	RMB400 million	RMB600 million	RMB418 million	RMB159.8 million	RMB345 million	RMB20 million	RMB771 million	RMB655 million
Consideration Cost per Share(1)	RMB15.03	RMB15.03	RMB15.03	RMB15.03	RMB15.03	RMB17.29	RMB15.03(2)	RMB22.02	RMB22.02

Relevant Investment	2021 November Investment	2022 March Investment	2022 May Share Transfer	2022 May Investment	2022 August Share Transfer	2022 September Share Transfer	2022 October Investment	2022 November Investment	2022 December Investment
Discount to the H Share [REDACTED][3]	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Strategic benefits the Pre-[REDACTED] Investors brought to our Company	At the time of the Pre-[REDACTED] Investments, we were of the view that our Company would benefit from the strategic or financial value that the Pre-[REDACTED] Investors would bring to our business, the additional capital provided by the Pre-[REDACTED] Investors' investments in our Company and their knowledge relevant to our business. Our Pre-[REDACTED] Investors include experienced professional investor, which can provide us with professional advice on our Group's development and improve our corporate governance, financial reporting and internal control.								
Lock-up	Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], all current Shareholders (including the Pre-[REDACTED] Investors) could not dispose of any of the Shares held by them.								
Basis of consideration	The considerations for each round of Pre-[REDACTED] Investments were determined based on arm's length negotiation amongst the respective transaction parties after taking into consideration of the timing of the investments, the status of our business operations and the prospects of the Company and the valuation of the Company as agreed by the parties at the relevant time.								
Use of proceeds	We utilized the proceeds from the Pre-[REDACTED] Investments for the principal business of our Group, including but not limited to research and development activities, the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, the net proceeds from the Pre-[REDACTED] Investments had been fully utilized.								

Notes:

(1) Adjusted taking into account the conversion from capital reserve to capital increase of our Company in December 2022.

(2) Huzhou Jianing entered into the share subscription agreement with our Company in October 2021 and the consideration of such investment was settled in November 2021. The relevant registration procedure of market regulation authorities was completed in October 2022. The subscription price of the 2022 October Investment was determined with reference to, among others, the pre-money valuation of our Company in September 2021 as agreed by the parties.

(3) Calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**]).

Rights of the Pre-[REDACTED] Investors

In connection with the pre-[**REDACTED**] investments which special rights were granted, such special rights included, among others, (i) pre-emptive right, (ii) information rights, (iii) most favorable treatment, (iv) redemption rights, (v) anti-dilution rights, (vi) right of first refusal and co-sale, and (vii) liquidation preferences. As of the Latest Practicable Date, all special rights granted to the Pre-[**REDACTED**] Investors have been terminated.

Compliance with the Pre-[REDACTED] Investment Guidance

On the basis that (i) the Pre-[**REDACTED**] investments are completed before 28 clear days before the date of the first submission of the first [**REDACTED**]; and (ii) the special rights granted to the Pre-[**REDACTED**] Investors have been terminated, the Joint Sponsors confirm that the Pre-[**REDACTED**] Investments are in compliance with the guidance in chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange in December 2023 (the "**Pre-[REDACTED] Investment Guidance**").

Information about the Pre-[REDACTED] Investors

Zhongshan New Energy

Zhongshan New Energy was established as a limited partnership in January 2022 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Zhongshan New Energy is Shanghai Shanda Capital Co., Ltd. (上海善達投資管理有限公司) ("**Shanda Investment**"), which is ultimately controlled by Wu Changchun (伍長春), an Independent Third Party. Zhongshan New Energy is owned as to i) 0.62% by Shanda Investment as its general partner; ii) 39.88% by Mr. Long as its limited partner; iii) 59.50% by remaining 3 limited partners, none of which holds one-third or more of the equity interest, and, to the best knowledge of our Company, all of which are Independent Third Parties.

Lejia Shanda

Lejia Shanda was established as a limited partnership in December 2021 under PRC laws and is primarily engaged in equity investment. The executive partners of Lejia Shanda are Shanda Investment and Shenzhen Shanda Minghao Private Equity Fund Management Co., Ltd. (深圳善達明皓私募股權基金管理有限公司) ("**Shanda Minghao**"). Both Shanda Investment and Shanda Minghao are controlled by Wu Changchun (伍長春), an Independent Third Party. The fund manager of Lejia Shanda is Shanda Investment. Lejia Shanda is owned as to i) 7.07% by Shanda Minghao as its general partner; ii) 0.64% by Shanda Investment as its general partner; iii) 92.29% by remaining 10 limited partners, none of which holds one-third or more of the equity interest. To the best of our Directors' knowledge, Lejia Shanda and its ultimate beneficial owner are Independent Third Parties.

High Tech Entrepreneurship

High Tech Entrepreneurship is a limited liability company established in October 2018 under PRC laws. High Tech Entrepreneurship is wholly owned by Xuzhou High and New Technology Industrial Development Zone Industrial Fund Co., Ltd., which is in turn wholly owned by Xuzhou High Tech Holding Group Co., Ltd., a company wholly owned by the State-owned Assets Supervision and Administration Commission of Xuzhou Municipal People's Government (徐州市人民政府國有資產監督管理委員會) ("**Xuzhou SASAC**"). To the best knowledge of our Company, High Tech Entrepreneurship and its ultimate beneficial owner are Independent Third Parties.

Guorun New Energy

Guorun New Energy was established as a limited partnership in February 2022 under PRC laws and is primarily engaged in equity investment. The executive partner and fund manager of Guorun New Energy is Xuzhou Gaoxin Hongsheng Private Equity Fund Management Co., Ltd. (徐州高新鴻盛私募基金管理有限公司) ("**Xuzhou Gaoxin**"). Guorun New Energy is held as to approximately i) 0.97% by Xuzhou Gaoxin as its general partner, which is ultimately controlled by the Xuzhou SASAC; ii) 97.09% by High Tech Entrepreneurship, a company ultimately controlled by Xuzhou SASAC; and iii) 1.94% by Xuzhou High and New Technology Industry Development Zone Industrial Fund Co., Ltd. (徐州高新技術產業開發區產業基金有限公司), which is in turn wholly owned by Xuzhou High Tech Holding Group Co., Ltd., a company wholly owned by the Xuzhou SASAC. To the best knowledge of our Company, Guorun New Energy and its ultimate beneficial owners are Independent Third Parties.

Guolang New Energy

Guolang New Energy is a limited liability company established in May 2022 under PRC laws. Guolang New Energy is wholly owned by the Finance Bureau of Langya District of Chuzhou. Guolang New Energy is the nominal shareholder of 25% of equity interests of our subsidiary Solarspace Chuzhou, see "— Our Major Subsidiaries" for details. Save as disclosed above, to the best knowledge of our Company, Guolang New Energy and its ultimate beneficial owner are Independent Third Parties.

Jinsheng Changheng

Jinsheng Changheng was established as a limited partnership in April 2017 under PRC laws and is primarily engaged in industrial investment and equity investment. The executive partner and the fund manager of Jinsheng Changheng is Hengtai Huasheng (Beijing) Asset Management Co., Ltd. (恒泰華盛(北京)資產管理有限公司) ("**Hengtai Huasheng**"), whose actual controller is Hao Dan (郝丹). Jinsheng Changheng is owned as to i) approximately 0.0027% by Hengtai Huasheng as its general partner; ii) 19.17% by Ms. Hao Dan as its limited partner; iii) 80.83% by remaining 33 limited partners, none of which holds one-third or more of the equity interest. To the best knowledge of our Company, Jinsheng Changheng and its ultimate beneficial owners are Independent Third Parties.

Green Fund

Green Fund is a limited liability company established in July 2020 under PRC laws and is primarily engaged in equity investment. Green Fund is owned as to 11.30% by Ministry of Finance of PRC, and 88.70% by remaining 25 shareholders, none of which holds one-third or more of the equity interest. To the best of our Directors' knowledge, Green Fund and its ultimate beneficial owner are Independent Third Parties.

Zhongyuan Qianhai

Zhongyuan Qianhai was established as a limited partnership in November 2018 under PRC laws and is primarily engaged in equity investment. The executive partner of Zhongyuan Qianhai is Qianhai Ark (Zhengzhou) Venture Capital Management Enterprise (Limited Partnership) (前海方舟(鄭州)創業投資管理企業(有限合夥)) ("**Qianhai Ark (Zhengzhou)**"), whose actual controller is Jin Haitao (靳海濤). Zhongyuan Qianhai is owned as to i) 1.51% by Qianhai Ark (Zhengzhou) as its general partner; ii) 98.49% by remaining 20 limited partners, none of which holds one-third or more of the equity interest. To the best of our Directors' knowledge, Zhongyuan Qianhai and its ultimate beneficial owner are Independent Third Parties.

Connected Intelligent Fund

Connected Intelligent Fund was established as a limited partnership in October 2020 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Connected Intelligent Fund is Ark Internet (Shenzhen) Private Equity Fund Management Partnership (Limited Partnership) (方舟互聯(深圳)私募股權基金管理合夥企業(有限合夥)) ("**Ark Internet**"), whose actual controller is Jin Haitao. Connected Intelligent Fund is owned as to i) 1.0% by Ark Internet as its general partner; ii) 99.0% by remaining 19 limited partners, none of which holds one-third or more of the equity interest. To the best of our Directors' knowledge, Connected Intelligent Fund and its ultimate beneficial owner are Independent Third Parties.

Qilu Qianhai

Qilu Qianhai was established as a limited partnership in April 2021 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Qilu Qianhai is Qianhai Ark (Qingdao) Venture Capital Fund Management Partnership (Limited Partnership) (前海方舟(青島)創業投資基金管理合夥企業(有限合夥)) ("**Qianhai Ark (Qingdao)**"), whose actual controller is Jin Haitao. Qilu Qianhai is owned as to i) 1.0% by Qianhai Ark (Qingdao) as its general partner; ii) 99.0% by remaining 27 limited partners, none of which holds one-third or more of the equity interest. To the best of our Directors' knowledge, Qilu Qianhai and its ultimate beneficial owner are Independent Third Parties.

Qianhai Ark

Qianhai Ark is a limited liability company established in November 2015 under PRC laws and is primarily engaged in equity investment and management of equity funds. Qianhai Ark is owned as to 58.71% by Shenzhen Qianhai Huaize Ark Venture Capital Enterprise (Limited Partnership) (深圳前海淮澤方舟創業投資企業(有限合夥)) ("**Qianhai Huaize**"), and 41.29% by remaining 10 shareholders, none of which holds one-third or more of the equity interest. Qianhai Huaize is owned as to approximately i) 62.80% by Jiaozuo Huaihai Consulting Service Center (焦作市淮海諮詢服務中心) which is wholly owned by Jin Haitao; ii) 37.20% by Shenzhen Qianhai Huaize Co Creation Investment Consulting Partnership (Limited Partnership) (深圳前海淮澤共創投資諮詢合夥企業(有限合夥)), the general partner of which is Jiaozuo Huaihai Consulting Service Center. To the best of our Directors' knowledge, Qianhai Ark and its ultimate beneficial owner are Independent Third Parties.

Zibo Yingke

Zibo Yingke was established as a limited partnership in October 2019 under PRC laws and is primarily engaged in equity investment. The executive partner and fund manager of Zibo Yingke is Yingke Innovation Asset Management Co., Ltd. (盈科創新資產管理有限公司) ("**Yingke Innovation**"). Zibo Yingke is held as to approximately i) 1.0% by Yingke Innovation as its general partner, whose actual controller is Qian Mingfei (錢明飛); ii) 99.0% by 10 remaining limited partners, none of which holds one-third or more of the equity interest in Zibo Yingke. To the best knowledge of our Company, Zibo Yingke and its ultimate beneficial owner are Independent Third Parties.

Qingdao Yingke

Qingdao Yingke was established as a limited partnership in November 2020 under PRC laws and is primarily engaged in equity investment. The executive partner and fund manager of Qingdao Yingke is Yingke Innovation. Qingdao Yingke is held as to approximately i) 1.0% by Yingke Innovation as its general partner, whose actual controller is Qian Mingfei (錢明飛); ii) 86.0% by Qingdao Chengtou Chuangye Investment Co., Ltd. (青島城投創業投資有限公司), a company ultimately controlled by the State-owned Assets Supervision and Administration Commission of Qingdao Municipal People's Government (青島市人民政府國有資產監督管理委員會); and iii) 13.0% by 3 remaining limited partners. To the best knowledge of our Company, Qingdao Yingke and its ultimate beneficial owners are Independent Third Parties.

Sinochem Green

Sinochem Green was established as a limited partnership in March 2020 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Sinochem Green is Sinochem Green Private Equity Fund Management (Shandong) Co., Ltd. (中化綠色私募基金管理(山東)有限公司) ("**Sinochem Management**"). Sinochem Green is owned as to i) 0.60% by Sinochem Management as its general partner; ii) 0.40% by Jinan Xingwen Equity Investment Management Partnership (Limited Partnership) (濟南行穩股權投資管理合夥企業(有限合夥)) as its general partner, which is ultimately controlled by Finance Department of Shandong Province (山東省財政廳); iii) 39.60% by Sinochem Capital

Innovation Investment Co., Ltd. (中化資本創新投資有限公司) ("**Sinochem Investment**") as its limited partner, which is ultimately controlled by China Sinochem Corporation Limited (中國中化控股有限責任公司), a company controlled by the State Council; iv) 59.40% by remaining 4 limited partners, none of which holds one-third or more of the equity interest. Sinochem Management is wholly owned by Sinochem investment. To the best of our Directors' knowledge, Sinochem Green and its ultimate beneficial owner are Independent Third Parties.

Sinochem Xingfa

Sinochem Xingfa was established as a limited partnership in December 2019 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Sinochem Xingfa is Sinochem High Tech Investment Management (Hubei) Co., Ltd. (中化高新投資管理(湖北)有限公司) ("**Sinochem High Tech**") which is ultimately held as to 40% by the State-owned Assets Supervision and Administration Commission, and none of its other shareholders hold more than one third of its equity interests. Sinochem Xingfa is owned as to i) 1.0% by Sinochem High Tech as its general partner; ii) 99.0% by remaining 5 limited partners, none of which holds one-third or more of the equity interest. To the best of our Directors' knowledge, Sinochem Xingfa and its ultimate beneficial owner are Independent Third Parties.

Guoyue No. 6

Guoyue No. 6 was established as a limited partnership in October 2022 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Guoyue No. 6 is Shanghai Guoyue Junan Private Equity Management Co., Ltd. (上海國悦君安股權投資基金管理有限公司) ("**Guoyue Junan**"), whose actual controller is Wang Shunlong (王順龍). Guoyue No. 6 is owned as to i) 3.18% by Guoyue Junan as its general partner; ii) 1.06% by Wuchan Zhongda Junze (Hangzhou) Enterprise Management Consulting Co., Ltd. (物產中大君澤(杭州)企業管理諮詢有限公司) as its general partner, which is wholly-owned by Wuchan Zhongda Group Co., Ltd. (物產中大集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600704.SH); iii) 31.80% by Bi Weiguo (畢偉國) as its limited partner; iv) 63.96% by remaining 16 limited partners, none of which holds one-third or more of the equity interest. To the best of our Directors' knowledge, Guoyue No. 6 and its ultimate beneficial owner are Independent Third Parties.

Guoyue No. 10

Guoyue No. 10 was established as a limited partnership in December 2021 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Guoyue No. 10 is Guoyue Junan, whose actual controller is Wang Shunlong. Guoyue No. 10 is owned as to i) 1.0% by Guoyue Junan as its general partner; ii) 69.0% by Guoyue Junan No. 4 (Taizhou) Equity Investment Partnership (Limited Partnership) (國悦君安四號(台州)股權投資合夥企業(有限合夥)) ("**Guoyue No. 4**") as its limited partner. The general partner of Guoyue No. 4 is Guoyue Junan; iii) 30.0% by remaining 1 limited partner. To the best of our Directors' knowledge, Guoyue No. 10 and its ultimate beneficial owner are Independent Third Parties.

Guotou Energy

Guotou Energy was established as a limited liability company in June 2016 under PRC laws and is primarily engaged in solar power generation and biomass energy generation. Guotou Energy is wholly owned by Xuzhou State-owned Assets Investment Operation Co., Ltd. (徐州市國有資產投資經營集團有限公司), which is owned as to approximately i) 91.64% by Xuzhou SASAC, and ii) 8.36% by Jiangsu Provincial Department of Finance. To the best knowledge of our Company, Guotou Energy and its ultimate beneficial owners are Independent Third Parties.

Jiuyi Zhirui

Jiuyi Zhirui was established as a limited partnership in March 2022 under PRC laws and is primarily engaged in equity investment. The executive partner of Jiuyi Zhirui is Shanghai Yonghan Investment Management Co., Ltd. (上海雍涵投資管理有限公司) ("**Yonghan Investment**"), whose actual controller is Ouyang Leijun (歐陽雷軍). Jiuyi Zhirui is owned as to i) 0.91% by Yonghan Investment as its general partner; ii) 99.09% by remaining 9 limited partners, none of which holds one-third or more of the equity interest. To the best of our Directors' knowledge, Jiuyi Zhirui and its ultimate beneficial owner are Independent Third Parties.

Dehe Changying

Dehe Changying was established as a limited partnership in July 2022 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Dehe Changying is Dehe (Shanghai) Private Equity Management Co., Ltd. (德合私募基金管理(上海)有限公司) ("**Dehe Management**"), whose actual controller is Zhou Xing (周行). Dehe Changying is owned as to i) 0.01% by Dehe Management as its general partner; ii) 99.79% by Dezhou Ruitu Construction Investment Co., Ltd. (德州睿途建設投資有限公司) ("**Ruitu Construction**") as its limited partner. Ruitu Construction is wholly owned by Dezhou Urban Construction Investment and Development Group Co., Ltd. (德州市城市建設投資發展集團有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Dezhou Municipal Government; iii) 0.2% by an individual. To the best of our Directors' knowledge, Dehe Changying and its ultimate beneficial owner are Independent Third Parties.

Zhongqi Holding

Zhongqi Holding was established as a limited liability company in July 2010 under PRC laws and is primarily engaged in equity investment and industry investment. Zhongqi Holding is owned as to 74.19% by Zhongqi Holding Group Co., Ltd. Trade Union Committee (中啟控股集團股份有限公司工會委員會) and 25.81% by the remaining 10 individual shareholders. To the best knowledge of our Company, Zhongqi Holding and its ultimate beneficial owners are Independent Third Parties.

Xiamen Xiangjin

Xiamen Xiangjin was established as a limited partnership in October 2020 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Xiamen Xiangjin is Xiamen Xiangxin Entrepreneurship Investment Co., Ltd. (廈門市象欣創業投資有限公司) ("**Xiamen Xiangxin**"), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government ("**Xiamen SASAC**"). Xiamen Xiangjin is owned as to i) 1.25% by Xiamen Xiangxin as its general partner; ii) 80.0% by Xiamen Jinniu Xingye Entrepreneurship Investment Co., Ltd. (廈門金牛興業創業投資有限公司) ("**Jinniu Xingye**") as its limited partner. Jinniu Xingye is an indirectly wholly-owned subsidiary of Xiamen Xiangyu Group Co., Ltd. (廈門象嶼集團有限公司) which is wholly owned by Xiamen SASAC; iii) 18.75% by Su Zhuquan (蘇主權). To the best of our Directors' knowledge, Xiamen Xiangjin and its ultimate beneficial owner are Independent Third Parties.

Bofu Cultural

Bofu Cultural was established as a limited partnership in January 2016 under PRC laws and is primarily engaged in equity investment. The executive partner and fund manager of Bofu Cultural is Hunan Bofu Fund Management Co., Ltd. (湖南泊富基金管理有限公司) ("**Bofu Management**"). Bofu Cultural is held as to approximately i) 2.44% by Bofu Management as its general partner; ii) 97.56% by China South Publishing & Media Group Co., Ltd. (中南出版傳媒集團股份有限公司) ("**China South Publishing**"), a company listed on the Shanghai Stock Exchange (stock code: 601098.SH). Bofu Management is ultimately controlled by China South Publishing. To the best knowledge of our Company, Bofu Cultural and its ultimate beneficial owner are Independent Third Parties.

Lianghu Culture

Lianghu Culture was established as a limited partnership in June 2022 under PRC laws and is primarily engaged in equity investment. The executive partner of Lianghu Culture is Wuhan Dejin Private Equity Investment Fund Management Co., Ltd. (武漢市德錦私募股權投資基金管理有限公司) ("**Wuhan Dejin**") which is ultimately controlled by Changjiang Publishing & Media Co., Ltd. (長江出版傳媒股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600757.SH) ("**Changjiang Publishing**"). The fund manager of Lianghu Culture is Bofu Management, which is ultimately controlled by China South Publishing. Lianghu Culture is owned as to i) 0.50% by Wuhan Dejin as its general partner; ii) 0.50% by Changsha Bofu Yuezhi Enterprise Management Partnership (Limited Partnership) (長沙泊富悅之企業管理合夥企業(有限合夥)) as its general partner, which is ultimately controlled by Li Zhengli (李崢礪); iii) 49.50% by Wuhan Dejin Investment Co., Ltd. (武漢德錦投資有限公司) ("**Denjin Investment**") as its limited partner. Dejin Investment is wholly owned by Changjiang Publishing; and iv) 49.50% by China South Publishing as its limited partner. To the best of our Directors' knowledge, Lianghu Culture and its ultimate beneficial owner are Independent Third Parties.

Zhongsu Chuangyu

Zhongsu Chuangyu was established as a limited partnership in November 2020 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Zhongsu Chuangyu is Shanghai Zhongsu Entrepreneurship Investment Management Co., Ltd. (上海中肅創業投資管理有限公司) ("**Zhongsu Entrepreneurship**"), whose actual controller is Zhu Jun (朱軍). Zhongsu Chuangyu is owned as to i) 1.52% by Zhongsu Entrepreneurship as its general partner; ii) 75.76% by Cao Renxian (曹仁賢) as its limited partner; iii) 22.72% by remaining 2 limited partners. To the best of our Directors' knowledge, Zhongsu Chuangyu and its ultimate beneficial owner are Independent Third Parties.

Shaanxi Innovation

Shaanxi Innovation was established as a limited partnership in December 2020 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Shaanxi Innovation is Shaanxi Growth Enterprise Leading Fund Co., Ltd. (陝西省成長性企業引導基金管理有限公司) ("**Growth Leading Fund**") which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Shaanxi Provincial People's Government. Shaanxi Innovation is owned as to i) 0.5% by Growth Leading Fund as its general partner; ii) 31.51% by Shaanxi Investment Capital Management Co., Ltd. (陝西陝投資本管理有限公司) ("**Shaanxi Investment**") as its limited partner. Shaanxi Investment in turn is owned as to 51.0% by Shaanxi Investment Group Co., Ltd. (陝西投資集團有限公司) and 49.0% by Shaanxi Huaqin Investment Group Co., Ltd. (陝西省華秦投資集團有限公司), and both of them are wholly owned by the State-owned Assets Supervision and Administration Commission of Shaanxi Provincial People's Government; iii) 67.99% by remaining 4 limited partners, none of which holds one-third or more of the equity interest. To the best of our Directors' knowledge, Shaanxi Innovation and its ultimate beneficial owner are Independent Third Parties.

Sunshine Renfa

Sunshine Renfa was established as a limited partnership in September 2022 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Sunshine Renfa is Hefei Renfa New Energy Private Fund Management Co., Ltd. (合肥仁發新能私募基金管理有限公司) ("**Renfa New Energy**"), whose actual controller is Xie Xiaoyong (解小勇). Sunshine Renfa is owned as to i) 0.90% by Renfa New Energy as its general partner; ii) 99.10% by remaining 13 limited partners, none of which holds one-third or more of the equity interest. To the best of our Directors' knowledge, Sunshine Renfa and its ultimate beneficial owner are Independent Third Parties.

Wanlin Chuangfu

Wanlin Chuangfu was established as a limited partnership in March 2022 under PRC laws and is primarily engaged in equity investment. The executive partner of Wanlin Chuangfu is Beijing Wanlin Chuangfu Investment Management Partnership (Limited Partnership) (北京萬林創富投資管理合夥企業(有限合夥)) ("**Wanlin Chuangfu Management**"), whose actual controller is Chen Ailian (陳愛蓮). The fund manager of Wanlin Chuangfu is Shaoxing Wanlin Investment Management Co., Ltd. (紹興萬林投資管理有限責任公司), which is ultimately controlled by Chen Ailian. Wanlin Chuangfu is held as to approximately i) 0.33% by Wanlin Chuangfu Management as its general partner; ii) 20.0% by Nanjing Wanying Chuangtai Entrepreneurship Investment Partnership (南京萬盈創泰創業投資合夥企業(有限合夥)) ("**Nanjing Wanying**") as its general partner. The executive partner of Nanjing Wanying is Zhongchuang Wanying (Hainan) Private Fund Management Co., Ltd. (中創萬盈(海南)私募基金管理有限公司), which is ultimately controlled by Liang Yongzhong (梁永忠). Nanjing Wanying has 10 limited partners and none of them holds more than one third of its equity interests; iii) 39.67% by Wanlin International Holding Co., Ltd. (萬林國際控股有限公司) as its limited partner, which is wholly owned by Chen Ailian; iv) 40% by 2 remaining limited partners, none of which holds one-third or more of the equity interest in Wanlin Chuangfu. To the best knowledge of our Company, Wanlin Chuangfu and its ultimate beneficial owner are Independent Third Parties.

Matrix Zongheng

Matrix Zongheng was established as a limited partnership in August 2022 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Matrix Zongheng is Matrix (Hainan) Private Equity Management Co., Ltd. (矩陣(海南)私募基金管理有限公司) ("**Matrix Management**"), whose actual controller is Wang Xunan (王旭楠). Matrix Zongheng is owned as to i) 0.06% by Matrix Management as its general partner; ii) 41.74% by Wang Xunan as its limited partner; iii) 58.20% by remaining 4 limited partners, none of which holds one-third or more of the equity interest. To the best of our Directors' knowledge, Matrix Zongheng and its ultimate beneficial owner are Independent Third Parties.

Suzhou Puda

Suzhou Puda was established as a limited partnership in July 2022 under PRC laws and is primarily engaged in venture capital investment. The executive partner and the fund manager of Suzhou Puda is Suzhou Industrial Park Lanpu Venture Capital Management Partnership (Limited Partnership) (蘇州工業園區蘭璞創業投資管理合夥企業(有限合夥)) ("**Lanpu Venture**"), whose actual controller is Li Haitao (李海濤). Suzhou Puda is owned as to i) 0.31% by Lanpu Venture as its general partner; ii) 99.69% by Ningbo Shangrong Logistics Co., Ltd. (寧波上融物流有限公司) ("**Shangrong Logistics**") as its limited partner. Shangrong Logistics is wholly owned by Gansu Shangfeng Cement Co., Ltd. (甘肅上峰水泥股份有限公司) (stock code: 000672.SZ). To the best knowledge of our Company, Suzhou Puda and its ultimate beneficial owner are Independent Third Parties.

Baochuang Win Win

Baochuang Win Win was established as a limited partnership in May 2019 under PRC laws and is primarily engaged in equity investment and venture capital investment. The executive partner and the fund manager of Baochuang Win Win is Baochuang Private Equity Investment Fund Management (Shenzhen) Co., Ltd. (寶創私募股權投資基金管理(深圳)有限公司) ("**Baochuang Management**"), whose actual controller is Chai Pengfei (柴鵬飛). Baochuang Win Win is owned as to i) 3.75% by Baochuang Management as its general partner; ii) 27.13% by Chai Pengfei as its limited partner; iii) 69.12% by remaining 7 limited partners, none of which holds one-third or more of its equity interest. To the best knowledge of our Company, Baochuang Win Win and its ultimate beneficial owners are Independent Third Parties.

Zheneng Jiuzhi

Zheneng Jiuzhi was established as a limited partnership in November 2021 under PRC laws and is primarily engaged in equity investment. The executive partner and the fund manager of Zheneng Jiuzhi is Zhejiang Energy Equity Investment Fund Management Co., Ltd. (浙能股權投資基金管理有限公司) ("**Energy Equity Investment**") which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Zhejiang Province. Zheneng Jiuzhi is owned as to i) 0.50% by Energy Equity Investment as its general partner; ii) 0.50% by Hangzhou Jiuzhi Investment Management Co., Ltd. (杭州九智投資管理有限公司) as its general partner, which is owned as to 99.67% by Han Hualong; iii) 67.0% by Hangzhou Puzhi Equity Investment Partnership (Limited Partnership) (杭州濮智股權投資合夥企業(有限合夥)) ("**Hangzhou Puzhi**") as its limited partner. Hangzhou Puzhi is held as to 99.00% by Hangzhou Lanzhi Self-Owned Fund Investment Co., Ltd. (杭州瀾智自有資金投資有限公司) as its limited partner which is a wholly owned subsidiary of Hangzhou Changzhi Enterprise Management Co., Ltd. (杭州長智企業管理有限公司) ("**Hangzhou Changzhi**"). Hangzhou Changzhi is owned as to 90.0% by Han Hualong (韓華龍). The general partner of Hangzhou Puzhi is Hangzhou Changzhi; and iv) 32.0% by remaining 2 limited partners. To the best knowledge of our Company, Zheneng Jiuzhi and its ultimate beneficial owner are Independent Third Parties.

Huzhou Jianing

Huzhou Jianing was established as a limited partnership in February 2021 under PRC laws and is primarily engaged in equity investment. The executive partner of Huzhou Jianing is Minsheng Equity Investment Fund Management Co., Ltd. (民生股權投資基金管理有限公司) ("**Minsheng Equity**") which is wholly owned by Minsheng Securities Co., Ltd. (民生證券股份有限公司) ("**Minsheng Securities**"). Minsheng Securities is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Wuxi Municipality (無錫市人民政府國有資產監督管理委員會). Huzhou Jianing is owned as to i) 1.0% by Minsheng Equity as its general partner; ii) 99.0% by Yang Zhenxing (楊振興). To the best knowledge of our Company, Huzhou Jianing and its ultimate beneficial owner are Independent Third Parties.

PREVIOUS A SHARE LISTING APPLICATION

Considering the continued growth in the scale of business of our Company and with a view to tapping into capital markets with a boarder investor base, our Company submitted its listing application on the ChiNext market of the Shenzhen Stock Exchange (深圳證券交易所創業板) (the "**ChiNext Market**") (the "**Previous A Share Listing Application**") with Haitong Securities Co., Ltd. ("**Haitong**") acting as the sponsor and the Shenzhen Stock Exchange accepted such application in May 2023. The Shenzhen Stock Exchange issued several rounds of written vetting comments in respect of the Previous A Share Listing Application, and our Company and relevant professional parties of the Previous A Share Listing Application satisfactorily addressed such comments in all material respects. In December 2023, the listing committee of ChiNext Market reviewed the Previous A Share Listing Application and concluded that our Company was in compliance with the listing conditions and information disclosure requirements. While pending the issuance approval from the China Securities Regulatory Commission for the Previous A Share Listing Application, in June 2024, Haitong withdrew its sponsorship of the Previous A Share Listing Application, after considering, among other things, the loss of our Company in the first quarter of 2024 and the prevailing conditions of the A-share market in the first half of 2024. Our Company confirms it had no disagreement or dispute with any professional parties involved in the Previous A Share Listing Application, there are no material issues or matters that will adversely affect our suitability for the [**REDACTED**] or the truthfulness, accuracy and completeness of information disclosed in this document, and our Company confirms and the Joint Sponsors concur that there were no other matters related to the Previous A Share Listing Application on the ChiNext Market which should be brought to the attention of the Stock Exchange and the potential investors.

APPLICATION FOR [REDACTED] ON THE HONG KONG STOCK EXCHANGE

We consider Hong Kong a suitable venue for [**REDACTED**] as our businesses and operations principally located, managed and conducted in the PRC and our markets mainly include the PRC, the United States, Europe, Middle East, South East Asia and South Asia, and a [**REDACTED**] in Hong Kong will not only contribute to opportunities for future fund-raising, but also allow more domestic and international investors to have a better understanding and appreciation of our Group's business. This will also provide better synergy for us to enhance our corporate profile, brand awareness, corporate governance and shareholder base. The Directors consider a [**REDACTED**] in Hong Kong will benefit our Company and its Shareholders as a whole.

OUR MAJOR SUBSIDIARIES

We conduct our business principally through the following subsidiaries which made a material contribution to our results of operations during the Track Record Period:

Name	Principal business activities	Date of establishment	Place of establishment	Percentage of equity interest held by our Company as of the Latest Practicable Date
Jiangsu Longheng	Research and development, production, and sales of PV cells	December 10, 2019	Jiangsu, PRC	100%
Solarspace Xuzhou	Research and development, production, and sales of PV cells	February 18, 2022	Jiangsu, PRC	100%
Solarspace Chuzhou	Research and development, production, and sales of PV cells	June 1, 2022	Anhui, PRC	100%(1)
Jiangsu Huaheng	Research and development, production, and sales of PV cells	October 24, 2017	Jiangsu, PRC	100%
Solarspace Laos	Research and development, production, and sales of PV cells and PV modules	February 17, 2023	Vientiane, Lao PDR	100%

Note:

(1) As of the Latest Practicable Date, the financial results of Solarspace Chuzhou was 100% consolidated into and attributable to our Company. From the perspective of registration in market regulatory authorities, Guolang New Energy is the nominal holder of 25% of equity interests of Solarspace Chuzhou. Guolang New Energy does not participate in the management and decision-making of the businesses of Solarspace Chuzhou, and has no right to any variable returns of Solarspace Chuzhou. Guolang New Energy is only entitled to the repayment of its total investment amount plus a fixed yield. Guolang New Energy is a Pre-[**REDACTED**] Investor. See section "— Information about the Pre-[**REDACTED**] Investors" above.

MATERIAL ACQUISITIONS OR DISPOSALS

The Company had no material acquisitions or disposals of subsidiaries during the Track Record Period.

PUBLIC FLOAT

The [**REDACTED**] Domestic [**REDACTED**] Shares that will not be converted into H Shares, representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] are not exercised), will not be considered as part of the public float as such Domestic [**REDACTED**] Shares will not be converted into H Shares and will not be [**REDACTED**] following the completion of the [**REDACTED**].

Of the [**REDACTED**] H Shares to be converted from Domestic [**REDACTED**] Shares and [**REDACTED**] on the Stock Exchange following the completion of the [**REDACTED**]:

(a) [**REDACTED**] of such H Shares, representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] are not exercised), will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**] as such shares are being held by Mr. Long, Ms. Meng, Haori Electronic, Henghui Management, Longtai Management and Zhongshan New Energy, the core connected persons of our Company; and

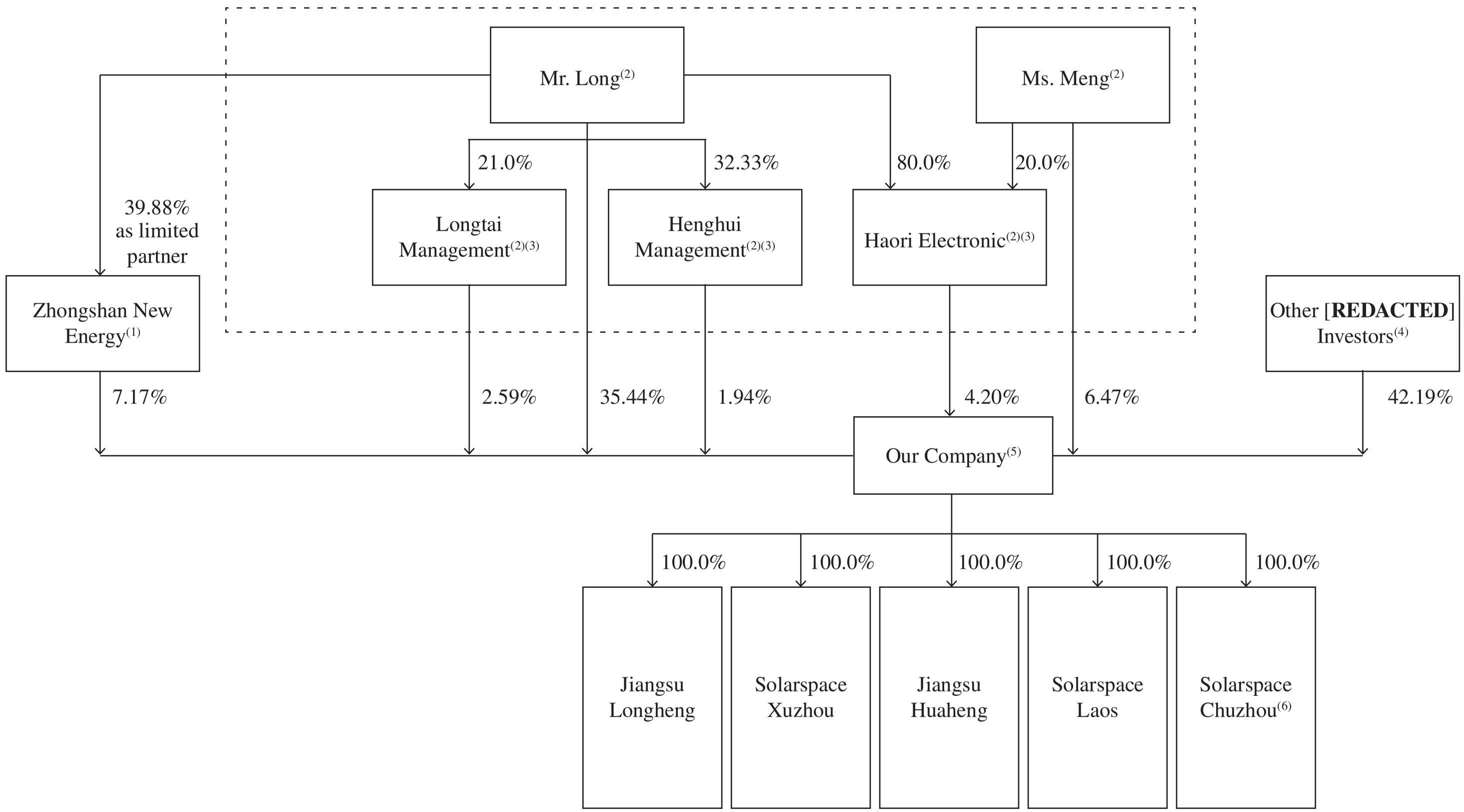
(b) [**REDACTED**] of such H Shares, representing approximately [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] are not exercised), will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**] as such remaining Shareholders are not core connected persons of our Company upon [**REDACTED**] nor accustomed to take instructions from the Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by our Company's core connected persons.

Taking into consideration of the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**], the public float of our Company will be approximately [**REDACTED**]% upon [**REDACTED**] (assuming the [**REDACTED**] are not exercised).

CORPORATE STRUCTURE

Corporate structure immediately before completion of the [REDACTED]

The following chart sets forth our shareholding structure immediately before completion of the [**REDACTED**]:



Notes:

(1) As of the Latest Practicable Date, Mr. Long holds 39.88% interests of Zhongshan New Energy as a limited partner. Therefore, Zhongshan New Energy is a close associate of Mr. Long. See "— Information about the Pre-[**REDACTED**] Investors" for details.

(2) Mr. Long, Ms. Meng, Haori Electronic, Longtai Management and Henghui Management are a group of Controlling Shareholders, see "Relationship with Our Controlling Shareholders" for further details.

(3) Longtai Management and Henghui Management are the employee shareholding incentive platforms of the Company, holding in aggregate 4.53% the total issued shares of the Company to be converted into H Shares. As of the Latest Practicable Date, Mr. Long acts as the general partner of each of Longtai Management and Henghui Management. Longtai Management has 28 limited partners and Henghui Management has 33 limited partners, all of such limited partners are current or previous employees of the Company. Dr. Feng Ping, our executive Director and deputy general manager, hold 33.33% of equity interests of Henghui Management. Save as otherwise disclosed, none of our employees hold more than one third of the interests in Longtai Management or Henghui Management as of the Latest Practicable Date.

(4) As of the Latest Practicable Date, the remaining 42.19% equity interest in our Company were held by a total of 32 Shareholders, among which [**REDACTED**] H Shares to be converted from Domestic [**REDACTED**] Shares, representing [**REDACTED**]% of our total issued Shares upon [**REDACTED**] (assuming the [**REDACTED**] are not exercised) will be counted towards public float.

(5) Save for the major subsidiaries as described in the section headed "— Our Major Subsidiaries", as of the Latest Practicable Date, our Company has other 22 subsidiaries which are mainly engaged in the (i) the research and development, production and sales of PV cells; (ii) the construction and operation of PV power stations, (iii) sales and trading of PV related products, and (iv) procurement of facilities and materials to support the principal business of the Group. Among them, 20 are wholly-owned subsidiaries, namely, Solarspace Photovoltaic (Shanghai) Co., Ltd. (中潤光能(上海)有限公司), Solarspace (US), Inc., Zhongyu Photovoltaic, Solarspace Technology (Xuzhou) Co., Ltd. (中潤光能科技(徐州)有限公司), Solarspace Technology (Suqian) Co., Ltd. (中潤光能科技(宿遷)有限公司), Jiangsu Jieyuan Photovoltaic Power Generation Co., Ltd. (江蘇潔源光伏發電有限公司), Solarspace Technology (Delaware) Co., Ltd., Jiangsu Xinqi Material Trading Co., Ltd. (江蘇鑫齊物資貿易有限公司), Solarspace International Holding Limited, Solarspace New Materials (Chuzhou) Co., Ltd. (中潤新材料(滁州)有限公司), Yujun Solar Energy (Shanghai) Co., Ltd. (峪君光能(上海)有限公司), Jiangsu Shanke Electric Power Engineering Technology Co., Ltd. (江蘇山科電力工程科技有限公司), Xuzhou Handa New Energy Co., Ltd. (徐州市瀚達新能源有限公司), Peixian Zhuolun New Energy Co., Ltd. (沛縣卓倫新能源有限公司), Chuzhou Jieyuan New Energy Co., Ltd. (滁州潔源新能源有限公司), Xuzhou Weihong Photovoltaic Power Generation Co., Ltd. (徐州威宏光伏發電有限公司), Suqian Zhuoyue Photovoltaic Power Generation Co., Ltd. (宿遷卓越光伏發電 有限公司), SolarSpace Technology (Rotterdam) B.V., Solarspace Technology (Hong Kong) Limited, and Solarspace Technology GmbH.

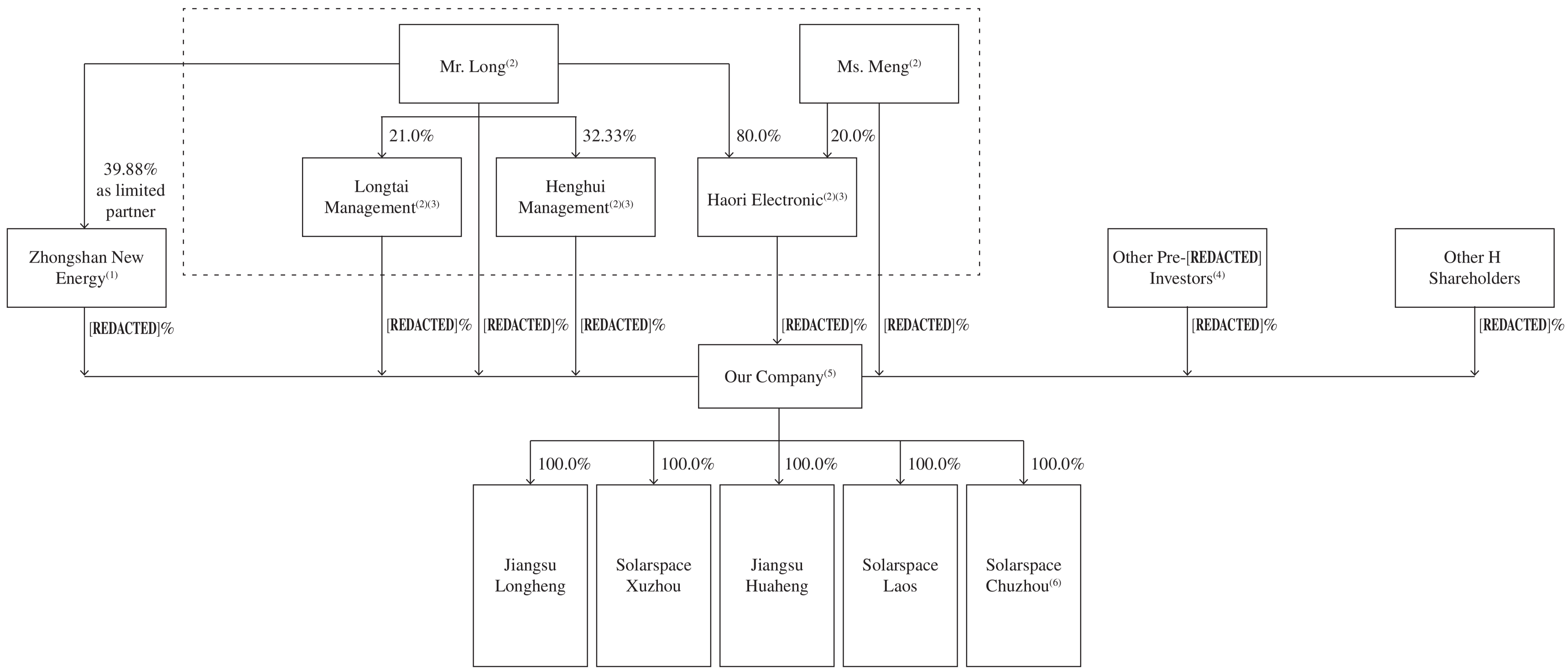
As of the Latest Practicable Date, our Company held 88.33% of equity interests of Zhonghui Photovoltaic. The remaining the remaining 11.67% equity interest of Zhonghui Photovoltaic was owned by SUMEC Phono Solar Technology Co., Ltd. (江蘇輝倫太陽能科技有限公司), which is ultimately controlled by SUMEC Corporation Limited (蘇美達股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600710.SH). Each of SUMEC Phono Solar Technology Co., Ltd. and SUMEC Corporation Limited is an Independent Third Party, other than being a substantial shareholder of Zhonghui Photovoltaic as described above.

As of the Latest Practicable Date, our Company held 80% of equity interests of Solarspace New Energy (Cambodia) Co., Ltd. ("**Solarspace Cambodia**"). The remaining 20% equity interests of Solarspace Cambodia is UBE Development Co., Ltd., which is wholly owned by Mr. Zhang Qirong (張啟榮), chairman of Zhongqi Holding (being one of our Pre-[**REDACTED**] Investors and holding 1.11% of equity interests in our Company). Each of UBE Development Co., Ltd. and Mr. Zhang Qirong is an Independent Third Party save as described above.

(6) For details of Solarspace Chuzhou, see "— Our Major Subsidiaries".

Corporate structure immediately following completion of the [REDACTED]

The following chart sets forth our shareholding structure immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Notes:

(1) (1)-(6) See the respective notes under "Corporate Structure Immediately Before Completion of the [**REDACTED**]."

OVERVIEW

We are a global leading specialized PV cell manufacturer, and we also provide PV modules, thereby broadening our business presence in the PV industry value chain. Meeting mainstream market demands, we have developed a diverse products portfolio covering N-type cells and P-type cells and PV modules. We have delivered our products to over 29 countries and regions, and had over 1,000 customers during the Track Record Period. We are at the forefront of PV cell technologies, continually driving innovations in the global energy sector.

Founded in 2011, we have been leading the market with efficient and reliable PV products, and continuously striving to solidify our competitive strengths and expand our market share. According to Frost & Sullivan, in terms of PV cell external shipment volume in 2024, we ranked first among specialized PV cell manufacturers globally, with a market share of 18.3%, and we ranked second among PV cell manufacturers globally, with a market share of 14.6%. While focusing on the PV cell sector, we have vertically expanded our business into the PV module sector. During the Track Record Period, we had been recognized as a Tier 1 global PV module manufacturer by Bloomberg NEF for multiple times. During the Track Record Period, we received multiple awards, including 2023 Global Top 500 New Energy Enterprises, Top 500 Enterprises of China's Manufacturing Industry and 2024 Jiangsu Unicorn Enterprise.

In response to the swift advancements in the PV cell industry, we cultivate comprehensive market insights and strategically focus on technological innovations and production enhancements. We have accurately identified the technological transition from P-type cells to N-type cells and the development from small-size cells to large-size cells. Additionally, through the flexible design of our production facilities, we are able to adapt to different production processes for various PV cells with different technologies and dimensions, while continuously enhancing conversion efficiency and reducing non-silicon cost. During the Track Record Period, our key technological innovations include, among others, high surface doping and shallow junction technology, backside double tunneling layer technology and backside polycrystalline silicon patterning technology. Our R&D investments have significantly contributed to the competitiveness of our products. As of the Latest Practicable Date, we had successfully secured a total of 438 patents, comprising 67 invention patents and 371 utility model patents.

Leveraging our exceptional independent innovation capabilities, reliable product quality, outstanding production standards, extensive sales network, and stable manufacture capability, we continuously enhanced our global leadership. Beyond China, our products are exported to, among other regions, the United States, Europe, Middle East, South East Asia and South Asia. We have established production bases in China and overseas. Additionally, we operate service centers in Frankfurt, Germany, California, the U.S. and Suzhou, China. Our logistics infrastructure includes overseas logistics transit centers in Rotterdam, the Netherlands, Los Angeles and Chicago, the U.S., as well as warehouses of each production base. According to Frost & Sullivan, our customers include various major PV module manufacturers covering nine out of the top ten global PV module manufacturers in terms of shipment volume in 2024. Our global footprint enables us to deliver our products with prompt and efficient services to our customers around the world, providing a solid foundation for long-term, large-scale, and stable partnerships with global industry-leading enterprises.

OUR STRENGTHS

We are a Leading Global Specialized Manufacturer of PV Cells.

With over a decade of experience in the PV industry, we proudly lead the market with our efficient and reliable products, continuously expanding our market share. According to Frost & Sullivan, in terms of PV cell external shipment volume in 2024, we ranked first among specialized PV cell manufacturers globally, with a market share of 18.3%, and we ranked second among PV cell manufacturers globally, with a market share of 14.6%. During the Track Record Period, we had been recognized as a Tier 1 global PV module manufacturer by Bloomberg NEF for multiple times. During the Track Record Period, we also received multiple awards, including 2023 Global Top 500 New Energy Enterprises, Top 500 Enterprises of China's Manufacturing Industry and 2024 Jiangsu Unicorn Enterprise.

According to Frost & Sullivan, global cumulative installed capacity of solar power is expected to grow from 1,976.8 GW in 2024 to 5,498.8 GW in 2029, with a CAGR of 22.7%. China's cumulative installed capacity of solar power is expected to grow from 886.7 GW in 2024 to 2,537.4 GW in 2029, with a CAGR of 23.4%. As a global leading PV cell manufacturer, we are committed to pursuing excellence in technology, quality, and service. We aim to collaborate with our customers to achieve win-win outcomes, lead global energy innovations, support carbon neutrality initiatives, and achieve robust growth.

Conversion efficiency and non-silicon cost are key competing indicators for PV cell manufacturers. As of December 31, 2024, maximum conversion efficiency of our mass-produced N-type cells was over 26.9% and of our mass-produced P-type cells was over 23.6%, which are at the forefront of the industry, according to Frost & Sullivan. In December 2024, the non-silicon cost of our domestically produced N-type and P-type cells were reduced to as low as RMB0.125/W and RMB0.120/W, respectively, which were below the average industry costs of RMB0.140/W and RMB0.130/W, respectively in the same period.

With our strategic overseas layout, leading technical strength and excellent cost control capabilities, we have made significant breakthroughs in the fierce competition in the PV industry. In the fourth quarter in 2024, our net profit without the effect of impairment on property, plant and equipment and related tax effects had turned to profit, gradually improving our profitability.

Our High-Quality and Stable Customer Base Lays a Solid Foundation for our Development.

We continuously engage in product and technology research and innovation, striving for exceptional product quality and reliability. As a result, we have garnered high recognition and maintained lasting partnerships with global renowned PV module manufacturers over the years. According to Frost & Sullivan, our customers include various major PV module manufacturers covering nine out of the top ten global PV module manufacturers in terms of shipment volume in 2024. We have built a strong industry reputation based on the outstanding quality of our products and our sales service, while actively expanding our customer base, thereby laying a solid foundation for sustainable growth.

Our ability to provide rapid, comprehensive and customized service responses effectively promotes our brand image as a high-standard PV cell and PV module manufacturer. We drive the conversion of R&D accomplishments into product iterations and upgrades aligned with customer needs, ensuring timely engagement with downstream customers and rapid respond to market trends. We conduct in-depth research on our customers to thoroughly understand their order specifications and characteristics, enabling us to accurately understand their needs. We assess any discrepancies and meticulously screen potential risks, communicating with our customers regarding our review findings before proceeding with subsequent productions. Moreover, we enhance customer experience by establishing product introduction processes that include the transmission of customer demand information, confirmation of sample delivery timelines, and monitoring of customer integration progress. We adhere to a "customer-centric" service philosophy and establish a dedicated professional sales team that is responsible for the entire lifecycle of customer service process. Our sales team is designed to be our "customer relationship manager," "product and technology liaison," and "delivery and service representative" at the same time, providing comprehensive support throughout all stages of the sales process.

We Seize Industry Development Opportunities and Proactively Engage in Technological Innovation, Maintaining our Technologies at the Forefront of the Industry.

We have been deeply immersed in the PV industry and conducting forward-looking research on PV products since our establishment, enabling us to accurately identify technological development trends and integrate cost-effective technologies into our mass production in a timely manner. The PV industry has undergone continual technological evolutions. Up until 2016, polycrystalline cells held the majority share of the market since 2018, P-type monocrystalline cells began to gradually dominate the market, and since 2024, N-type cells has gradually emerged as mainstream choice due to their higher conversion efficiency. After years of R&D investments, our key technologies encompass various PV cell technologies, such as high surface doping and shallow junction technology, backside double tunneling layer technology and backside polycrystalline silicon patterning technology. While ensuring a reasonable production capacity for P-type cells, we have expanded our production capacity for N-type cells to stay connected with latest technological advancements in the industry.

During the Track Record Period, we have continually engaged in R&D of N-type cells, steadily advancing the mass production of N-type cells. Following the operation of the Chuzhou PV Cell Production Base, our production capacity for N-type cells has rapidly expanded. As of December 31, 2024, our effective production capacity for N-type cells was around 40 GW, and our production capacity for N-type cells under production line transformation was around 12 GW. After the completion of the aforementioned production line transformation, our total production capacity for N-type cells is expected to be around 50 GW. In 2023 and 2024, the sales volume of our N-type cells was 5.5 GW and 18.7 GW, respectively, with a year-on-year increase of 237.7%.

As the core component of PV systems, PV cells play a critical role in reducing LCOE and enhancing efficiency in PV power station. PV cell manufacturers strive for higher conversion efficiencies and lower production costs, facilitating them to strengthen their competitive advantage and improve their risk resilience. Our core technological innovation allows us to elevate conversion efficiency or/and reduce non-silicon cost in multiple processes, achieving effective cost control and contributing to reducing the power generation costs of PV power station.

Our unwavering spirit of innovation and solid R&D capabilities enable us to enhance our competitiveness in the PV industry. We place great importance on R&D activities and have established a comprehensive R&D system, continually expanding our R&D team. As of December 31, 2024, we had an industry-leading R&D team comprising over 350 employees that accounted for approximately 7.7% of our workforce. As of the Latest Practicable Date, we maintained 438 patents, 34 trademarks, six artistic work copyrights and four software copyrights.

Our Strategic International Expansion has Increasingly Contributed to our Revenue, Being Our New Profit Growth Opportunity.

In recent years, major global economies raised higher expectations for carbon neutrality and energy security, leading to increasing demand for PV systems' installations globally. To better serve global customers, we have seized opportunities presented by the rapid growth of the PV market worldwide, advancing our international expansion plan by both building overseas production bases and strengthening our overseas sales network. We have built advanced overseas production bases with over 15 GW of monocrystalline cell production capacity and over three GW of PV module production capacity. Our overseas operations have become our new profit growth opportunity. Through our international expansion, we have established closer cooperative relationships with global customers, enhancing our brand influence and increasing the competitiveness of our products in the international market, thereby further expanding our profit potential.

During the Track Record Period, our revenue contributed by our overseas business continued to grow. Our overseas sales revenues in 2022, 2023 and 2024 were RMB1,441.4 million, RMB2,796.1 million and RMB3,723.2 million, respectively, accounting for 11.5%, 13.4% and 32.9% of total revenue in the respective years. From 2022 to 2024, the CAGR of our overseas revenue reached 60.7%. We have actively expanded our presence in regions such as the United States, Europe, Middle East, South East Asia and South Asia, capitalizing on the opportunities presented by the flourishing global PV market. Such expansion has continuously enhanced our brand influence and led to rapid growth in overseas revenue.

We Maintain a Meticulous Quality Management System to Ensure Reliable Product Quality and Offer Our Customers with Diverse and Cost-Effective Products.

Our advanced engineering design capabilities enable us to ensure the advancement and flexibility of our production facilities while reducing investment costs as well as operational and production costs. We possess outstanding independent engineering design capabilities, ensuring flexibility for effective integrations of future technological transitions and developments with our production facilities at low costs. When we design our production facilities, we conduct meticulous forecast calculations on energy consumption, so as to effectively reduce non-silicon cost while meeting production requirements. In addition, we have continually upgraded our production facilities, adapting to advanced product technologies and improving cost efficiencies. Furthermore, benefiting from the application of ultra-fine metallization printing technology and selective emitter technology, along with enhancements in production intelligence and automation, our production standards surpass the industry average. We also reduce energy consumption by promoting energy awareness conservations, optimizing energy management practices, adjusting energy consumption structures, investing in advanced green and low-carbon equipment, and improving production processes. For example, during the Track Record Period, our Tongshan PV Cell Production Base has realized a minimum electricity consumption intensity of 38,420kWh/MW at the N-type cell production facilities, and our Suqian PV Cell Production Base achieved a minimum electricity consumption intensity of 31,124kWh/MW at the P-type cell production facilities.

We adhere to a quality-first production philosophy, ensuring comprehensive quality tracing throughout the entire product lifecycle. This approach allows us to provide our customers with efficient and reliable PV products. We have been awarded the title of "National Leading Brand in Quality within the PV Industry (全國光伏行業質量領先品牌)" by the China Quality Inspection Association (中國質量檢驗協會). We enhance our innovative capabilities by emphasizing intellectual property protection and continuously optimizing our product quality control and management system. We have established a comprehensive quality control and management system that covers the entire product lifecycle, implementing strict controls at various stages, including product R&D, raw material management, production quality control, delivery and after-sales service. We have implemented a digital traceability system that closely tracks and monitors the sources, flow, status, and quantities of raw materials in real time achieving traceable and verifiable production, safeguarding product quality, and ensuring compliance with our manufacturing standards throughout each production process. We implement stringent and meticulous quality controls at every stage of product production, ensuring product quality while simultaneously minimizing waste. As of the Latest Practicable Date, all of our production facilities under operation have passed the ISO 9001 quality management system certification.

Our diverse product portfolio can effectively meet various needs of our customers. Downstream PV module manufacturers usually select their suppliers based on factors such as procurement costs, efficiency and reliability. Given the varying levels of economic development across different countries and regions, there is also a disparity in demand for PV products leading to diverse procurement needs for both N-type cells and P-type cells in different dimensions. We possess ample production capability that encompasses the mainstream technologies, mainstream sizes and types of PV cells and PV modules in the market. Our diverse product portfolio includes both N-type cells and P-type cells, with different sizes covering 182*182mm, 182*183.75mm, 182*210mm, and 210*210mm allowing us to meet customer demands for different dimensions and technology pathways. In addition, since the launch of our PV module business, it has increasingly contributed to our overall business growth. In 2022, 2023 and 2024, the revenue generated from our PV module business represented 7.5%, 9.0% and 18.7% of the total revenue in the same years.

We have a Visionary Management Team, Experienced Employees and are Committed to High ESG Standards.

We have an experienced management team with outstanding achievements in the PV industry. Our senior management team has over 15 years of experience on average in various sectors of the PV industry. Under the leadership of our chairman and other senior management, we are adept at identifying market trends in the PV industry. For example, our senior management team accurately foresaw the technological transition from P-type cells to N-type cells and the development from small-size cells to large-size cells. We actively promote product innovation and production line transformation, strategically establish overseas production bases and expand into overseas markets, ensuring that we consistently maintain a competitive edge in the PV industry. Our senior management team is composed of members with diverse expertise and skills, working collaboratively to drive our continuous success.

Our R&D team engages in forward-looking technology development, continuously improving production efficiency and achieving cost control through innovations. This not only enhances our production capabilities but also drives technological advancements. Our production team has rich experience in the PV industry, diligently pursuing excellence. Our sales team actively engages with customers, maintaining effective communication with both domestic and international clients. They promptly respond to customer needs and collect the latest market intelligence, collaborating closely with R&D and production team to deliver the optimal services and products to our customers.

We place great importance on employee professional development and talent cultivation. We continually improve our talent development and promotion mechanism to inspire employee engagement, fostering a sense of respect among our workforces. We have consistently upheld a people-centered approach, prioritizing talent strategy as a key focus of our corporate development. We maintain comprehensive and professional training programs, developed based on the strategic development goals of our Group. These programs include multiple training sessions tailored for production staff, R&D personnel, and administrative management, thereby laying a solid foundation for our sustainable growth. Additionally, we have implemented an equity incentive plan for our employees, enhancing employees' sense of ownership.

We uphold a strong sense of social responsibility, placing significant emphasis on our ESG commitments, and continuously enhance our corporate ESG governance framework. We have incorporated the principles of sustainable development into our corporate culture. We are committed to building a sustainable low-carbon world (構建可持續發展的低碳世界), clearly defining our corporate responsibilities and our goal to achieve high-quality development. In 2023, we received the "PV Industry Carbon Neutrality Contribution Award (光伏行業碳中和領域貢獻獎)" by China Photovoltaic Industry Association (中國光伏行業協會). In 2024, our Suqian PV Cell and Module Production Base and Peixian PV Module Production Base were recognized as "Green Factory."

OUR STRATEGIES

Strategically Expand Overseas Production Capacity, Actively Respond Diverse Market Demands, and Enhance our Global Strategic Presence.

According to Frost & Sullivan, driven by the technological innovation and government policy support, the global cumulative installed capacity of solar power has increased from 713.9 GW to 1,976.8 GW, with a CAGR of 29.0% from 2020 to 2024, which is expected to reach 5,498.8 GW by 2029, with a CAGR of 22.7%.

Given the substantial market demand for PV products and the periodic mismatch in the domestic supply and demand structure, we plan to gradually expand overseas production capacity taking into consideration of the current international trade environment and our existing production layout. Targeting competitive and profitable differentiated overseas market demands, we intend to establish PV cell production bases overseas to gain direct access to overseas customers and expand our overseas sales coverage, therefore actively addressing trade barriers in the PV industry. Specifically, we plan to build a high-efficiency PV cell production base in North Carolina, the U.S.. The construction of the first phase of this PV cell production base is expected to be completed in 2026. See "Future Plans and Use of [**REDACTED**]" for details.

We will continue to monitor international trade policy trends and, based on overseas market demands and production conditions, promptly refine and adjust our production base construction plans and process routes. By leveraging our extensive engineering construction experience and accumulated core PV technologies, we aim to shorten construction cycles while increasing the flexibility, automation, and intelligence of our production lines.

Continuously Improving our Global Marketing Network, Accurately Responding to Customer Needs with Localized and Professional Service.

As a leading PV product manufacturer in the industry, we continuously provide high-value PV products to global customers. We have established marketing centers in regions including Delaware, the U.S., and Frankfurt, Germany. Faced with the continual growth in the global demand of PV terminals, we are aware that it is crucial to enhance the localized participation in the global PV market and to improve the global marketing network. Therefore, we plan to continuously and dynamically optimize our overseas marketing team, and drive the continuous expansion of our overseas business with localized and specialized service.

Specifically, based on our business advantages accumulated over the years, we plan to build a trustworthy and mutually beneficial partner ecosystem globally through in-depth insights of targeted business expansion areas. By providing high-quality and efficient products and timely and accurate services, we aim to expand our customer base and continue to consolidate our leading position in major PV markets globally. We also intend to enhance the introduction and training of relevant professional talents, and form marketing teams with industry insights and commercial sensitivities in various targeted business expansion areas. We plan to accurately conduct marketing activities and respond to customer needs with localized and professional service, continuously enhance customer stickiness and our corporate reputation, and create a brand image with global influence.

Continuously Strengthen R&D Capacity for Technological Innovation, Drive Technological Upgrades and Product Improvements, Reduce Costs and Increase Conversion Efficiency.

We focus on investing in the R&D of industry-leading product technologies, striving to enhance the conversion efficiency of PV cells. As of December 31, 2024, maximum conversion efficiency of our mass-produced N-type cells was over 26.9% and of our mass-produced P-type cells was over 23.6%, which were both at the forefront of the industry, according to Frost & Sullivan. Meanwhile, in response to potential market changes of PV cell technological routes, we actively carry out R&D activities of PV cell technologies such as HJT and xBC, and establish our technology reserves strategically. We will strategically select locations for the construction and launch of new technology products based on production costs, conversion efficiencies, and market demand to effectively meet market needs.

We have also been placing great emphasis on the R&D and optimization of production processes, aiming to enhance operational efficiency and reduce non-silicon cost at all stages through refined processes and innovative workflows. By selecting appropriate technological routes for establishing production bases and retaining flexibility in production line design, we aim to enhance our profitability and maintain our business sustainability during market downturn.

We always attach equal significance on both product R&D and manufacturing R&D as well as commercialization of our R&D achievements. We plan to allocate additional funds to further enhance our R&D capabilities. See "Future Plans and Use of [**REDACTED**]" for details. Furthermore, we will also enhance collaborations with renowned domestic university to continuously pursue breakthroughs in the conversion efficiency of our products.

Refining Talent Cultivation Mechanisms and Fostering an Open, Positive and Results-Driven Work Environment to Achieve Sustainable Human Resource Development.

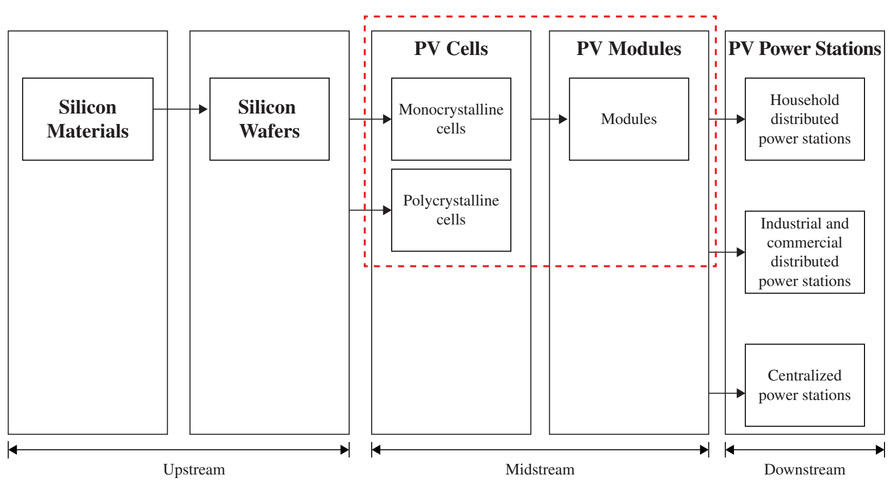
We have established a comprehensive talent cultivation mechanism encompassing "selection, utilization, development and retention." We will further focus on the career development and skill advancement of our talents by fostering an open, positive, and results-driven work environment. Through fair and competitive incentive mechanisms and promotion channels, as well as routine perks, equity incentives, and extensive professional training, we aim to build a corporate culture that promotes mutual growth and achievement between us and our employees, maintain our competitiveness. We believe that the personal development of our employees is a key driver of our advancement, hence we have formed a comprehensive talent cultivation plan. It encompasses the entire career lifecycle of our employees, offering training for employees at various levels to enhance their professional competencies.

To fuel our global expansion strategy and the continuous iteration of product technologies and production processes, we are committed to attracting outstanding external talents to join us. By offering competitive talent cultivation mechanisms and opportunities for personal growth, we aim to further invigorate our team and achieve the sustainable development of our people.

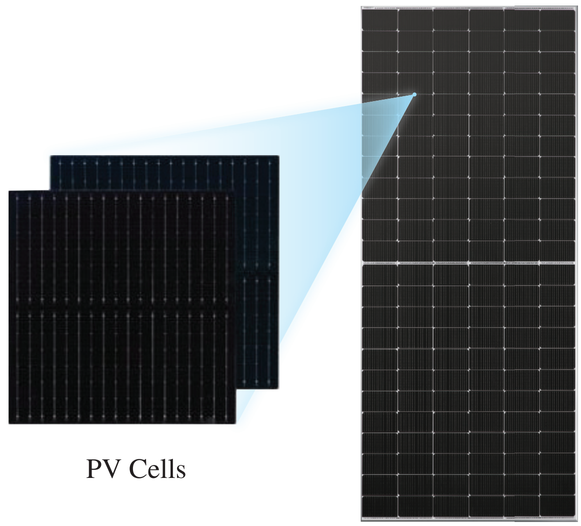
OUR BUSINESS

We are a global leading specialized PV cell manufacturer, and we also provide PV modules, thereby broadening our business presence in the PV industry value chain. With our global production capabilities, we endeavor to provide PV cells and PV modules to the PV industry, featuring industry-leading conversion efficiency, outstanding reliability and competitive prices. Our diverse PV cell product portfolio covers mainstream PV cells with latest technologies in various dimensions, which contributed over 80% of our total revenue during the Track Record Period. Leveraging our technological innovation and production advantage in PV cells, we vertically expanded our coverage along the PV industry value chain layout and entered the PV module sector. Leveraging our innovation capabilities, production capacity, product quality, operational efficiency and extensive sales and service network, we have been engaged by mainstream PV product manufacturers in global markets.

The PV industry value chain encompasses upstream suppliers providing silicon materials and silicon wafers, midstream manufacturers focusing on the development and production of PV cells and PV modules, and downstream players focusing on the construction and operation of solar power stations. We operate primarily in the midstream of the PV industry, focusing on the production of PV cells and PV modules, which are the core components of PV power stations. The following diagram illustrates the industry value chain of the PV industry and our core business coverages thereof circled in red dotted lines.



The pictures of our representative products of PV cells and PV module are set forth below.



PV Cells

PV Modules

The table below sets forth the breakdown of our total revenue by product type for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
PV Cells						
– Monocrystalline Cells	10,795.5	86.3	18,385.1	88.2	9,162.4	80.9
Of which:						
– P-type Cells	10,795.5	86.3	15,338.2	73.6	3,713.5	32.8
– N-type Cells	–	–	3,046.9	14.6	5,448.9	48.1
– Polycrystalline Cells	782.8	6.2	581.8	2.8	16.1	0.2
Subtotal	11,578.3	92.5	18,966.9	91.0	9,178.5	81.1
PV Modules	938.2	7.5	1,871.0	9.0	2,122.1	18.7
Others[1]	–	–	–	–	19.3	0.2
Total	**12,516.5**	**100.0**	**20,837.9**	**100.0**	**11,319.9**	**100.0**

Note:

(1) Others mainly represent our provision of EPC services for PV power facilities.

PV Cells

PV cells are the core components of PV modules. With over a decade of dedicated efforts in the PV cell sector, we have secured a leading market position, consistently expanding our market share through products with high conversion efficiency and outstanding reliability. During the Track Record Period, we manufactured and sold a diverse selection of PV cells. In addition, leveraging our advanced production capabilities, we also provided PV cell manufacturing services in insignificant volume during the Track Record Period, and according to Frost & Sullivan, such manufacturing services are in line with industry norms. In 2022, 2023 and 2024, the sales volume of our PV cells was 13.2 GW, 34.9 GW and 34.5 GW, respectively. In 2022, 2023 and 2024, our revenue generated from PV cell business was RMB11,578.3 million, RMB18,966.9 million and RMB9,178.5 million, respectively, accounting for 92.5%, 91.0% and 81.1% of our total revenue in the same years.

In response to the rapid technological innovation in the PV industry, we maintain acute market insights and proactively invest in technological innovations and conduct production line transformations. We have strategically and successfully identified the development from small-size cells to large-size cells and the technological transition from P-type cells to N-type cells. As early as in 2020, we established our first batch of large-size cell production lines, and successively launched new series of large-size cells. By effectively increasing the power output per PV module and lowering installation costs, large-size cells have improved cost-effectiveness for downstream stakeholders in the PV industry. In addition, we have also been continually and swiftly adjusting our R&D focuses in response to evolving market trends and keeping pace with latest industry technological trends, especially for the technological transition from P-type cells to N-type cells. With improving conversion efficiency, N-type cells have expanded their market share taking over P-type cells.

During the Track Record Period, our key technological innovations include high surface doping and shallow junction technology, backside double tunneling layer technology and backside polycrystalline silicon patterning technology which have significantly boosted the performance and competitiveness of our products. See "— Key Technological Innovations." Our innovative bifacial and shingled cell designs offer superior performance in various environmental conditions. As of December 31, 2024, maximum conversion efficiency of our mass-produced N-type cells was over 26.9% and of our mass-produced P-type cells was over 23.6%, which are at the forefront of the industry, according to Frost & Sullivan.

With our flexible, automotive and intelligent production facilities, we are able to swiftly respond to evolving market trends. We have a diverse PV cell product portfolio, covering the mainstream PV cells with different technologies and in different specifications, catering to a wide range of PV module applications, such as household distributed power stations, industrial and commercial distributed power stations and centralized power stations. Our PV cell product portfolio mainly includes both N-type cells and P-type cells, in a variety of cell sizes such as 182*182mm, 182*183.75mm, 182*210mm and 210*210mm. Additionally, we can provide customized products to meet customers' specific requirements.

Our PV cells with high conversion efficiency and outstanding reliability have successfully passed the strict and comprehensive supplier selection standards and verification processes of leading PV module manufacturers, such as production system certification, product evaluation and certification, performance testing and verification, production facilities assessment, product adaptability and reliability review, laid a solid foundation for long-term, large-scale, and stable cooperation with these leading PV module manufacturers. According to Frost & Sullivan, our customers include various major PV module manufacturers covering nine out of the top ten global PV module manufacturers in terms of shipment volume in 2024. In 2022, 2023, and 2024, we had 83, 126 and 164 overseas customers from different countries and regions respectively, covering leading PV module manufacturers in the Americas, Europe, and Asia.

The table below sets forth the details of our key PV cell products as of December 31, 2024.

Product Name	Key Specifications	Conversion Efficiency
G12R TOPCon Cell	No. of Busbars on the front and back: 16 Thickness: 130μm ± 13μm Dimension: 182mm*210mm	Over 26.8%
G12 TOPCon Cell	No. of Busbars on the front and back: 18 Thickness: 130μm ± 13μm Dimension: 210mm*210mm	Over 26.9%
M10 TOPCon Cell	No. of Busbars on the front and back: 16 Thickness: 130μm ± 13μm Dimension: 182mm*183.75mm	Over 26.4%
G12 PERC Cell	No. of Busbars on the front and back: 12 Thickness: 155μm ± 15.5μm Dimension: 210mm*210mm	Over 23.6%
M10 PERC Cell	No. of Busbars on the front and back: 10 Thickness: 160μm ± 16μm Dimension: 182mm*182mm	Over 23.4%

Note: The PV cells listed above are all bifacial cells.

The table below sets forth the breakdown of the sales volume and average selling price of our PV cells for the years indicated.

	Year ended December 31,								
	2022			2023			2024		
	Sales Volume		Average Selling Price(1)	Sales Volume		Average Selling Price(1)	Sales Volume		Average Selling Price(1)
	GW	*%*	*RMB/W*	*GW*	*%*	*RMB/W*	*GW*	*%*	*RMB/W*
Monocrystalline Cells	12.0	90.7	1.0220	33.8	96.9	0.6419	34.4	99.9	0.3206
Of which:									
– P-type Cells	12.0	90.7	1.0220	28.3	81.0	0.6457	15.7	45.5	0.2890
– N-type Cells	–	–	–	5.5	15.9	0.6228	18.7	54.4	0.3472
Polycrystalline Cells	1.2	9.3	0.7244	1.1	3.2	0.5474	0.1	0.2	0.2815
Total/Overall	**13.2**	**100.0**	**0.9945**	**34.9**	**100.0**	**0.6391**	**34.5**	**100.0**	**0.3205**

Note:

(1) The average selling price is calculated by dividing the amounts before deduction under PV cell business (before the deduction of the purchase amount for silicon wafers under the Customer Supply Arrangements) by the sales volume in the same year, for details, see "— Customer Supply Arrangements."

During the Track Record Period, due to the gradual exit of polycrystalline cells and increasing popularity of monocrystalline cells in the PV industry, the sales volume of our polycrystalline cells decreased and the sales volume of our monocrystalline cells increased. In addition, the sales volume of our P-type cells decreased and the sales volume of our N-type cells significantly increased in 2024, mainly due to the technological transition from P-type cells to N-type cells and we gradually ramped up our production of N-type cells since the beginning of 2023. The decrease in the average selling prices of our PV cells during the Track Record Period was primarily attributable to overall excessive supply in the PV industry, leading to the fierce competition in the PV cell sector and the decrease in the price of silicon wafers in the same period, as well as lowered non-silicon cost contributed by advancements in production processes. The average selling price of silicon wafers in the market used in P-type cells decreased from RMB5.8/PCS in 2022, to RMB3.5/PCS in 2023 and further to RMB1.3/PCS in 2024, and the average selling price of silicon wafers in the market used in N-type cells decreased from RMB3.2/PCS in 2023 to RMB1.2/PCS in 2024.

PV Modules

Our PV modules are suitable for household distributed power stations, industrial and commercial distributed power stations and centralized power stations. With our self-manufactured PV cells, we offer PV modules utilizing mainstream PV cell technologies. During the Track Record Period, we were also engaged by few customers to provide PV module manufacturing services. According to Frost & Sullivan, such services are in line with industry norms. Incorporating advanced manufacturing techniques such as non-destructive cutting and high-density encapsulating, we offer a wide range of PV modules with high conversion efficiency, outstanding reliability and competitive price.

In 2022, 2023 and 2024, the sales volume of our PV modules was 0.9 GW, 1.4 GW and 2.9 GW, respectively and, our revenue generated from PV module business was RMB938.2 million, RMB1,871.0 million and RMB2,122.1 million, respectively, accounting for 7.5%, 9.0% and 18.7% of the total revenue in the same years. In 2022, 2023 and 2024, the average selling price of our PV modules was RMB1.0495/W, RMB1.3021/W and RMB0.7318/W, respectively. In particular, in 2022, 2023 and 2024, the average selling price of the PV modules other than the PV modules offered under PV module manufacturing services was RMB1.5565/W, RMB1.3808/W and RMB0.9371/W, respectively.

The table below sets forth the details of our key PV module products as of December 31, 2024.

Product Name	Key Specifications	Conversion Efficiency
High-efficiency N-type 210 TOPCon Bifacial Dual Glass Module (132 PCS)	Power: 710W Dimension: 2,384*1,303mm	22.8%
High-efficiency N-type 210R TOPCon Bifacial Dual Glass Module (132 PCS)	Power: 620W Dimension: 2,382*1,134mm	23.0%
High-efficiency N-type 210R TOPCon Bifacial Dual Glass Module (96 PCS)	Power: 455W Dimension: 1,762*1,134mm	22.8%

OUR PRODUCTION

We have production bases in China and overseas. As of December 31, 2024, our effective production capacity for N-type cells was around 40 GW, and our production capacity for N-type cells under production line transformation was around 12 GW. After the completion of the aforementioned production line transformation, our total production capacity for N-type cells is expected to be around 50 GW. As of December 31, 2024, our effective production capacity for PV modules was around eight GW.

Production Capabilities

We have undertaken digitalized transformation initiatives to build and upgrade our production facilities, and are committed to enhancing our production efficiency with intelligent tools. We have set up key process control points and established SPC tests for critical processes, such as weight reduction, reflectivity, sheet resistance, refractivity, film thickness and wet weight of paste.

With rich production experiences and deep market insights, we have continually enhanced our industry-leading production capabilities by adopting the latest production techniques. With improved production workflow, we have successfully improved our production efficiency, reduced the unit consumption of raw materials and energy, thereby lowering our product costs and enhancing the market competitiveness of our products. Specifically, we are able to effectively reduce non-silicon cost by optimizing the design of our production facilities. In December 2024, the non-silicon cost of our domestically produced N-type and P-type cells were reduced to as low as RMB0.125/W and RMB0.120/W, which were below the average industry costs of RMB0.140/W and RMB0.130/W in the same periods. Additionally, we actively promote energy saving and introduce green electricity for production, implementing the concept of sustainable development. During the Track Record Period, our Tongshan PV Cell Production Base has realized a minimum electricity consumption intensity of 38,420kWh/MW at the N-type cell production facilities, and our Suqian PV Cell Production Base achieved a minimum electricity consumption intensity of 31,124kWh/MW at the P-type cell production facilities. The table below sets forth our effective production capacity, production volume and production utilization rate by product type for the years indicated.

	Years ended December 31,								
	2022			2023			2024		
	Effective Production Capacity[1]	Production Volume[2]	Production Utilization Rate[3]	Effective Production Capacity[1]	Production Volume[2]	Production Utilization Rate[3]	Effective Production Capacity[1]	Production Volume[2]	Production Utilization Rate[3]
	GW	*GW*	*%*	*GW*	*GW*	*%*	*GW*	*GW*	*%*
Monocrystalline Cells	**13.2**	**13.0**	**98.5**	**40.2**	**37.8**	**94.0**	**41.1**	**36.7**	**89.3**
Of which:									
– P-type Cells	13.2	13.0	98.5	33.8	31.7	93.8	18.5	15.6	84.3
– N-type Cells	–	–	–	6.4	6.1	95.3	22.6	21.1	93.4
Polycrystalline Cells	**1.3**	**1.3**	**100.0**	**1.4**	**1.3**	**92.9**	**–**	**–**	**–**
PV Modules	**4.2**	**0.99**	**23.6**	**5**	**1.58**	**31.6**	**6.0**	**2.74**	**45.7**

Notes:

(1) Effective production capacity is determined based on optimal production capacity of each production facility, deducting necessary time for the maintenance, upgrade, transformation or adjustment of the production lines and worker handover.

(2) Production volume refers to actual output for the relevant year.

(3) The production utilization rate is calculated by dividing production volume by the effective production capacity for the same year.

Production Bases

During the Track Record Period, we have established production bases in China and overseas. Our production bases generally house one or more facilities for the production of PV cells and/or PV modules. The table below sets forth the details of our key production bases as of December 31, 2024.

Name	Location	Year of Commencement of Operation	Key Products
Suqian PV Cell and Module Production Base.	Suqian, Jiangsu, the PRC	2020	P-type cells and PV modules
Peixian PV Module Production Base.	Xuzhou, Jiangsu, the PRC	2021	PV modules
Tongshan PV Cell Production Base.	Xuzhou, Jiangsu, the PRC	2022	N-type cells
Chuzhou PV Cell Production Base.	Chuzhou, Anhui, the PRC	2023	N-type cells
Laos PV Cell and Module Production Base.	Vientiane, Laos	2023	N-type cells, P-type cells, and PV modules

Production Process

PV cells

The table below lays out key production processes of our N-type TOPCon cells and P-type PERC cells.

No.	Process Name	Products	Process Description
1 . .	Silicon Wafer Preparation and Texturing	N-type TOPCon cells and P-type PERC cells	Silicon wafers are sent to the cell production workshops by the issuance machine. Texturing is used to etch the surface of the silicon wafer to form a pyramid structure, reducing the reflection of sunlight. A good texture structure is crucial for improving conversion efficiency.

No.	Process Name	Products	Process Description
2 . .	Diffusion and Cleaning	N-type TOPCon cells and P-type PERC cells	N-type TOPCon cells require boron diffusion. P-type PERC cells require phosphorus diffusion and selective emitters formation through laser and annealing treatment. The purpose of diffusion is to form a high-quality PN junction, which is key to converting light energy into electricity in the PV cells. After diffusion, a back-side polishing and cleaning is engaged.
3 . .	Rear Junction Structure and Cleaning	N-type TOPCon cells	A very thin silicon dioxide film is grown on the back of the silicon wafer, then a polycrystalline silicon film is deposited to form a phosphorus-doped rear junction structure. The polycrystalline silicon film on the front and edges of the silicon wafer is then etched away, and afterwards the silicon wafer is cleaned.
4 . .	Passivation and Coating	N-type TOPCon cells and P-type PERC cells	N-type TOPCon cells are passivated with aluminum oxide films; the front of P-type PERC cells is passivated with silicon dioxide, and the back is passivated with aluminum oxide. Then, anti-reflective silicon nitride films are deposited on the front and back of the cells to protect the passivation layer and reduce light reflection.
5 . .	Metallization and Sorting	N-type TOPCon cells and P-type PERC cells	Pastes are printed on the front and back of the cells, and metallization structures are formed through sintering to create ohmic contacts, allowing photogenerated carriers in the cells to be extracted to the external circuit. Then the PV cells are sorted by their electrical and appearance performance.

PV modules

The table below lays out key production processes of our PV modules.

No.	Process Name	Process Description
1 . .	Connection and Layout of Cells	We use solder wire to connect the PV cells in series to form cell strings, and then arrange the cells strings according to the circuit diagram.
2 . .	Soldering of Cell Strings	We use solder ribbon to connect the arranged cell strings, and then lay encapsulation film and back glass on top.
3 . .	Lamination	We place pre-lamination PV modules into the laminator and use heating to bond the cells, encapsulation film, and glass.
4 . .	Installation of the Frame and Junction Box	We install an aluminum frame on the processed PV modules, and solder a junction box on the back of the module.
5 . .	Testing, Sorting, Packaging and Storage	We classify the PV modules by their electrical performance and appearance, and then package them for storage.

Production Equipment and Management System

We procure our equipment from renowned suppliers. Our latest production equipment is strategically designed for N-type cells and large-size cells, utilizing advanced automation and digitization to enhance production efficiency and flexibility. In addition, the equipment parameters can be adjusted according to customers' specific requirements. Our production facilities are equipped with cutting-edge machinery, such as PECVD and ALD systems for coating, and advanced printing and sintering machines for metallization, essential for producing high-efficiency PV cells. To maximize the equipment's potential, we have also developed advanced technologies including micro-texturing, selective emitter and passivation that boosts photoelectric conversion efficiencies of our PV cells products while reducing non-silicon cost. We have achieved automated and digitally managed production lines, with real-time monitoring and management, requiring manual intervention for abnormal situations only.

Our key production equipment is listed as below:

- ***Diffusion machine (擴散機台) (N-type TOPCon and P-type PERC cells)***: The purpose of diffusion is to form a high-quality PN junction, which are key to converting light energy into electricity in the cells.

- ***Polycrystalline silicon coating machine (多晶硅鍍膜機台) (N-type TOPCon cells)***: It is used to deposit an interfacial silicon oxide passivation layer and polycrystalline silicon film. High-quality rear passivation is crucial for improving conversion efficiency.

- ***ALD coating equipment (原子層沉積鍍膜機台) (N-type TOPCon and P-type PERC cells)***: It uses ALD technology to deposit a thin aluminum oxide film, which is used to passivate the surface of solar cells.

- ***Silicon nitride coating equipment (氮化硅鍍膜機台) (N-type TOPCon and P-type PERC cells)***: Anti-reflective silicon nitride films are deposited on the front and back of the cells to protect the passivation layer and reduce light reflection.

- ***Screen printing machine (絲網印刷機台) (N-type TOPCon and P-type PERC cells)***: It is used to print metal pastes, which can form metallized ohmic contacts of the cells after sintering.

QUALITY CONTROL

We place paramount importance on our product quality control. We have been awarded the "National Leading Brand in Quality within the PV Industry" by the China Quality Inspection Association. We have over 700 employees in the quality assurance department, covering quality control and management work regarding raw materials, production, finished products delivery and customer service. We organize quality management, product certification, system management, inspection and testing, and other quality control training activities from time to time.

We have developed a comprehensive quality control and management system that delicately manages raw materials, production quality, product delivery, and after-sales service. This ensures thorough quality assurance throughout our production and sales processes. We have implemented a digital traceability system to monitor and track the source, flow, status, and quantity of materials in real-time. This ensures that every step, from supplier to final product, can be traced and verified. This system not only enhances production efficiency but also guarantees strict compliance with production standards. Our quality control and management system allows us to maintain consistent oversight of raw materials, production, quality, and testing standards, ensuring that all products meet high standards across all our production bases. As of the Latest Practicable Date, all of our production bases have passed the ISO9001 quality management system certification.

- *Raw Material Management.* We prioritize selecting leading suppliers in the industry, conducting thorough investigations such as raw material inspections, trial production and reliability monitoring, which ensure stable and timely supply of high-quality raw materials to meet production and product requirements. We have adopted a production-based procurement approach, collaborating with manufacturing contractors to secure high-quality silicon wafers and other essential raw materials. This approach is complemented by sampling inspections and regular supplier audits to uphold material quality. We have implemented advanced production management systems to streamline production that optimize resource allocation while minimizing operational disruption and maximizing production output. For example, we have SQE responsible for the management of raw material suppliers, and IQC to conduct independent inspection of incoming materials to ensure the quality and reliability of raw materials.

- *Production Quality.* We employ SPC and key performance testing of semi-finished and finished products to ensure product reliability. During the production process, we set up key process controls and established SPC tests for critical processes such as weight reduction, reflectivity, sheet resistance, film thickness, refractivity and the wet weight of paste. Our production lines are equipped with automated machine alarms and notification functions that alert us to any unexpected equipment abnormalities. This enhances our response rate and handling capabilities for equipment malfunctions. Additionally, we have implemented a product packaging label printing and tracing system, enabling traceability of the products' production process.

- *Product Delivery and After-sales Service.* Our global presence allows us to deliver efficient and responsive services to customers worldwide. We have developed a comprehensive global marketing and service network that guarantees the prompt provision of technical support and after-sales services. Our customer service team ensures that customer issues are handled in a timely manner. Moreover, to gain insights in relation to customer experience and enhance our services, we have also implemented customer complaint handling procedures while actively seek feedback from customers.

During the Track Record Period, we have not experienced any material product returns, material customer complaints, claims or recalls of our products.

RESEARCH AND DEVELOPMENT

We attach great significance on technological innovation and product research and development. Our efforts focus on improving existing technologies, staying abreast of the latest advancements, and actively developing new products, putting them into mass production in a timely manner. As of December 31, 2024, we had an R&D team comprising over 350 employees, with over 150 of them having obtained a bachelor's degree or higher. In 2022, 2023 and 2024, the total R&D expenses amounted to RMB369.4 million, RMB632.1 million and RMB289.4 million, respectively.

Key Technological Innovations

Our R&D efforts have yielded a series of key technological innovations applied to our production processes. After years of continuous R&D investment, our key technological innovations are listed below:

- *High Surface Doping and Shallow Junction Technology:* By adjusting the diffusion process, the diffusion depth on the front side is reduced, enhancing the cell's short-wavelength response, and by optimizing the doping concentration distribution, the surface doping concentration is increased at shallow diffusion depth. This ensures that the process window of the metallization paste is widened and enables the realization of low-resistance ohmic contact and a good passivation on the front side of the solar cell, enhancing both the electrical and optical performance of the solar cell and improving the conversion efficiency of the PV cell.

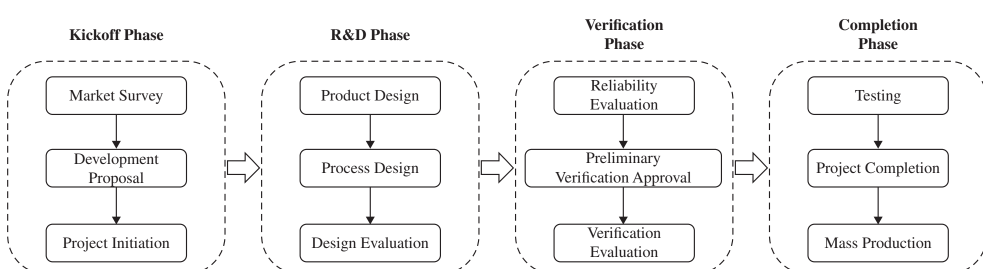
- *Backside Double Tunneling Layer Technology:* The polycrystalline film layer on the backside of the N-type TOPCon cell is constructed as a two-layer structure, and a thin tunneling oxide layer is inserted between the two polycrystalline layers, achieving an N-type TOPCon solar cell with a double tunneling structure. This two-layer structure provides better passivation effect, more optimal backside phosphorus internal diffusion distribution, and wider backside sintering window, thus enabling better backside contact effect. It can improve the conversion efficiency of the PV cells and enhance the reliability of the production process.

- *Backside Polycrystalline Silicon Patterning Technology:* This technology involves using laser patterning to etch the polycrystalline silicon film on the backside of TOPCon solar cells into strip-like structures. The polycrystalline silicon film between the backside electrode grid lines is removed and passivated with aluminum oxide and silicon nitride, forming a backside selective passivation contact structure. The backside silver paste achieves metallization contact with the cell through these polycrystalline silicon strips. In non-electrode areas, the absence of polycrystalline silicon film reduces carrier recombination caused by phosphorus in-diffusion and minimizes the absorption of long-wavelength light by the backside polycrystalline silicon film. By adopting this technology, better electrical contact and optical performance can be achieved on the backside of the cell, improving the conversion efficiency of the PV cell.

R&D Process

During the entire R&D process, we maintain a vigilant approach to identifying new market opportunities and demands. We continuously build reserves of new technologies and tackle technical bottlenecks, while exploring potential upgrades to existing products. Our R&D strategy involves collaboration with downstream customers, ensuring that their feedback is integral to our R&D cycle. This cooperation extends from the R&D stage to product verification and mass production, allowing us to align our product development closely with customer needs. By incorporating customer insights, our R&D team can make targeted improvements, promoting rapid product upgrades and iterations to meet evolving market demands. After product development is completed, we continue engaging with customer to collect feedback for optimize our designs optimization and our products enhancement, ensuring our products remain competitive in the market. On the other hand, by fostering collaboration between R&D and production teams, we ensure that innovations are seamlessly integrated into production, enabling rapid product iterations and responsiveness to market changes. This strategic alignment of R&D efforts with our business objectives supports sustaining growth and leadership in the PV industry.

We have established a comprehensive R&D process consisting of four stages for our new product development: (i) preliminary analysis; (ii) product design and development; (iii) development verification; and (iv) product and process validation. The diagram below outlines the key steps in our product development process.



- *Preliminary analysis.* The preliminary analysis phase typically begins with comprehensive research to analyze customer needs and the competitive landscape during the product development stage. We then form R&D proposals for new processes and new products. Our R&D team will evaluate the proposal, mainly based on analyses of market demand, technical feasibility, resource requirements and project risks, etc., before establishing the project.

- *Product design and development.* We generate design ideas, expanding them into mature product designs. We create prototypes and conduct initial testing to evaluate the feasibility and functionality of these designs. If testing results indicate areas for enhancement, we further refine the design and prototypes to achieve optimal results.

- *Development verification.* We conduct comprehensive functional, performance and reliability testing to ensure the product meets design requirements. This stage typically involves testing and evaluation under simulated usage conditions. Once the prototypes pass these tests, we document the R&D process and the achievements, including any findings and the outcomes.

- *Product and process validation.* The final phase focuses on manufacturing readiness. We begin with pilot production runs to validate mass production processes and capabilities. Our goal at this stage is not only to develop products that meet our design concepts, but also to support customer-required functions. We also verify and validate the specific solutions we design and produce for the customers before we prepare for mass production. Throughout this stage, we maintain close communication with customers to understand their technical and design needs.

Key R&D Projects

We have been conducting various R&D activities on certain technological innovations aiming to further improve the performance of our products. The list below sets out a summary of our past/ongoing key R&D projects as of the Latest Practicable Date:

- *G12 TOPCon Bifacial Solar Cell Technology:* We have developed a research plan for mass production process for the G12 TOPCon bifacial solar cell technology. This plan includes high-efficiency boron diffusion, low-recombination ultra-thin polycrystalline silicon films, organic residue-free RCA cleaning, and enhanced contact metallization.

- *Ultra-thin Polycrystalline Silicon Film Technology:* We are currently researching process solutions for ultra-thin polycrystalline silicon layers, investigating the design and process schemes for depositing multi-layer stacked polycrystalline silicon films, and developing a set of polycrystalline silicon coating process technologies to enhance the conversion efficiency of solar cells.

- *Bifacial Tunnel Oxide Passivated TOPCon Solar Cell Technology:* We are developing bifacial tunnel oxide passivated TOPCon solar cell technology through research on the design of bifacial tunnel oxide film structures. By addressing technical challenges such as losses in bifacial tunnel oxide cells, we aim to establish a comprehensive process package for bifacial tunnel oxide passivated TOPCon solar cell technology.

OUR SALES NETWORK AND CUSTOMERS

During the Track Record Period, our products were sold in the PRC as well as overseas markets such as the United States, Europe, Middle East, South East Asia and South Asia. The table below sets forth the breakdown of our revenue by geographic region, based on the locations of our customers, for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
Mainland China	11,075.1	88.5	18,041.8	86.6	7,596.7	67.1
Other countries and regions	1,441.4	11.5	2,796.1	13.4	3,723.2	32.9
Total	**12,516.5**	**100.0**	**20,837.9**	**100.0**	**11,319.9**	**100.0**

During the Track Record Period, we established an extensive sales network that allows us to supply our PV cells and PV modules to a broad customer base. During the Track Record Period, we mainly sold our products to direct customers, while the transactions with our trading partners contributed to a minor portion of our total revenue. The table below sets forth the breakdown of our total revenue by sales channel for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
Direct customers	11,711.0	93.6	19,968.1	95.8	10,813.8	95.5
Trading partners	805.5	6.4	869.8	4.2	506.1	4.5
Total	**12,516.5**	**100.0**	**20,837.9**	**100.0**	**11,319.9**	**100.0**

Direct Customers

In 2022, 2023 and 2024 we had 276, 353 and 472 direct customers, respectively, who are mainly PV module manufacturers in terms of our PV cells, and construction enterprises of PV power stations in terms of our PV modules. In 2022, 2023 and 2024, revenue from direct customers amounted RMB11,711.0 million RMB19,968.1 million and RMB10,813.8 million, respectively, representing 93.6%, 95.8% and 95.5% of our total revenue, respectively.

During the Track Record Period, based on the operation arrangements of some direct customers, they engaged their procurement entities to enter into sale and purchase agreements and make payments to us. Under such arrangements, our products were ultimately delivered to relevant direct customers. According to Frost & Sullivan, such procurement arrangements are not uncommon to see in the PV industry. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, all of the aforementioned procurement entities engaged by our customers were Independent Third Parties.

The salient terms of the agreements between us and our direct customers are set out below:

- *Term.* The agreements generally have a term of one to 12 months.

- *Product specifications*. Our customers typically set forth product specifications for products ordered, such as product name, model, configuration, quantity and features.

- *Payment term*. We typically require prepayment before shipping products to our customers. We may also provide credit terms to certain customers based on our assessment of their credits.

- *Product return/exchange.* Product inspection may take place within a specified period after delivery to customer. Our customers may require us to replace defective products.

- *Warranty*. We typically offer product warranty of three to six months for our PV cells. We typically offer 12-year product warranty and a 25 years or 30 years power performance guarantee for our PV modules.

- *Confidentiality*. Typically, we require our customers to keep the terms of our agreements confidential.

- *Termination.* The agreements terminate upon expiry, or can be terminated with mutual consent.

Trading Partners

We also cooperate with trading partners to increase the market reach of our PV cells and PV modules, who are generally trading companies in the PV industry. In 2022, 2023 and 2024, we generated RMB805.5 million, RMB869.8 million and RMB506.1 million, respectively, from 75, 109 and 73 trading partners, representing 6.4%, 4.2% and 4.5% of our total revenue in the same years, respectively.

We maintain a standard buyer-seller relationship with trading partners where we typically enter into sale and purchase agreements (rather than distribution agreements) with our trading partners in the same way as our direct customers, thus we believe our trading partners are not in the nature of distributors. Similar to our pricing strategy for our products sold to our direct customers, we typically determine the prices of our products selling to trading partners based on the costs of raw materials, the price of comparable products in the market and other costs and expenses. According to Frost & Sullivan, sales through trading partners are in line with industry norms, in addition, the PV industry is characterized by price transparency owing to its competitive nature, making it improbable for our trading partners to engage in detrimental competition through price undercutting, thus we generally do not impose strict pricing guidance or selling restrictions on our trading partners.

We believe the risk of channel stuffing is low in relation to our sales with trading partners for the following reasons: (i) we generally require prepayment from our trading partners before shipping our products to them; (ii) we generally do not allow returns or replacements of products sold to trading partners, unless there are product quality issues caused by us; and (iii) we do not set minimum purchase requirements, nor sales targets, and therefore our trading partners are not incentivized or obliged to purchase any products exceeding their actual demands.

To the best of our knowledge, during the Track Record Period, all our trading partners were Independent Third Parties. To the best of our knowledge, our trading partners, or their respective associates, do not have any past or present family, business, or financial relationships with us or our subsidiaries, our shareholders, directors or senior management, or any of their respective associates.

Sales and Marketing

We typically reach our customers through marketing efforts such as exhibitions, forums, and seminars. Additionally, we have implemented a comprehensive customer service process spanning from customer acquisition to product delivery, further enhancing our brand reputation. By maintaining close communications with our customers, we gain a deep understanding of their needs. This thorough understanding of market dynamics and customer needs enables us to swiftly develop and upgrade our products catering to customers' specific needs, promptly address technical issues with R&D activities, and provide satisfactory after-sales services.

As of December 31, 2024, our sales and marketing team had over 100 employees. Our dedicated sales and marketing team is tasked with collecting and analyzing market information, such as customer preferences and product development trends, formulating sales plans, and enhancing customer service. Our sales and marketing team also closely communicates with the procurement department to achieve an equilibrium between sales and supply levels. Our experienced sales and marketing team is crucial to boosting our sales.

Our Major Customers

During the Track Record Period, we mainly sold our products to our direct customers, while the transactions with our trading partners contributed to a minor portion of our total revenue. Our customers are mainly PV module manufacturers in terms of our PV cells, and construction enterprises of PV power stations in terms of our PV modules. In 2022, 2023 and 2024, our sales revenue from the top five major customers amounted 49.8%, 52.9% and 37.2% of our total revenue, respectively. In 2022, 2023 and 2024, our sales revenue from the largest customer amounted 21.2%, 20.0% and 14.3% of our total revenue, respectively. For risks related to the concentration of customers, see "Risk Factors — Risks Relating to Our Business and Industry — The loss of any key customer or failure to obtain new customers may cause fluctuations or declines in our revenue."

The table below sets forth the details of our five largest customers in each year during the Track Record Period.

Year ended December 31, 2024

Name	Transaction amount	Percentage to total revenue of our group	Year of commencement of business relationship	Background and principal business activity	Payment method	Major products purchased
	(RMB in millions)					
Customer A . . .	1,621.1	14.3%	2017	Globally renowned solar technology enterprise, listed on Shanghai Stock Exchange	Bank transfer or payment by banker's acceptance	PV cells
Customer B . . .	874.0	7.7%	2017	Globally renowned PV power generation solution provider, listed on Shenzhen Stock Exchange	Bank transfer or payment by banker's acceptance	PV cells
Customer C . . .	736.5	6.5%	2014	Globally renowned solar technology enterprise listed on Shanghai Stock Exchange	Bank transfer or payment by banker's acceptance	PV cells
Customer D . . .	493.1	4.4%	2017	Globally renowned PV and energy storage manufacturing enterprise listed on Shanghai Stock Exchange	Bank transfer or payment by banker's acceptance	PV cells
Customer E. . . .	482.8	4.3%	2020	Smart PV energy solution provider, integrating R&D, smart manufacturing and power station business	Bank transfer or payment by banker's acceptance	PV cells
Total	**4,207.5**	**37.2%**				

Year ended December 31, 2023

Name	Transaction amount	Percentage to total revenue of our group	Year of commencement of business relationship	Background and principal business activity	Payment method	Major products purchased
	(RMB in millions)					
Customer A . . .	4,177.0	20.0%	2017	Globally renowned solar technology enterprise, listed on Shanghai Stock Exchange	Bank transfer or payment by banker's acceptance	PV cells
Customer B . . .	2,595.0	12.4%	2017	Globally renowned PV power generation solution provider, listed on Shenzhen Stock Exchange	Bank transfer or payment by banker's acceptance	PV cells
Customer D . . .	1,745.2	8.4%	2017	Globally renowned PV and energy storage manufacturing enterprise listed on Shanghai Stock Exchange	Bank transfer or payment by banker's acceptance	PV cells
Customer F. . . .	1,262.4	6.1%	2021	Well-known PV module manufacturer, with products sold globally	Bank transfer or payment by banker's acceptance	PV cells
Customer C . . .	1,242.3	6.0%	2014	Globally renowned solar technology enterprise listed on Shanghai Stock Exchange	Bank transfer or payment by banker's acceptance	PV cells
Total	**11,021.9**	**52.9%**				

Year ended December 31, 2022

Name	Transaction amount	Percentage to total revenue of our group	Year of commencement of business relationship	Background and principal business activity	Payment method	Major products purchased
	(RMB in millions)					
Customer A . . .	2,644.1	21.2%	2017	Globally renowned solar technology enterprise, listed on Shanghai Stock Exchange	Bank transfer or payment by banker's acceptance	PV cells
Customer B . . .	1,127.2	9.0%	2017	Globally renowned PV power generation solution provider, listed on Shenzhen Stock Exchange	Bank transfer or payment by banker's acceptance	PV cells
Customer G . . .	1,043.7	8.3%	2018	Well-known PV module manufacturer listed on Hong Kong Stock Exchange	Bank transfer or payment by banker's acceptance	PV cells
Customer H . . .	741.3	5.9%	2018	Globally renowned solar technology enterprise listed on Shanghai Stock Exchange	Bank transfer or payment by banker's acceptance	PV cells
Customer E. . . .	674.5	5.4%	2020	Smart PV energy solution provider, integrating R&D, smart manufacturing and power station business	Bank transfer or payment by banker's acceptance	PV cells
Total	**6,230.8**	**49.8%**				

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, none of our Directors, Supervisors, their associates or any of our shareholders (who owned, or to the knowledge of the Directors had owned, more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

Pricing Strategies

We consider the market prices of comparable products, costs of our raw materials, competitiveness of our products, prevailing supply-demand situation in the market, competition landscape and strategic relationship with the respective customer to price our products. Our pricing strategies are also adjusted in response to fluctuations in the market conditions.

Third-Party Payment Arrangement

Background of Third-Party Payment Arrangement

During the Track Record Period, one customer (the "**Relevant Customer**") settled payments with us through third parties who were not contractually obligated to do so pursuant to the agreements between the Relevant Customer and us (the "**Third-Party Payment Arrangement**"). The Relevant Customer was a customer under our PV module business and the relevant designated third-party payers were its paying agents. During the Track Record Period, the aggregate amount of the payments settled under the Third-Party Payment Arrangement was USD0.5 million. In addition, during the Track Record Period, we also settled payments with certain customers through their designated third parties pursuant to agreements entered among the designated third parties, corresponding customers and/or us for the relevant settlements, which specified that the designated third parties became contractually obligated to settle payments with us.

During the Track Record Period, we maintained "know-your-customer" procedures for onboarding our customers. To verify the authenticity of Third-Party Payment Arrangement, staff of our finance department were authorized only to recognize payments from designated third-party payers of the Relevant Customer on the condition that the information of the designated third-party payers matched that in the communications with the Relevant Customer provided in advance. The relevant financial institution that processed the payments under Third-Party Payment Arrangement was a major commercial bank and would have strict "know-your-customer" procedures and been required to conduct anti-money laundering checks on all its clients according to the relevant laws and regulations, significantly reducing associated risks. Based on the above, our Directors believe that the Third-Party Payment Arrangement during the Track Record Period, to the best of our knowledge, has been recorded completely and accurately in our accounting books and records in all material respects.

During the Track Record Period, we did not provide any discount, commission, rebate or other benefits to the Relevant Customer or its designated third-party payers to facilitate or incentivize the Third-Party Payment Arrangement. During the Track Record Period, all Third-Party Payment Arrangement was initiated by the Relevant Customer, not by us. To the best of our knowledge, during the Track Record Period, the relevant payments were based on *bona fide* underlying transactions and valid contractual relationships. The pricing and payment terms we provided to the Relevant Customer were in line with those provided to customers not involved in the Third-Party Payment Arrangement. To the best of our knowledge, we were not the subject of any investigations, enquiries, penalties, or surcharges as a result of our involvement in the Third-Party Payment Arrangement during the Track Record Period. In addition, we had not encountered any refund requests, actual or pending dispute or disagreement due to Third-Party Payment Arrangement or any material claims against us in relation to the Third-Party Payment Arrangement during the Track Record Period.

Reasons for Third-Party Payment Arrangement

To the best of our knowledge, the Relevant Customer utilized the Third-Party Payment Arrangement primarily for its operating flexibility. According to Frost & Sullivan, it is not uncommon for market players in the PV industry to settle their payments through third-party payers with their suppliers or customers for convenience and flexibility.

Legal Consequences of Third-Party Payment Arrangement

As advised by our PRC Legal Adviser, in light of the above, (i) our Third-Party Payment Arrangement is not in breach or contravention of mandatory requirements of applicable laws or regulations in China; (ii) the risks are remote for our Group to be found obligated to return funds to the designated third-party payers under the Third-Party Payment Arrangement; and (iii) the risk of the Third-Party Payment Arrangement being deemed as constituting the crime of money laundering for the purpose of covering up or concealing the source and nature of proceeds or gains under Article 191 of the Criminal Law of the PRC (《中華人民共和國刑法》) is remote.

During the Track Record Period and up to the Latest Practicable Date, to the best of our Directors' knowledge and based on publicly available information, the Relevant Customer and its designated third-party payers who settled payments under the Third-Party Payment Arrangement were Independent Third Parties.

Rectification of Third-Party Payment Arrangement and the Implication

To safeguard our interest against risks associated with third-party payment arrangements, we have significantly enhanced and implemented various internal control measures (collectively, the "**Rectification Measures**"). Our efforts to rectify the Third-Party Payment Arrangement include, among other things: (i) we have refined our "Money Fund Management Regulations" to prevent any potential third-party payment arrangements. Any third-party payment arrangement must be formalized through a tripartite agreement, which will be implemented after undergoing corresponding approvals; (ii) our finance department reviews amounts received by verifying the completeness of relevant documents, accuracy of amounts, and appropriateness of payers; and (iii) our internal audit department regularly examines the compliance of the Rectification Measures.

As of the Latest Practicable Date, we had rectified all Third-Party Payment Arrangement. We regularly check the effectiveness of the Rectification Measures and promptly address any abnormalities. Based on the review of the implementation of the Rectification Measures, our Directors are of the view that such measures are effective and adequate in identifying the sources of funds from our customers, ensuring the accuracy and completeness of our accounting books and records and preventing risks associated with third-party payment arrangement, including money laundering risks, tax evasion risks or other risks relating to the violation of applicable laws and regulations.

SUPPLY CHAIN MANAGEMENT

We place great importance on our supply chain management in enhancing our competitive edge. We aim to ensure that raw materials procured meet our production standards, through effectively managing the quality of the products provided by suppliers. Our supply chain management ensures that product quality, delivery times, and services consistently meet our requirements.

Procurement Management

Our suppliers primarily include manufacturers and merchants of raw materials (such as silicon wafers, pastes, encapsulation films and PV glasses). During the Track Record Period, most of our suppliers were located in China, while we also procured raw materials from suppliers located in Southeast Asia for our overseas production. We believe that a rigorous and systematic raw material management system is key to ensuring our sustainable development and continuous improvement of cost efficiency. Our raw material management system is centered around our production plan. Based on the raw material purchase and delivery requirements outlined by our production planning department, we enter into procurement contracts with suppliers to ensure the timely delivery of raw materials. The procurement department plays a crucial role in managing and maintaining our relationships with suppliers and addressing issues related to irregular supplies. Our management oversees strategic planning, optimizes processes, and manages organizational structure and staff development, ensuring a stable supply chain system. This multi-faceted approach ensures a holistic and streamlined procurement process that can nimbly adapt to changes in production planning as well as our strategic needs.

Through long-term efforts, we have established a comprehensive supply chain system that is technology-driven, quality-centered, and business-based. This system implements stringent standards for procurement processes, ensuring that we obtain high-quality raw materials and services at reasonable costs. It also fosters long-term cooperative relationships with suppliers, achieving stability and sustainability in our supply chain.

In terms of our PV module business, since certain market players enjoyed cost advantages over certain types of PV modules and/or we experienced production capacity shortage for certain types of PV module during the Track Record Period, we engaged other PV module manufacturers as manufacturing contractors for the production of PV modules based on our product specifications and production standards. When selecting manufacturing contractors for the production of PV modules, we take into account diverse factors, including, among others, technical capability, production capacity, product quality, delivery efficiency and cost.

The salient terms of the agreements between us and our manufacturing contractors for the production of PV modules are set out below:

- *Term*. The agreements generally have a term of one to two months.

- *Product specifications*. The agreements generally set out the scope of services to be provided by our manufacturing contractors. We require our manufacturing contractors to complete the works according to product specifications and production requirements. The production specifications must be confirmed by the manufacturing contractor seven days before production.

- *Manufacturing fees*. The manufacturing fees are generally determined with reference to market rates.

- *Payment term*. Payment is typically required to be made within seven working days after receiving the invoice from manufacturing contractors.

- *Product return/exchange*. Product inspection may take place within a specified period after delivery. We may require the manufacturing contractor to replace the defective products.

- *Warranty*. Manufacturing contractors typically offer 12-year product warranty for the PV modules they provide.

- *Confidentiality*. Typically, we require our manufacturing contractors to keep the terms of agreements and any supplementary agreements confidential.

- *Termination*. The agreements terminate upon expiry, or can be terminated by mutual agreement.

In addition, in order to ensure stable and quality supplies of key raw materials, during the Track Record Period, we occasionally purchased silicon materials and engaged silicon wafer manufacturers as manufacturing contractors to supply silicon wafers for our PV cells production. When selecting manufacturing contractors for the production of silicon wafers, we take into account diverse factors, including, among others, and production capacity, product quality, and cost management capability.

The salient terms of the agreements between us and our manufacturing contractors for the production of silicon wafers are set out below:

- *Term*. The agreements generally have a term of one to two months.
- *Product and delivery*. The product name, specification, price, quantity, and other detailed items are specified in each purchase order.
- *Manufacturing fees*. The manufacturing fees are generally determined with reference to market conditions.
- *Payment term*. Payment is typically made twice a month based on the work period.
- *Product return/exchange*. Product inspection may take place within a specified period after delivery. We may require manufacturing contractors to replace the defective products.
- *Warranty*. The manufacturing contractors provide indemnity and placement on the silicon wafers that do not meet the Product specifications.
- *Confidentiality*. Typically, we require our manufacturing contractors to keep the terms of agreements and any supplementary agreements confidential.
- *Termination*. We are also entitled to terminate the contract if delays exceed a certain period.

To the best of our knowledge, during the Track Record Period, all our manufacturing contractors were Independent Third Parties. To the best of our knowledge, our manufacturing contractors, and their respective associates, do not have any past or present family, business, or financial relationships with us or our subsidiaries, our shareholders, directors or senior management, or any of their respective associates.

Supplier Management

We have established a rigorous and systematic process for the selection, evaluation, and daily management of suppliers to ensure they consistently produce products that meet our quality standards. When selecting suppliers for key raw materials, we implement tight controls through various means, including market research, collection and review of supplier qualification documents, material verification, and system audits. When selecting suppliers of our important raw materials, we take into account diverse factors, including, among others, the suppliers' technical capability and production capacity, product quality, delivery efficiency and cost. We also focus on suppliers' qualifications, compliance with laws and regulations, industry experience, quality assurance systems and R&D capabilities, as well as their social responsibilities and other dimensions, including the environment, the safety of hazardous substances and trade safety. Suppliers that meet our requirements through comprehensive assessments will be included in our qualified supplier list.

We evaluate and manage qualified suppliers from various aspects, including quality, technology, cost, and delivery. The evaluation results and improvement requirements are communicated to the suppliers. We implement a rigorous traceability process for our raw materials, tracing them to their origins to ascertain compliance with the elevated benchmarks established by our standards. We have entered into 'Supplier Product Quality Agreements' and 'Technical Specifications' with all our suppliers. If there are quality issues with raw materials during the incoming inspection process, we can promptly return or exchange the raw materials in question. We source different raw materials from multiple suppliers in mitigating the risk of single supplier reliance and ensuring our production's timely delivery, thereby enhancing customer satisfaction.

To enhance the integrity of our supply chain network, we have established anti-kickback policies and procedures. These measures include a zero-tolerance policy, with supply agreements strictly prohibiting bribery and kickbacks, and severe penalties, including termination, for any breaches. We have established a reporting mechanism involving a code of conduct with suppliers, allowing both suppliers and employees to report instances of bribery or kickbacks directly to management through email.

The prices of raw materials are primarily determined by negotiation based on the market price and the quantity of our procurement. In the event of significant price fluctuations in the market, prices may be adjusted, subject to both parties' mutual agreement, with reference to the then third-party market prices.

During the Track Record Period, for the procurement from certain suppliers, we engaged our procurement entities to enter into sale and purchase agreements and make payments to those suppliers. Under such arrangements, the raw materials were ultimately delivered to us. According to Frost & Sullivan, such procurement arrangements are not uncommon to see in the PV industry. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, all of the aforementioned procurement entities engaged by us were Independent Third Parties.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any quality and delivery issues, significant shortages or delays with our raw materials that materially affected our operations.

Salient Terms of Agreements with Suppliers

We typically enter into framework supply agreements or procurement orders with suppliers, the salient terms of which are set forth below:

- *Term.* The agreements typically have a term of one month to one year.

- *Product specifications*. We specify the product name, specification, price, quantity, and other detailed items in each purchase order we send to our suppliers.

- *Quality assurance*. We provide our suppliers with product specifications in advance, and we inspect the products upon receipt to determine any deviations from our specifications with respect to quality and quantity. We have the right to reject and return any products that do not meet our requirements or any defective products, at the expense of suppliers, or to request free product replacements or maintenance.

- *Logistic arrangements*. Our suppliers are generally responsible, at their own expense, for the delivery of products to our designated location specified in each purchase order.

- *Product returns/exchange*. We have the right to request returns or replacements for non-conforming products.

- *Confidentiality*. Typically, we require our suppliers to keep the details of the supply agreements confidential.

- *Termination*. The agreement terminates upon expiry, and can be terminated by mutual consent.

Our Major Suppliers

In 2022, 2023 and 2024, our five largest suppliers in each year of the Track Record Period in aggregate accounted for 64.5%, 48.2% and 29.8% of our total purchase amount for each respective year. In 2022, 2023 and 2024, our largest supplier in each year of the Track Record Period contributed 18.6%, 13.5% and 8.2% of our total purchase amount for the respective year. For risks related to the concentration of suppliers, see "Risk Factors — Risks Relating to Our Business and Industry — Any price fluctuations in our raw materials, shortage in supplies or disruptions in our supply chain may have a material adverse effect on our business, financial condition and results of operations."

The table below sets forth the details of our five largest suppliers in each year during the Track Record Period.

Year ended December 31, 2024

Name	Transaction amount	Percentage of total purchase of our group	Year of commencement of business relationship	Background and principal business activity	Payment method	Major products purchased
	(RMB in millions)					
Supplier A	878.4	8.2%	2023	Globally renowned PV materials manufacturer listed on Shenzhen Stock Exchange	Bank transfer or payment by banker's acceptance	Silicon wafer
Supplier B	705.2	6.6%	2019	Well-known silicon wafer supplier, with a high annual production capacity	Bank transfer or payment by banker's acceptance	Silicon wafer
Supplier C	643.9	6.1%	2014	A new energy company listed on Hong Kong Stock Exchange	Bank transfer or payment by banker's acceptance	Silicon wafer
Supplier D	525.8	4.9%	2019	Well-known PV materials manufacturer listed on Shenzhen Stock Exchange	Bank transfer or payment by banker's acceptance	Paste
Supplier E	434.5	4.0%	2018	Globally renowned solar technology enterprise listed on Shanghai Stock Exchange	Bank transfer or payment by banker's acceptance	Silicon wafer
Total	**3,187.8**	**29.8%**				

Year ended December 31, 2023

Name	Transaction amount	Percentage of total purchase of our group	Year of commencement of business relationship	Background and principal business activity	Payment method	Major products purchased
	(RMB in millions)					
Supplier C	2,291.4	13.5%	2014	A new energy company listed on Hong Kong Stock Exchange	Bank transfer or payment by banker's acceptance	Silicon wafer
Supplier F	2,201.4	13.0%	2021	Well-known silicon wafer manufacturer, with global business coverage	Bank transfer or payment by banker's acceptance	Silicon wafer
Supplier A	1,384.5	8.2%	2023	Globally renowned PV materials manufacturer listed on Shenzhen Stock Exchange	Bank transfer or payment by banker's acceptance	Silicon wafer
Supplier G	1,278.3	7.5%	2021	A company with business covering PV products, energy-saving and water-saving equipment, listed on Shanghai Stock Exchange	Bank transfer or payment by banker's acceptance	Silicon wafer
Supplier H	1,029.8	6.0%	2019	A company with business covering equipment and silicon wafers, listed on Shanghai Stock Exchange	Bank transfer or payment by banker's acceptance	Silicon wafer
Total	**8,185.4**	**48.2%**				

Year ended December 31, 2022

Name	Transaction amount	Percentage of total purchase of our group	Year of commencement of business relationship	Background and principal business activity	Payment method	Major products purchased
	(RMB in millions)					
Supplier C	2,014.6	18.6%	2014	A new energy company listed on Hong Kong Stock Exchange	Bank transfer or payment by banker's acceptance	Silicon wafer
Supplier H	1,777.8	16.4%	2019	A company with business covering equipment and silicon wafers, listed on Shanghai Stock Exchange	Bank transfer or payment by banker's acceptance	Silicon wafer
Supplier F	1,469.7	13.6%	2021	Well-known silicon wafer manufacturer, with global business coverage	Bank transfer or payment by banker's acceptance	Silicon wafer
Supplier E	1,214.7	11.2%	2018	Globally renowned solar technology enterprise listed on Shanghai Stock Exchange	Bank transfer or payment by banker's acceptance	Silicon wafer
Supplier B	509.9	4.7%	2019	Well-known silicon wafer supplier, with a high annual production capacity	Bank transfer or payment by banker's acceptance	Silicon wafer
Total	**6,986.7**	**64.5%**				

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, none of our Directors, Supervisors, their associates or any of our shareholders (who owned or, to the knowledge of the Directors, had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

CUSTOMER SUPPLY ARRANGEMENTS

During the Track Record Period, we engaged in certain customer supply arrangements where certain customers provided us with silicon wafers as raw materials, after which we sold PV cells to them (the "**Customer Supply Arrangements**"). Our customers under the Customer Supply Arrangements are generally integrated PV manufacturers, who may not have sufficient PV cells production capacities while having relatively high production capacities for silicon wafers and PV modules, thus leading them to purchase PV cells from specialized PV cells manufacturers like us. We engage in the Customer Supply Arrangements in order to deepen the cooperation with those integrated PV manufacturers. Under the Customer Supply Arrangements, our procurement department and our sales department assess the corporate credit and qualification, production capability and product quality of those customers before entering into the Customer Supply Arrangements with them, and they monitor the procurement volume of the silicon wafers, manufacturing process under the required specification and delivery the PV cells pursuant to the agreed timeframe and destinations, and our finance department is responsible to recording such Customer Supply Arrangements completely and accurately in our accounting books and records. According to Frost & Sullivan, such customer supply arrangements are common in the PV industry due to the extensive business scope of certain market players, who both sell silicon wafers and purchase PV cells.

Under the Customer Supply Arrangements, we procured silicon wafers from customers who were integrated PV manufacturers at market prices and sold PV cells to the same manufacturers with premium over the purchase prices of the silicon wafers, in addition, we take physical control of the silicon wafers provided to us by these customers upon our acceptance and provide PV cells to them. During the Track Record Period, after considering the commercial substance and respective risk, we considered that we were responsible for manufacturing the PV cells with the silicon wafers provided by the customers, and we didn't have the discretion in determining the prices for PV cells independently after entering into the Customer Supply Arrangements and, as such, not being considered as a principal in these transactions under the IFRS Accounting Standards. Consequently, from an accounting perspective, to ensure that the consolidated financial statements more accurately reflect our financial and commercial substance, the abovementioned purchase amount for silicon wafers was deducted from our revenue and cost of sales.

The table below sets forth the breakdown of (i) total amounts before deduction, (ii) deducted amounts, and (iii) total revenue recognized for our PV cells business by type of product.

	Year ended December 31,								
	2022			2023			2024		
	Amounts Before Deduction	Deducted Amounts[1]	Revenue Recognized	Amounts Before Deduction	Deducted Amounts[1]	Revenue Recognized	Amounts Before Deduction	Deducted Amounts[1]	Revenue Recognized
	(RMB in millions)								
Monocrystalline Cells	12,247.7	1,452.2	10,795.5	21,706.3	3,321.2	18,385.1	11,029.1	1,866.7	9,162.4
Of which:									
– P-type	12,247.7	1,452.2	10,795.5	18,252.3	2,914.1	15,338.2	4,536.9	823.4	3,713.5
– N-type	–	–	–	3,454.0	407.1	3,046.9	6,492.2	1,043.3	5,448.9
Polycrystalline Cells	885.8	103.0	782.8	581.8	–	581.8	16.1	–	16.1
Total	**13,133.5**	**1,555.2**	**11,578.3**	**22,288.1**	**3,321.2**	**18,966.9**	**11,045.2**	**1,866.7**	**9,178.5**

Note:

(1). Deducted amounts refer to the purchase amount for silicon wafers under Customer Supply Arrangements.

SUPPLIER-CUSTOMER OVERLAP

Apart from Customer Supply Arrangements mentioned above, we also engaged in other transactions where certain parties who both sell silicon wafers to us and purchase PV cells from us during the Track Record Period, and such transactions did not fall into the criteria in determining the aforementioned Customer Supply Arrangements. During the Track Record Period, (i) among our top five customers of the continuing operation, Customer A was also among our suppliers of the continuing operation, providing us with silicon wafers in 2022 and 2024, Customer B was also among our suppliers of the continuing operation, providing us with silicon wafers in 2022 and 2024, Customer C was also among our suppliers of the continuing operation, providing us with silicon wafers in 2024, Customer D was also among our suppliers of the continuing operation, providing us with silicon wafers in 2023 and 2024, Customer G was also among our suppliers of the continuing operation, providing us with silicon wafers in 2022 and Customer H was also among our suppliers of the continuing operation, providing us with silicon wafers in 2022; and (ii) among our top five suppliers of the continuing operation, Supplier A was also among our customers of the continuing operation, procuring PV cells from the continuing operation in 2023 and 2024, Supplier B was also among our customers of the continuing operation, procuring PV cells from the continuing operation in 2024, Supplier C was also among our customers of the continuing operation, procuring PV cells from the continuing operation in 2022, 2023 and 2024, Supplier E was also among our customers of the continuing operation, procuring PV cells from the continuing operation in 2022 and 2024, Supplier F was also among our customers of the continuing operation, procuring PV cells from the continuing operation in 2023 and Supplier G was also among our customers of the continuing operation, procuring PV cells from the continuing operation in 2023. Our revenue generated from top five customers who were also our suppliers was RMB4,429.1 million, RMB1,745.2 million and RMB3,724.8 million in 2022, 2023 and 2024, respectively. In 2022, 2023 and 2024, our gross profit for sales to top five customers who were also our suppliers was RMB738.4 million, RMB344.8 million and RMB473.2 million, respectively. In 2022, 2023 and 2024, our purchase amount from top five suppliers who were also our customers was RMB3,229.2 million. RMB7,155.7 million and RMB2,662.0 million, respectively.

According to Frost & Sullivan, such overlap is common in the PV industry due to the high concentration of market players. Our Directors are of the view that the transactions that we entered into with the overlapping supplier-customers were on an arm's-length, mutually independent basis under normal commercial terms. Negotiations of the terms of our sales to and purchases from these overlapping supplier-customers were conducted on an individual basis, and the sales and purchases were neither inter-connected nor inter-conditional with each other. For the overlapping supplier-customers, the key terms of our sales and supply agreements were substantially similar to those of our other customers or suppliers and are in line with market practice. Saved as disclosed, to the best of our knowledge, none of our major customers during each year/period of the Track Record Period was a supplier of ours and vice versa.

INVENTORY MANAGEMENT, WAREHOUSING AND LOGISTICS

Our inventories primarily consist of raw materials, work in progress and finished goods. Given the ample supply of upstream raw materials, we have adopted the inventory strategy of maintaining inventory levels catering to our production and sales schedules in order to optimize our inventory level.

Each of our production bases is accompanied by dedicated storage warehouses, which allow for greater control and efficiency in our logistics operations. We have three overseas logistics transit centers in Rotterdam, the Netherlands, and Los Angeles and Chicago, the U.S..

We engage qualified third-party logistics service providers for the delivery of finished products from our production bases to locations specified by our customers. We set strict standards for the transportation of our products that these third-party logistics service providers are required to follow, and we evaluate the third-party logistics service providers periodically on their compliance and performance to ensure the smooth delivery of products to customers.

COMPETITION

The global PV industry is highly competitive and concentrated. According to Frost & Sullivan, the top five specialized manufacturers dominated the global PV cell market in terms of external shipment volume, which contributed to 76.3% of the total market share among specialized manufacturers in terms of PV cell external shipment volume in 2024. According to Frost & Sullivan, in terms of PV cell external shipment volume in 2024, we ranked first among specialized PV cell manufacturers globally, with a market share of 18.3%, and we ranked second among PV cell manufacturers globally, with a market share of 14.6%. According to Frost & Sullivan, the price war and fierce competition in the PV industry started from 2023 has continuously imposed cost and operation pressures to all market players, including us.

We believe that our competitive position is underpinned by our strengths, including our market position, exceptional R&D capabilities and technologies, production capacity and supply management expertise, quality and stable customer base, and experienced management team. We believe that there are high barriers in terms of technology, talent, capital, capacity and supply chain for our competitors to enter into the market.

INTELLECTUAL PROPERTY

Our intellectual property rights are key to our success and competitiveness. Owing to the efforts of our R&D team, we have been able to develop and own a series of intellectual properties. Our intellectual property rights primarily consist of patents, trademarks and copyrights. As of the Latest Practicable Date, we maintained 438 patents, 34 trademarks, six artistic work copyrights and four software copyrights. See "Appendix VI Statutory and General Information — B. Further Information About Our Business — 2. Intellectual Property Rights".

We have formulated in-house intellectual property management regimes. We also protect our intellectual property rights through confidentiality non-disclosure agreements with our key employees to protect our intellectual property rights. We adopt a strategic and proactive approach to managing our intellectual property portfolio. We designate dedicated personnel to handle intellectual property-related issues, including the application for intellectual property rights, responses to examination feedback, the regular monitoring of patent annual fee payments, and reminders for trademark renewals, to ensure that our intellectual property rights are promptly protected and remain continuously effective. See "Risk Factors — Risks Relating to Our Business and Industry — Our protection of intellectual property may be insufficient and subject us to intellectual property disputes with third parties, both of which may have a material adverse effect on our business, results of operations and financial condition."

During the Track Record Period, we were not subject to any material actual or, to the best of our knowledge, pending disputes or claims for infringement upon third parties' intellectual property rights in the PRC. There had been no actual or, to the best of our knowledge, pending dispute relating to infringement upon our intellectual property rights by third parties during the Track Record Period.

EMPLOYEES

As of December 31, 2024, we had 3,089 full-time employees located in Mainland China and 2,112 full-time employees in other countries and regions. The following table sets forth the numbers of our employees by business function as of December 31, 2024.

	As of December 31, 2024	
Function	**Number of Employees**	**Percentage**
		(%)
Production	4,297	82.6
Sales	129	2.5
Research and Development	399	7.7
Management	376	7.2
Total	**5,201**	**100.0**

We recruit employees primarily through employment websites and internal referrals. We enter into standard employment contracts with our employees, and confidentiality and non-compete agreements with key management and professionals. We emphasize the importance of training and development for our employees to enhance their technical skills and overall performance. We provide induction training to new joiners on our culture, business and industry to help them fit in. We also provide tailored, continuing training sessions to employees to improve their technical skills in their practice areas and management skill training programs to cadres in key positions. Committed to providing fair and equal opportunities to our employees, we formulate career development and promotion path plans covering all levels of our staff. Performance evaluations are conducted through both monthly and annual assessments, and the results are reflected in the salaries of the respective employees. As part of our retention strategy, we offer competitive remuneration packages to employees, including salary and allowances, performance-based bonuses, and long-term incentive programs.

We have always striven to provide our employees with comprehensive social benefits, a diverse work environment, and a wide range of career development opportunities. We are committed to providing a safe and healthy workplace and support the physical health and well-being of our team members by providing health assessments during recruitment, accidental insurance and effective management of work-related injuries. We uphold the principle that every individual is entitled to respect. We are committed to the education, recruitment, development, and advancement of diverse team members nationwide and are recognized for our commitment to such efforts.

As required by PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including pension, medical insurance, maternity insurance, work-related injury insurance, unemployment insurance and housing provident fund. The requirement and implementation of employee benefit plans may vary among local governments in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. As advised by our PRC Legal Adviser, we were in compliance with applicable laws and regulations related to social insurance and housing provident funds in all material aspects during the Track Record Period based on the confirmation from the relevant competent authorities.

We have established labor unions for our employees. We believe that we generally maintain a good working relationship with our employees and labor unions. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant labor disputes or any difficulty in recruiting staff for our operations.

INSURANCE

During the Track Record Period, we maintained various insurance policies relating to our business operations, including property insurance, export credit insurance, commercial comprehensive liability insurance (product liability insurance and public liability insurance for PV modules only), and product quality insurance for PV modules, personal accident insurance for employees, cargo insurance for goods in transit and employer's liability insurance. We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by laws and regulations in the PRC, which are in line with the commercial practices in our industry. However, our insurance coverage may not be adequate to cover all losses that may occur. See "Risk Factors — Risks Relating to our Business and Industry — Our insurance coverage is limited and may not be sufficient to cover all of our potential losses."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We adhere to the philosophy of sustainable development and have incorporated the ESG concept into our business management. We are dedicated to manufacturing in an environmentally friendly manner, while also fostering a healthy and safe working space for all employees. Our integrated management system is implemented in accordance with the ISO9001 quality management system, the ISO45001 occupational health and safety management system, and the ISO14001 environmental management system, and we continue to promote the ISO management system certification. In 2024, we were awarded the 2024 Outstanding ESG Practice Award by Hxny.com (華夏能源網) at the seventh China Energy Communication Conference and ESG Brand Forum in recognition of our ESG performance. We remain committed to sharing our sustainability performance through transparent disclosure, and in accordance with the requirements of Appendix C2 to the Listing Rules. We will issue an annual ESG report following our [**REDACTED**].

ESG Governance

We are committed to improving ESG management, establishing and continuously improving the ESG governance system, and integrating ESG management into our Company's strategic decisions and daily operations to promote the long-term sustainable development of our Company.

ESG Governance Structure

We have developed the Environmental, Social and Governance (ESG) Management System to build up an ESG governance structure and ensure the implementation of sustainable development strategies across our Company. We also have established a tiered ESG governance structure, encompassing the governance, management and operational levels.

- *Governance level*: The Board of Directors holds the ultimate decision-making body for ESG matters. This includes overseeing ESG-related approvals, risk management, reviewing the ESG strategy, targets and progress against them, and approving the annual ESG report, including the ESG materiality matrix. The Strategy and

Sustainable Development Committee, operated under the supervision of the Board of Directors' as outlined in the Rules of Procedure of the Strategy and Sustainable Development Committee of the Board of Directors, is assigned responsibilities with oversight of ESG topics.

- *Management level*: We have established a Sustainability Committee to support the implementation of initiatives under the guides of Strategy and Sustainable Development Committee. This committee aids in shaping our Company's ESG strategy and targets, oversees the implementation of ESG activities, and regularly reports to the Strategy and Sustainable Development Committee. Additionally, a Sustainability Office (ESG Department) has been formed under the Sustainability Committee, which is tasked with coordinating and advancing ESG projects across our Company.

- *Operational level*: The Sustainability Task Force, comprising functional departments, production bases and marketing departments, is responsible for implementing ESG-related tasks.

We are committed to enhancing ESG awareness among all employees, including Directors, Supervisors and senior management. Through ESG training, we promoted and provided guidance on ESG-related knowledge to all employees. Meanwhile, our Directors have participated in training on the rules and responsibilities of Hong Kong-[**REDACTED**] companies. They are well-informed about the Stock Exchange's requirement for Directors to possess the necessary skills and competencies to understand and assess the impact of ESG risks and opportunities and to oversee the strategies formulated to address them.

Board Diversity Policy

We have formulated the Board Diversity Policy which, in alignment with our Articles of Association and pertinent regulatory guidelines, actively promotes board diversity. This policy helps our Company to meticulously evaluate candidates for Board members based on a range of criteria, including gender, professional experience, and cultural and educational backgrounds. Thus, we are able to assemble an inclusive and efficient board team that leverages a multiplicity of insights and viewpoints, thereby upholding a high standard of corporate governance. As of the Latest Practicable Date, our Company's Board consists of nine Directors, including one Chairman, four non-executive Directors and five executive Directors. The Board of Directors includes three female Directors.

ESG Strategy and Targets

We are committed to continuously enhancing the ESG performance and actively promoting sustainable development for both business and society. Our ESG strategy, Upholding Integrity and Enlightening the Future, integrates strategic prioritizations with our business strategies, focusing on four key areas: Superiority, Environment, Empowerment and Discipline (SEED).

In line with the ESG strategy, we develop working principles and assign accountable personnel to each material topic. We also establish measures, implement plans, and set management metrics. Furthermore, we intend to conduct periodic reviews to ensure that all production and operational activities align with stringent standards in environmental protection, social responsibility and corporate governance.

The definition and progress of ESG targets and metrics will be disclosed on an annual basis in our ESG report and fully communicated to our stakeholders.

Materiality Assessment

We fully recognize the importance of ESG to our Company and stakeholders and regularly identify and assess material ESG topics. Based on changes in both internal and external environments, we refer to relevant regulatory requirements and industry standards and conduct stakeholder surveys to determine potential material ESG topics.

2024 ESG Materiality Topics

Environment	Environmental Management Response to Climate Change Energy Management Water Resource Management Nature Conservation
Social	Product Quality and Safety Customer Service Clean Technology Research and Development Sustainable Supply Chain Labor Rights and Interests Diversity, Equity and Inclusion Employee Training and Development Occupational Health and Safety Community Engagement
Governance	Corporate Governance ESG Management Business Ethics Information Security and Privacy Protection Risk Management Economic Performances

We conduct the ESG materiality assessment adopting the principle of double materiality. We evaluate the significance of topics and create the ESG materiality matrix by analyzing the financial materiality and the impact materiality of each topic, ensuring alignment with our business strategy.

ESG Risks Identification, Assessment, Management and Opportunities

We identify the potential risks, impacts and opportunities of each topic based on our operations and business development, combined with stakeholder expectations and the materiality assessment, and evaluates the probability and magnitude. We ensure that the Board of Directors and senior management fully understand the ESG risks faced and management status in order to realize effective risk control decisions and improve our Company's ESG risk management capabilities.

We have identified and assessed potential risks, impacts and opportunities in relation to climate change, the environment and society.

Climate Change

Physical Risks

The heightened frequency of natural disasters such as typhoons, floods, droughts and extreme heatwaves poses threats to the operational stability of our infrastructure and production and R&D facilities, potentially disrupting our business continuity. Additionally, rising mean temperatures necessitate greater energy consumption to sustain optimal indoor temperatures in our operational sites.

Transition Risks

Stringent climate change policies and regulatory requirements can increase the operational costs of compliance. Furthermore, the adoption of low-carbon technologies may entail additional capital investments. Existing production and operating models may also encounter compatibility challenges with these new technologies.

Climate-Related Opportunities

Amid the global shift towards tackling climate change, customer preferences are shifting towards low-carbon and environmentally friendly products and services. This trend creates market demand and development opportunities for our PV products. Our low-carbon development strategy will drive technological innovation and product optimization, strengthening our competitive edge and corporate brand image.

Environmental Risks

With tightening environmental regulations and policies, we confront heightened environmental management risks. A major environmental incident or pollution violation could disrupt production operations and result in financial losses. Furthermore, external fluctuations in energy prices and the stability of water supplies can affect production continuity and increase resource and operating costs.

Social Risks

We confront multifaceted social risks, including compliance with laws and regulations, operational integrity, market adaptability, customer satisfaction and supply chain management. In particular, local regulations impose strict compliance mandates relating to employee rights, occupational health and safety, and business ethics. Failure to comply can result in fines and damage to our reputation. In addition, customers' rigorous quality standards, focus on supply chain sustainability and expectations for community engagement pose transformational risks that impact business stability.

Targets and Management Measures

We are committed to sustainable development, initiating ESG activities in key management areas to advance our ESG initiatives.

To align with our 2025 quantitative targets, we have set energy and water management goals tailored to actual production scenarios. We aim to reduce the electricity consumption intensity of cells and modules by 2% each, and the water consumption intensity of cells by 2%, compared to the same in 2024. Besides continuously boosting energy and water efficiency, we adopt multiple measures in order to decrease GHG emissions during production and operations. Simultaneously, we ensure the compliant disposal of wastewater, exhaust gases and other pollutants and minimize the generation of both hazardous and non-hazardous waste at the source, thereby minimizing the negative environmental impact of our production and operations.

We attach high importance to occupational health and safety management, ensuring 100% health examination coverage, effectively enforcing safety production measures, and fostering a healthy and secure work environment to protect employee well-being and safety.

Environmental Protection

We are dedicated to creating sustainable value — economically, ecologically, and socially — and working together to build a low-carbon future of win-win cooperation. We diligently discharge our environmental duties by vigorously advancing energy conservation and emission reduction, actively tackling global climate change, optimizing resource utilization and ensuring compliant pollutant disposal. Our efforts aim to reduce operational impact on the environment and promote sustainable development across the value chain through low-carbon products and services.

We are required to comply with relevant environmental laws and regulations of the jurisdictions where we operate. We have formulated the Environmental Management Commitment and Policy, the Environmental Inspection Management System and the Environmental Factor Identification and Evaluation Procedure, which clearly stipulate and standardize environmental management procedures and strictly prevent environmental risks. We continuously improve our environmental management system, actively pursue the ISO 14001 environmental management system certification, and effectively enhance our overall management level.

We prioritize the prevention and response to unexpected environmental incidents, undertaking regular evaluations and analyses of environmental risk factors. For identified risks, comprehensive management and response plans are formulated to ensure effective risk control. Furthermore, an environmental emergency response team has been established, conducting regular drills for environmental accidents in order to continually bolster our Company's capability to handle unexpected environmental risks.

Tackling Climate Change

We have implemented a climate change risk management mechanism and crafted climate emergency response plans, continually bolstering our capabilities to address and manage climate risks. We conduct GHG inventories and audits to assess current emission levels on a yearly basis. Furthermore, we optimize our energy management system, significantly reducing indirect GHG emissions via enhanced energy efficiency and structural transformation of energy sources.

We have carried out carbon footprint calculations of products and actively pursued third-party verification for Environmental Product Declarations (EPDs) and Life Cycle Assessment (LCA) certification of carbon footprint, thereby continually upgrading the low-carbon profile of our offerings.

The Scope 1 and Scope 2 GHG emissions in our daily operations primarily stem from electricity consumption and natural gas usage. The following table outlines the emissions for Scope 1 and Scope 2 during the Track Record Period. The increase in GHG emissions is primarily driven by product structure adjustments and the expansion of our production capacity.

GHG Emissions[(1)]	Units	2022	2023	2024
Scope 1 GHG Emissions . . .	tons of CO_2 equivalent	8,504.60	21,396.44	21,766.24
Scope 2 GHG Emissions . . .	tons of CO_2 equivalent	277,964.90	964,674.12	1,141,615.73
Total GHG Emissions (Scope 1&2)	tons of CO_2 equivalent	286,469.50	986,070.57	1,163,381.97
GHG Emissions Intensity (Scope 1&2)	tons of CO_2 equivalent/MW	20.62	25.39	29.50

Note:

(1) The statistical boundary for carbon emissions includes our Group and all production bases which were under operation as of December 31, 2024. The relevant values in the metrics are estimated numbers calculated based on the available data collected.

Energy Management

We prioritize energy saving and efficient utilization of energy, in productions and operations. We have set up a robust energy management framework, comprising an energy management leadership team and a working group, dedicated to overseeing our energy management endeavors. In our daily operations, we foster energy-saving management by optimizing our management systems, refining processes, upgrading equipment and adjusting our energy structure. Furthermore, we actively promote energy saving awareness among employees to elevate our overall energy management standards. Our specific measures encompass:

- *Energy Management System Optimization:* We have implemented an energy management system and conduct routine inspections in key areas to ensure efficient energy use.

- *Energy Conservation and Efficiency Enhancement:* We prioritize the purchase of equipment with second-level or higher energy efficiency ratings, perform frequency conversion upgrades and recover waste heat to further enhance efficient utilization of energy.

- *Energy Structure Adjustment:* We actively advance PV power generation systems at our production bases to promote a green energy structure.

- *Raising Awareness of Energy Conservation:* We post energy-saving signs throughout our facilities and encourage employees to participate in energy-saving activities to foster a culture of energy conservation.

The following table outlines our electricity, natural gas and energy consumption during the Track Record Period. The increase in electricity consumption and energy consumption was primarily driven by product structure adjustments and the expansion of our production capacity.

Energy Consumption[(1)]	**Units**	**2022**	**2023**	**2024**
Natural Gas Consumption	10,000 m^3	6.64	19.87	16.42
Natural Gas Consumption Intensity	m^3/MW	4.78	5.12	4.16
Electricity Consumption	million kWh	486.51	1,679.16	1,903.13
Electricity Consumption Intensity of cells	10,000 kWh/MW	3.66	4.44	5.05
Electricity Consumption Intensity of modules	10,000 kWh/MW	1.49	1.67	1.83
Total Energy Consumption[(2)]	10,000 tons of standard coal equivalent	6.24	21.65	23.85
Energy Consumption Intensity	tons of standard coal equivalent/MW	4.49	5.57	6.05

Notes:

(1) The relevant values in the metrics are estimated numbers calculated based on the available data collected. The calculation methods and coefficients for energy consumption units (converted to standard coal equivalents) are referenced from *the General Principles for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020)* issued by the State Administration for Market Regulation and the Standardization Administration of China.

(2) The statistical boundaries for total energy consumption and energy intensity encompass both direct energy consumption (natural gas, gasoline, and diesel) and indirect energy consumption (purchased electricity and purchased steam).

Water Resource Management

We have implemented a comprehensive water resource management system designed to regulate production and operating water consumption, ensure adherence with water extraction and use regulations, and avoid unnecessary water wastage. Our strategies to enhance water efficiency include:

- *Daily Monitoring and Control:* Routine inspections of equipment and facilities to swiftly address any irregularities, coupled with sub-meter installation for granular control.

- *Infrastructure Upgrades:* Installation of advanced water-saving equipment in office and dormitory areas.

- *Water Recycling Programs:* Establishing rainwater harvesting and greywater recycling systems, along with implementing air conditioning condensate recovery and process water reuse mechanisms.

- *Awareness and Engagement Campaigns:* Ongoing promotional and training activities to encourage employee participation in water-saving activities.

The following table outlines our water consumption during the Track Record Period.

Water Consumption[1]	**Units**	**2022**	**2023**	**2024**
Total Water Consumption .	10,000 tons	568.83	1,859.89	1,655.33
Water Consumption Intensity of Cells	tons/MW	440.83	498.62	448.49

Note:

(1) The relevant values in the metrics are estimated numbers calculated based on the available data collected.

Emission Management

We have established internal management systems such as the Exhaust Emission Control Management System, the Wastewater Discharge Control Management System, and the Solid Waste Discharge Management System in compliance with relevant laws and regulations. We continuously improve the pollutant emission management system and adopt proactive measures to strengthen emissions management, ensuring compliant discharge of pollutants and reducing pollution. Specific initiatives include:

- *Wastewater Management:* We implement classified and differentiated collections of production wastewater, which is treated through a comprehensive in-house wastewater treatment system before being discharged into wastewater treatment plants. Routine monitoring and recording of discharged pollutants are also conducted.

- *Air Emission Management:* Advanced exhaust treatment technologies and equipment are adopted to enhance pollutant treatment efficiency. Total emission monitoring and management are implemented, and qualified third-party entities are regularly commissioned to conduct emission testing to ensure compliance with relevant regulatory requirements and standards for atmospheric pollutant emissions.

- *Waste Management:* We classify and manage waste produced during productions and operations. Hazardous waste is stored uniformly and professionally disposed of by certified entities, while recyclable waste is sold for comprehensive utilization or recycling. Additionally, we conduct qualification audits of waste transportation service providers to ensure compliant waste disposal.

The following table outlines our wastewater, air emissions and waste generated during the Track Record Period.

Emissions[1]	Units	2022	2023	2024
Wastewater				
Total Wastewater Discharge	10,000 tons	280.18	1,038.10	1,148.23
Wastewater Discharge Intensity	tons/MW	201.66	267.29	291.13
Air Emission				
Total Air Emission	tons	17.42	54.54	35.80
Air Emission Intensity	tons/MW	0.0013	0.0014	0.0009
Waste				
Total Hazardous Waste Production	tons	40.32	164.60	146.90
Hazardous Waste Intensity	tons/MW	0.0029	0.0042	0.0037
Total Non-Hazardous Waste Production	tons	14,822.45	50,367.68	41,585.94
Non-Hazardous Waste Intensity	tons/MW	1.07	1.30	1.05

Note:

(1) The relevant values in the metrics are estimated numbers calculated based on the available data collected.

Metrics and Targets

We have implemented a comprehensive system of indicators, targets and measures designed to evaluate, monitor and manage our business's environmental risks. Our objective is to decrease electricity and water consumption, ultimately lessening our environmental impact and GHG emissions. The table outlines the specific goals that we have established.

Metrics	Targets	Timeline	Measures
Electricity Consumption and Intensity	Our target is to reduce electricity consumption intensity of cells and modules separately by 2% compared to the 2024 level.	By December 31, 2025.	To achieve this target, we have initiated multiple energy-saving projects, including the introduction of energy management systems, conducting energy audits, procuring energy-efficient equipment and implementing energy-saving technological upgrades and waste heat recovery. Additionally, we continue to push forward the construction of PV power generation systems at our production bases to optimize our energy structure.
Water Consumption and Intensity	Our target is to reduce water consumption intensity of cells by 2% compared to the same in 2024.	By December 31, 2025.	To achieve this target, we have implemented a series of measures, including installing water-saving facilities in office and dormitory areas, promoting rainwater harvesting and greywater reuse, and installing air conditioning condensate recovery and process water reuse systems. Meanwhile, we have achieved fine-grained control by installing water meters for different sections and have established a water usage inspection mechanism to reduce water wastage.

Social Responsibility

Human Resource Management

Human resources are the cornerstone of our long-term and sustainable development. As of December 31, 2024, our workforce consisted of 5,201 full-time employees. We provide a sound salary and welfare system, and actively create a diverse, equal and inclusive workplace environment.

Labor Rights and Interest

We strictly abide by laws and regulations on labor rights of all operational sites, formulates the Recruitment Management System the Salary Management System and the Welfare Management System, and continuously improves the recruitment specifications, salary and welfare system to protect the rights and interests of employees in all aspects. We adhere to the principle of equal employment and are committed to creating an equal and diversified working environment. We will resolutely prevent any discrimination due to age, nationality, marital status, race, color, ethnicity, religious belief, physical condition, gender identity and other factors in the recruitment and development of employees.

We have a strict policy against any form of child or forced labor, ensuring that all employees are at least eighteen years old.

We have built a comprehensive compensation and benefit system, providing employees with externally competitive and internally fair compensation and benefits, including a number of subsidies, which are adjusted according to the performance of employees. Specific initiatives are as follows:

- We have established a dynamic salary adjustment mechanism. In addition to fixed wages, we also provide employees with variable wages, incentive bonuses and welfare allowances to increase their income.

- We have implemented the equity incentive plan for consecutive years, covering senior managers, middle-level backbone and core technicians. In addition, we have a variety of incentives, such as sales bonuses, technological transformation awards and intellectual property awards, to further stimulate the enthusiasm and creativity of employees.

- We provide a series of benefits for employees, such as night shift allowance, transportation allowance, home leave allowance. In addition, we have implemented a flexible working hour mechanism to better meet the needs of employees and improve work efficiency.

Talent Training and Development

We believe that the personal development of employees is a key driver of corporate advancement, hence we have formed a comprehensive talent training plan. It encompasses the entire career lifecycle of our employees, offering training for employees at various levels to enhance their professional competencies.

We have built a dual-track career progression model, combining both professional improvement and management paths. Aligning with our Company's development needs and considering employee career path, we ensure a systematic and equitable approach to employee promotion.

Occupational Health and Safety

We strictly abide by work safety related laws and regulations of jurisdictions where we operate. We have established and are committed to enforcing systems including the Work Safety Goal Management System, the Work Safety Responsibility System Formulation, the Communication, Training, Review, Revision and Assessment Management System, and the Occupational Disease Hazards Prevention and the Control Responsibility System. We are dedicated to providing a safe and healthy working environment for our employees.

We continuously enhance our occupational health and safety management by conducting regular risk identification and assessment and developing prevention and control measures for potential risks. We provide all employees with personal protective equipment and conduct regular occupational disease examinations for those in specific workshop roles to ensure their well-being.

To ensure a swift and effective response to production safety accidents and to enhance employee safety awareness, we conduct routine training and drills for all relevant employees. During the Track Record Period and up to the Latest Practicable Date, we have no record of work-related deaths or major work-related accidents.

Product Quality and Safety

We have been deeply engaged in the R&D and production of PV cells for years and have gradually expanded our business to PV module sector. We have established a comprehensive product quality control process, continuously promoted the iterative upgrading of our technology, products and processes, and fully considered product safety, product performance and component adaptability to ensure high-quality and reliable products. As of the Latest Practicable Date, all our production bases have obtained the quality management system certification (ISO9001).

We strictly abide by the Product Quality Law of the People's Republic of China, the Standardization Law of the People's Republic of China, and other policies related to product quality and safety in all operational bases, and we have built a full-life cycle quality management system, ensuring product quality and continuously improving customer satisfaction. We continue to refine product testing methods to improve the accuracy and coverage of inspection. We have a chemical analysis laboratory, a reliability laboratory for crystalline silicon solar cells, and a raw material inspection laboratory, covering different testing needs and research fields, ensuring that product development, raw material use and product performance meet strict testing standards, providing solid quality inspection support for product quality.

In order to ensure the safety of products and avoid negative impacts on health and environment, we strictly control harmful substances. We require our chemical suppliers to provide a test report issued by an external laboratory certified by CNAS (China National Accreditation Service for Conformity Assessment) that complies with the specifications for hazardous substances and confirms their compliance with the raw materials.

Sustainable Supply Chain

Supply Chain Management

We have established the Supplier Management Control Procedure, the Procurement Management System and the Quality Guide of Raw Materials, among other supplier management systems, to comprehensively regulate the processes of supplier development, audit and evaluation, providing comprehensive support for efficient supplier management.

We have also formulated and promoted the Solarspace Partner Code of Conduct with suppliers, clearly outlining their responsibilities and obligations in terms of social and environmental risk management and requiring all suppliers to sign the Code of Conduct. As of the Latest Practicable Date, we have achieved a 100% major supplier sign-off rate on the Code of Conduct.

We actively promote the practice of sustainable procurement by incorporating ESG factors into the supplier onboarding and management processes, jointly promoting the sustainable development of the value chain. During the supplier onboarding stage, we require suppliers to provide ESG management-related certification certificates, such as management system certifications. Throughout the delivery process, we conduct regular supplier audits in accordance with the Supplier Management Control Procedure and incorporate ESG indicators covering labor standards, occupational health and safety, environmental protection and business ethics into the assessment system. We encourage and support suppliers in implementing ESG management measures to achieve sustainable development of the value chain.

We also prioritize green procurement, giving preference to environmentally friendly products and services, and prioritizing suppliers that offer products and services that meet environmental standards.

Furthermore, we are committed to collaborating with partners to build a sustainable supply chain. We provide training on social responsibility to suppliers and conduct online guidance for ESG audit projects, helping suppliers enhance their ESG awareness, management capabilities and performance.

Responsible Mineral Management

We continuously adhere to social ethical standards and commit to neither purchasing nor using any conflict minerals. We are gradually requiring our cooperating suppliers to sign and commit to the Conflict Minerals Declaration Letter. Additionally, suppliers must participate in our periodic traceability due diligence investigations.

Business Ethics

We have a zero-tolerance attitude towards violations of business ethics and resolutely combat any form of corruption, bribery, extortion, fraud, money laundering and other illegal activities. We have established anti-corruption and anti-bribery systems, including the Integrity Employment Management System, the Employee Integrity Management Operational Guidelines and the Business Ethics Code of Conduct, in accordance with national laws and regulations as well as the laws and regulations of each operational location.

Our Business Ethics Code of Conduct serves as the cornerstone of our Company's business principles, detailing requirements and guiding principles for employees at all levels regarding business ethics in their daily work. At the same time, through the Solarspace Partner Code of Conduct, we guide our partners to jointly follow our Company's professional ethics standards, uphold principles of professionalism, integrity, transparency and ethics when conducting business activities, and actively taking responsibility for their own employees and society.

We encourage all stakeholders to report violations of business ethics through various channels such as phone, email and letters and keep relevant information confidential. For reported incidents, we promptly investigate and collect evidence and continuously optimize management measures with regular reviews to prevent the recurrence of similar incidents.

To enhance the integrity and self-discipline awareness of our employees, we regularly conduct anti-bribery risk identification and assessment, and provide regular publicity, education and training for all employees and key personnel. We are committed to creating a transparent and honest corporate culture.

Community Engagement

We are dedicated to contributing to society alongside business growth. We are proactive in our engagement with philanthropic and charitable endeavors, aiming for mutual development and the sharing of our achievements. In 2024, our community engagement highlights include:

- Floods affected many parts of Laos, which led to a supply shortage and travel difficulties for residents in affected areas. We proactively fulfilled our social responsibilities, donated living materials to affected areas and helped local residents cope with the floods.

- We donated educational materials to local primary schools to improve educational environment, optimizing students' learning experience and promoting the development of local education.

PROPERTIES

We own and lease properties in China and other jurisdictions where we operate. Our headquarters are located in Xuzhou, Jiangsu Province, China.

As of December 31, 2024, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of the Latest Practicable Date, we held the land use rights of four parcels of land with an aggregate site area of approximately 586,383.2 sq.m. in China, and we owned a total aggregate GFA of approximately 398,832.9 sq.m. of buildings in China which were primarily used for industrial purposes.

As of the Latest Practicable Date, we had not obtained the building ownership certificate for a building with an aggregate GFA of approximately 10,940 sq.m. in Peixian, Xuzhou, Jiangsu Province, China (the "**B2 Warehouse**"). We had not obtained the building ownership certificate primarily because of our failure to obtain the construction planning permits and the construction work commencement permits in a timely manner and the original engineering design does not meet the current regulatory requirements. As of the Latest Practicable Date, we primarily used the B2 Warehouse for warehousing purposes. As advised by our PRC Legal Adviser, our rights as owner or occupant of this property may be adversely affected due to the absence of the relevant building ownership certificate. Accordingly, certain rights including our rights to transfer or lease the building and/or to mortgage the building may be restricted. During the Track Record Period and up to the Latest Practicable Date, no material administrative action, fine or penalty had been imposed by relevant regulatory authorities with respect to the failure to obtain the construction planning permits, the construction work commencement permits and the building ownership certificate. We have obtained the written confirmations from relevant regulatory authorities, which set out that no administrative penalties had been imposed on us in terms of the B2 Warehouse during the Track Record Period. As advised by our PRC Legal Adviser, these local regulatory authorities are competent authorities to provide their respective confirmations as forementioned. We have obtained an indemnity letter from the Controlling Shareholders to indemnify our Group against any losses caused by the defects in the ownership of the B2 Warehouse. Based on the above, our PRC Legal Adviser is of the view that failure to obtain the building ownership certificate of the B2 Warehouse will not have a material adverse effect on our production and operations.

Our Directors believe that the defects in the ownership of the B2 Warehouse would not materially and adversely affect our business, results of operations and financial condition, primarily because: (i) as confirmed by our PRC Legal Adviser, the failure to obtain the building ownership certificate of the B2 Warehouse would not have a material adverse effect on our production and operations; (ii) the property accounts for a relatively small area of the total buildings occupied by us; and (iii) as of the Latest Practicable Date, we primarily used this building as a warehouse, and if we were ordered to suspend our use of this building, to find alternative properties would be relative convenient, and our general production activities would not be materially disrupted.

Leased Properties

According to the respective agreements that we entered into with Chuzhou Langya District People's Government (滁州市琅琊區人民政府), Jiangsu Xuzhou High-tech Industrial Development Zone Management Committee (江蘇省徐州市高新技術產業開發區管理委員會) and Jiangsu Peixian Economic Development Zone Management Committee (江蘇沛縣經濟開發區管理委員會), the relevant government authorities are responsible for the construction of certain production bases and related ancillary buildings, and we are required or have options to purchase or lease those properties. As of the Latest Practicable Date, the aggregate GFA of the relevant properties was 576,670.9 sq.m., among which, we are required to purchase properties of 88,281.0 sq.m. within certain agreed time frame upon completion of the construction of those properties, and we have options to purchase or lease the properties of 488,389.9 sq.m. within certain agreed time frame upon completion of the construction of those properties.

As of the Latest Practicable Date, the building ownership certificates of the aforementioned properties were still in the process of application preparation and thus had not been obtained. Our PRC Legal Adviser is of the view, and our Directors concur, that the current absence of relevant building ownership certificates will not affect our legal right to use those properties or our production and operation.

As of the Latest Practicable Date, apart from the aforementioned leased properties, we leased five properties in China with a GFA of approximately 33,006.7 sq.m., which were primarily used for dormitory and office purposes, one property in Cambodia with a GFA of approximately 56,832.9 sq.m., which was primarily used for industrial purposes, and three parcels of land in Laos with an aggregate land area of approximately 421,459 sq.m., which were primarily used for industrial purposes. We had ceased production activities in the production base in Cambodia as of the Latest Practicable Date, and we plan to relocate the production facilities thereof to our other production bases. In addition, in January 2025, we signed the lease agreement for the U.S. Production Base, see "Future Plans and Use of [**REDACTED**]." The leases generally have a term ranging from one to five years.

As of the Latest Practicable Date, the lessor in relation to two lease agreements entered into by Jiangsu Huaheng and Solarspace Xuzhou with a GFA of approximately 3,656.5 sq.m. and 2,344.63 sq.m., respectively, had not been able to obtain the building ownership certificates of the properties or other documents evidencing its right to let the properties. As advised by our PRC Legal Adviser, if the lessor of the leased properties do not have the requisite rights to lease the relevant properties, we would not be subject to any administrative penalties with respect to these properties, but our lease may be affected, and, as a result, we may be required to vacate the relevant properties and relocate. During the Track Record Period and up to the Latest Practicable Date, no parties have raised questions, disputes, or conflicts regarding the leases, nor have there been any administrative penalties by any relevant authorities, or any penal or investigation notices from the relevant authorities due to the aforementioned defects. The properties in question are leased for dormitory purposes. Even if we are required to move out of the defective leased properties, finding alternative properties would be relatively convenient. Based on the above, our PRC Legal Adviser is of the view that the possibility of our business operations being materially and adversely affected by the aforementioned defective leased property is low.

Therefore, our Directors believe that the aforementioned defective leased property would not materially and adversely affect our business, financial condition or results of operations on the grounds that: (i) as advised by our PRC Legal Adviser, the possibility of our business operations being materially and adversely affected by the aforementioned defective leased property is low; (ii) during the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, our leases with respect to these defective leased properties had never been challenged by any third parties; and (iii) the relevant defective leased properties accounts for a relatively small area of the total properties occupied.

As of the Latest Practicable Date, we had five lease agreements not registered with the relevant government authorities. As advised by our PRC Legal Adviser, absence of the registration does not affect the validity of the lease agreements; however, failure to complete the registration of the lease agreements may result in a fine on the relevant entity ranging from RMB1,000 to RMB10,000 imposed by the relevant authorities. During the Track Record Period, in relation to the aforementioned leased properties, we have not been penalized or fined by the relevant authorities. Our PRC Legal Adviser is of the view that the failure to complete the registration of the lease agreements does not affect the validity of the lease agreements, nor does it affect our normal use of the leased property, and it will not have a major impact on our production and operations. Therefore, our Directors believe that failure to complete the registration of the lease agreements would not materially and adversely affect our business, results of operations or financial condition.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we have obtained all necessary licenses, approvals, permits and certificates that are material and necessary for our business operations in jurisdictions where we operate, and such licenses, permits, approvals and certificates are valid and subsisting.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, financial condition, results of operations, reputation or compliance. We may occasionally be involved in various legal, arbitration or administrative proceedings that arise as part of our normal business operations. See "Risk Factors — Risks Relating to Our Business and Industry — We may from time to time become party to litigation, other legal disputes and proceedings that may materially and adversely affect us."

Compliance

During the Track Record Period and up to the Latest Practicable Date, save as disclosed below, we had not been and were not involved in any non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Bill transfer arrangements

Background

In 2022, we were involved in certain bill transfer arrangements in relation to the transfer of bank bills without commercial substance, which was not in strict compliance with Negotiable Instruments Laws of the PRC (《中華人民共和國票據法》) as advised by our PRC Legal Adviser (the "**Bill Transfer Arrangements**"). Following the industry norms in the PV industry, we use and accept bank bills to settle payments during our operations. In 2022, the amount of the transactions under the Bill Transfer Arrangements was RMB1,146,636,100, including (i) intra-group transactions settled via bank bills, and (ii) bill change arrangements between us and a supplier. Regarding the intra-group transactions under the Bill Transfer Arrangements, the amount was RMB1,146,476,100. These were internal bank bill transfers among our subsidiaries to address the short-term capital needs of some subsidiaries in 2022. Such amount is calculated as the difference between the settlement amount among the relevant subsidiaries for the year (the sum of payment made via bank transfer and bank bills) and the intra-group amount payable for the year among the relevant subsidiaries (the sum of the intra-group transaction amount for the year and the opening balance of account payables at the beginning of the year). Regarding the bill change arrangements between us and the supplier under the Bill Transfer Arrangements, the amount was RMB160,000. In 2022, we made payment to the supplier via bank bills, while the payment amount made via bank bills exceeded the actual purchase amount by RMB160,000, and subsequently, the supplier settled the difference with us via bank bills. We had no financial gains from the Bill Transfer Arrangements.

Our Directors confirm that at the time of entering into the Bill Transfer Arrangements, they were unaware that such arrangements were not in compliance with the relevant PRC laws and regulations, nor had they or the relevant person handling this matter advised by any professionals. We inadvertently handled such Bill Transfer Arrangements in a non-compliant manner. Since December 31, 2022, we have ceased the Bill Transfer Arrangements. Our Directors confirm that, except for the Bill Transfer Arrangements, we were not involved in any arrangements for non-compliant bills financing during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that they did not receive any rebate or benefits in connection with the Bill Transfer Arrangements during the Track Record Period and up to the Latest Practicable Date.

Legal impact

As advised by our PRC Legal Adviser, the likelihood that our Group would be subject to any administrative penalties by the governmental authorities and the likelihood that any interested party would initiate any civil proceedings against our Group due to the Bill Transfer Arrangements is low, because (i) since December 31, 2022, we had promptly ceased all of the Bill Transfer Arrangements; (ii) according to the confirmations issued by competent governmental authorities, during the Track Record Period, they had not imposed any administrative penalties on our entities involving the Bill Transfer Arrangements; (iii) there are no provisions in the PRC Negotiable Instruments Law expressly imposing any administrative penalty in relation to any activities under the Bill Transfer Arrangements; and (iv) there is no dispute or civil claim between our Group and any other third parties in connection with the Bill Transfer Arrangements during the Track Record Period.

In addition, our PRC Legal Adviser is further of the opinion that any activities under the Bill Transfer Arrangements would not be considered as a criminal act, because (i) according to the confirmations issued by competent governmental authorities, during the Track Record Period, our entities involving the Bill Transfer Arrangements had not been found subject to any financial violations or irregularities behaviors; (ii) the Bill Transfer Arrangements did not involve any fraud or dishonesty under in the PRC Negotiable Instruments Law, being considered as a criminal act; and (iii) pursuant to the PRC Criminal Law (中華人民共和國刑法), the Bill Transfer Arrangements are not considered to be a criminal act, and do not constitute any violation of criminal laws and regulations.

Remedial measures and internal control measures

We have obtained an indemnity letter from the Controlling Shareholders to indemnify us against, among other things, any of our Group's liabilities in relation to the Bill Transfer Arrangements. To prevent reoccurrence of such non-compliant incident, we have adopted the following internal control measures: (i) implementation of internal guidelines and policies for (a) approving, reporting and monitoring bill financing transactions, and (b) prohibiting use of bill transfers without commercial substance; (ii) our finance department shall review all applications for payment to suppliers by bank bills, together with the relevant underlying agreements, and assess the genuineness of the information contained in each application, which must then be approved by a corresponding person according to the amount; (iii) any single transaction involving payment by or acceptance of bank bills for transactions of more than RMB50,000 must be approved by the head of the finance department, transactions between RMB50,000 and RMB500,000 must be approved by the chief financial officer, transactions between RMB500,000 and RMB2 million must be approved by the executive deputy president and transactions of more than RMB2 million must be approved by our president; (iv) maintain a detailed bill ledger to record bill transfer information and conduct bill count every month; and (v) to strengthen internal supervision, our Group has designated the finance department to closely monitor and review transaction settled with bank bills and ensure that our internal control measures are properly carried out.

We have engaged an independent internal control consultant to conduct a general review of our internal control system in relation to the [**REDACTED**]. The internal control consultant performed procedures in January 2025 for the review period from December 2023 to November 2024 and follow-up procedures in February 2025 on the bill management. Upon its review, the internal control consultant did not identify any further deficiencies. Taking into account the remedial measures and internal control measures implemented by us in relation to the Bill Transfer Arrangements, and the reviews of such measures conducted by our internal control consultant, our Directors are of the view that we have taken adequate reasonable steps to establish internal control systems and procedures to enhance the control environment at both working and monitoring levels. Should the internal control system and procedures be consistently upheld, the remedial measures and internal control measures should be adequate and effective in reducing the risk of our future non-compliance with legal and regulatory requirements in connection with bill transfer arrangements without commercial substance.

INTRA-GROUP TRANSACTIONS

During the Track Record Period, we established subsidiaries to carry out our operations in various countries and regions, such as Europe, North America and Asia. Our subsidiaries perform different functions, mainly including manufacturing and selling PV cells and PV modules and providing supporting services.

We have transactions among the subsidiaries within our Group. Transfer pricing arrangements for such intra-group transactions should be on an arm's-length basis according to the transfer pricing guidelines for multinational enterprises and tax administrations (the "**OECD Transfer Pricing Guidelines**") promulgated by the Organization for Economic Cooperation and Development (the "**OECD**"), an international organization of international cooperation. In this regard, we have engaged a professional tax consultant company in the PRC (the "**transfer pricing adviser**") to conduct review, analyze and evaluate the potential risks in accordance with the OECD Transfer Pricing Guideline and applicable laws and regulations.

After assessing our transfer pricing arrangements during the Track Record Period, our Directors, as advised by the transfer pricing adviser, are of the view that our transfer pricing arrangements were consistent with the arm's length principle under both OECD Transfer Pricing Guidelines and the applicable local laws and regulations related to transfer pricing in the relevant jurisdictions in material respects, and the risk for our Group to conduct material transfer pricing adjustment and pay additional tax can be considered as relatively low.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any inquiry, audit, investigation, or challenge by any relevant tax authorities in the jurisdictions where we operate in relation to our intra-group transactions.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations. We have established risk management systems with relevant policies and procedures that we believe are appropriate for our business operations. Our policies and procedures relate to managing our procurement and production, as well as monitoring our sales performance and product quality.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [**REDACTED**], we have implemented, or will continue to implement, among other things, the following risk management measures:

- Establish an Audit Committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of the committee members, see "Directors, Supervisors and Senior Management;"

- Adopt various policies to ensure compliance with the Listing Rules, including, but not limited to, aspects related to risk management and connected transactions;

- Provide training to our senior management and employees on professional behavior requirements and ethics standards to enhance their knowledge of, and compliance with, applicable laws and regulations and include relevant policies against non-compliance in our employee discipline measures and supervision guidelines;

- Organize training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong;

- Enhance our reporting and records system for production facilities, including centralizing their quality assurance and safety management systems and conducting regular inspections of the facilities;

- Establish a set of emergency procedures in the event of major production safety-related issues; and

- Provide enhanced training programs on production safety.

We have engaged an internal control consultant to conduct a general internal control review, which is associated with our major business processes, identifies deficiencies and areas for improvement, provides recommendations, and reviews the implementation status of these remedial actions. To ensure that the above compliance culture is embedded into everyday workflow and sets the expectations for individual behavior across the organization, we will regularly review our risk management policies and internal management procedures, adopt strict accountability internally, and conduct compliance training. Our Directors are of the view that our enhanced internal control system is adequate and effective for our current operations.

DATA PRIVACY AND INFORMATION SECURITY RISK MANAGEMENT

We are committed to ensuring data privacy and information security. We do not engage in collecting private information through public channels such as operational websites or apps, and the data we collect is limited. In the course of conducting our business, the only privacy data we collect mainly pertains to employee information, customer and supplier contact information, and other data necessary for operation and management. We make sure to obtain adequate authorization and consent from our employees, customers, and suppliers for collecting and processing their private information.

We have implemented robust protective measures for the privacy data we collect. These measures include (i) establishing internal control systems such as a data security management system. These systems clearly stipulate our management of data confidentiality, data approval authority, data classification and grading, data backup and recovery, and encryption strategy change management, and we have effectively implemented and executed these systems; (ii) strictly minimizing the access and circulation rights of private information and requiring stringent system authorization for the use of such information; (iii) adopting technical measures such as encryption and anti-leakage to protect information; and (iv) establishing an information security management system to ensure information security. In particular, we strictly limit the access to, and management of, our employees' personal information database to our dedicated personnel to further safeguard our information security from unauthorized internal access.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of operating or transaction data.

AWARDS AND RECOGNITIONS

We have received various honors and awards in recognition of, among other distinctions, our innovations and products. The table below sets forth our major honors and awards received during the Track Record Period.

Year	Awards and Recognitions	Issuing Authority
2024 . .	2024 Global Top 500 New Energy Enterprises	2024 Taiyuan Energy Low Carbon Development Forum
2024 . .	Top 500 Enterprises of China's Manufacturing Industry	China Enterprise Confederation, China Enterprise Directors Association
2024 . .	Jiangsu Unicorn Enterprises 2024	Jiangsu Productivity Promotion Center
2024 . .	First Batch of Provincial Leading Manufacturing Enterprises and Software Leading Enterprises	Jiangsu Provincial Department of Industry and Information Technology
2024 . .	2024 PV Module Top Performer	Kiwa PVEL
2023 . .	2023 Global Top 500 New Energy Enterprises	2023 Taiyuan Energy Low Carbon Development Forum
2023 . .	2023 China Outstanding Photovoltaic Annual Top 10 Photovoltaic Cell/Module Brand Award	International Energy Research Institute
2023 . .	The Most Impactful Photovoltaic Module Enterprise Award of the Year 2023	Solarbe.com
2022 . .	2022 China Outstanding Photovoltaic Annual Top 10 Photovoltaic Cell/Module Brand Award	International Energy Research Institute
2022 . .	Impactful PV Cell/Module Brand of the Year 2022	www.bjx.com.cn, guangfu.bjx.com.cn
2022 . .	The Most Impactful Solar Cell Enterprise in 2022	Solarbe.com

OVERVIEW

We have, in our ordinary and usual course of business, entered into a number of transactions with certain entities that will become our connected persons (as defined under Chapter 14A of the Listing Rules) upon [**REDACTED**]. Such transactions will continue after the [**REDACTED**] and will therefore constitute our continuing connected transactions under the Listing Rules.

CONNECTED PERSONS

We have entered into of the following transactions with parties that will become our connected persons (as defined under Chapter 14A of the Listing Rules) upon [**REDACTED**], including:

Connected Persons	Connected Relationship
Xuzhou Xin Yi Shun Packaging Materials Co., Ltd. (徐州鑫亦順包裝材料有限公司) ("**Xin Yi Shun**") . . .	A company wholly owned by the spouse of Mr. Meng Baishun, our Director, as of the Latest Practicable Date
Xuzhou Zhonglun Environmental Protection Technology Co., Ltd. (徐州中倫環保科技有限公司) ("**Zhonglun Environmental Protection**")	A company held as to 60% by the brother of Mr. Long, our Director, as of the Latest Practicable Date

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

	Nature of transactions	Counterparty	Applicable Rules	Waiver Sought
Fully exempt continuing connected transactions				
1. . .	Procurement of sludge treatment services	Zhonglun Environmental Protection and its associates	14A.34, 14A.76(1)(a)	N/A
2. . .	Purchase of chemical products	Zhonglun Environmental Protection and its associates	14A.34, 14A.76(1)(a)	N/A
Partially exempt continuing connected transactions (subject to reporting, annual review and announcement requirements)				
3. . .	Procurement of Packaging Materials	Xin Yi Shun	14A.34, 14A.35, 14A.53, 14A.76, 14A.105	Announcement requirement

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

In our ordinary and usual course of business, we have entered into the following transactions for which, as our Directors currently expect, the highest applicable percentage ratio of the proposed annual caps for the three years ending December 31, 2027 calculated for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis. Under Rule 14A.76(1) of the Listing Rules, these transactions will constitute a de minimis continuing connected transaction of our Company that will be fully exempt from reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Procurement of sludge treatment services

Our Group, from time to time, procures sludge treatment services from Zhonglun Environmental Protection and/or its associates for sludge generated in our daily operation. The consideration of the sludge treatment services will be determined with reference to the cost of sludge treatment service and the market value of sludge, and the quotations obtained from at least two suppliers that are Independent Third Parties.

2. Purchase of chemical products

Our Group purchases, from time to time, chemical products (including but not limited to calcium hydroxide ($Ca(OH)_2$) and calcium chloride ($CaCl_2$) for our production activities from Zhonglun Environmental Protection and/or its associates. The price of the chemical products will be determined with reference to the prevailing market price of the relevant type of chemical product, the quality and quantity of the relevant type of chemical product, and the quotations obtained from at least two suppliers that are Independent Third Parties.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS

In our ordinary and usual course of business, we have entered into the following transactions for which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, these transactions will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

3. Procurement of packaging materials

Parties

Xin Yi Shun (for and on behalf of its associates); and

Our Company (for and on behalf of its subsidiaries)

Principal terms

We entered into a procurement of packaging materials framework agreement with Xin Yi Shun on [●], 2025 (the "**Procurement of Packaging Materials Framework Agreemen**t"), pursuant to which our Company will procure, from time to time, packaging materials for our PV products, from Xin Yi Shun and/or its associates.

The initial term of the Procurement of Packaging Materials Framework Agreement shall commence on the [**REDACTED**] until December 31, 2027, subject to renewal by mutual consent and compliance with all applicable laws and regulations.

We will separately enter into specific agreements with Xin Yi Shun which will set out the specific terms and conditions, including types and specifications of materials, price and payment methods.

Pricing terms

The price of the relevant packaging materials shall be determined with reference to (i) the prevailing market price of packaging materials; (ii) the price of similar packaging materials offered by Independent Third Parties to our Company; and (iii) the cost and the quality of the materials.

For the purpose of ascertaining market prices, the procurement team of our Company will conduct price inquiry and obtain quotations from at least two suppliers that are Independent Third Parties. The procedures above would ensure that the terms provided by Xin Yi Shun and/or its associates are no less favourable to our Company than those provided by Independent Third Parties.

Reasons for the transactions

Xin Yi Shun and/or its associates has historically supplied packaging materials to members of the Group due to its satisfactory products, favourable prices, and geographical advantage. In addition, our Group and Xin Yi Shun have a long term, stable relationship and Xin Yi Shun is familiar with our business needs and requirements. Based on our previous experience in business dealing with Xin Yi Shun, we believe Xin Yi Shun is capable of effectively satisfying our demands for the relevant products in a stable and reliable manner. The procurement prices of packaging materials offered by Xin Yi Shun and/or its associates are no less favourable than those offered by Independent Third Parties. Taking into account of the above, our Directors consider that the procurement of packaging materials from Xin Yi Shun and/or its associates is beneficial to our Company.

Historical amounts

Set out below are the historical transaction amounts for the above mentioned procurement of packaging materials during the Track Record Period:

	For the year ended December 31,		
	2022	**2023**	**2024**
	(RMB thousand)		
Procurement of packaging materials . . .	33,693	75,174	85,453

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Procurement of Packaging Materials Framework Agreement for the three years ending December 31, 2027 shall not exceed the caps set out below:

	For the year ending December 31,		
	2025	**2026**	**2027**
	(RMB thousand)		
Procurement of packaging materials . . .	97,720	117,200	140,720

The above proposed annual caps with respect to the procurement of packaging materials are determined with reference to:

(a) the historical transaction amounts for the Track Record Period; and

(b) our needs for packaging materials to be provided by Xin Yi Shun in supporting the projected growth of our business operation, and we expect that our production scale will continue to grow in the three years ending December 31, 2027.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Under Rule 14A.76(2) of the Listing Rules, the transactions under the subsections headed "— Partially exempt continuing connected transactions subject to reporting, annual review and announcement requirements" will constitute our continuing connected transactions subject to those requirements under Chapter 14A of the Listing Rules.

As those non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis and have been fully disclosed in this document, our Directors consider that compliance with the announcement requirements (as the case may be) would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "— Partially exempt continuing connected transactions subject to reporting, annual review and announcement requirements" in this section, subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions as set out above have been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and are fair and reasonable and in the interest of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

Having taken into account (i) the documentation and information provided by the Company in relation to the non-exempt continuing connected transactions under the Procurement of Packaging Materials Framework Agreement; and (ii) due diligence conducted and discussions with the Company, the Joint Sponsors are of the view that (a) the non-exempt continuing connected transactions as set out above have been and will be carried out in the ordinary and usual course of business of our Company and on normal commercial terms or better that are fair and reasonable in the interests of our Company and the Shareholders as a whole; and (b) the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- we have approved and adopted internal procedures and internal guidelines, which provide that, among others, if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules. The Board and other internal departments of our Company will be jointly responsible for evaluating the terms under the framework agreements for our Group's continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each agreement;

- our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transaction entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transaction has been entered into in the ordinary and usual course of business of our Group, is on normal commercial terms and is in accordance with the agreement governing it on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transaction has not been approved by the Board, is not in accordance with the pricing policies of our Group in all material respects, is not entered into in accordance with the relevant agreement governing the transactions in all material respects or has exceeded the cap;

- when considering the fees and amounts payable by our Group in respect of transactions, services or licenses provided by our connected persons, we will regularly review and consider the prevailing market conditions and practices, and make reference to the pricing and terms between us and independent third parties for comparable services or similar transactions (if available), to make sure that the terms and conditions offered by/to our connected persons based on commercial negotiations are fair and reasonable and are based on normal commercial terms or no less favourable terms to our Group; and

- when considering any renewal or revision to the agreements after [**REDACTED**], the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at Board meetings or Shareholders' general meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals cannot be obtained, we will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules.

OVERVIEW

Our Board consists of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of the Group, determining the annual financial budgets and final accounts of the Group, determining the fundamental management systems of the Group, formulating profit distribution plans and loss recovery plans of the Group, and exercising other powers and functions as conferred by the Articles of Association. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

Our Supervisory Committee consists of three Supervisors. The Supervisory Committee is responsible for supervising the performance of duty of the Board and the senior management of the Company and overseeing the financial conditions of the Company. The employee representative Supervisor is elected by our employees, while the shareholder representative Supervisors are elected at the Shareholders' general meetings. Our Supervisors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

Our senior management is responsible for the management of day-to-day operations of the Group.

BOARD OF DIRECTORS

The following table sets forth certain information of our Directors:

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director*	Relationship with other Directors, Supervisors and senior management
Mr. Long	51	Founder, Chairman of the Board, Executive Director and General Manager	Responsible for the overall development strategies, business plans and major operational decisions of our Group	May 24, 2010	September 13, 2022	Spouse of Ms. Meng and brother-in-law of Mr. Meng Baishun
Ms. Meng	46	Co-founder, Executive Director and Deputy General Manager	Responsible for major operational decisions of our Group	January 11, 2011	September 13, 2022	Spouse of Mr. Long and sister of Mr. Meng Baishun
Dr. Feng Ping	43	Executive Director and Deputy General Manager	Responsible for research and development of PV technology of our Group	June 7, 2021	September 13, 2022	None

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director*	Relationship with other Directors, Supervisors and senior management
Ms. Hu Xiaoyan	53	Executive Director, Deputy General Manager and Financial Director	Responsible for the financial management and financial reporting of our Group	February 10, 2025	March 6, 2025	None
Mr. Meng Baishun	42	Executive Director and Deputy General Manager	Responsible for procurement and sales management of our Group	May 24, 2010	March 6, 2025	Brother-in-law of Mr. Long and brother of Ms. Meng
Mr. Xu Shuzhang	37	Non-executive Director	Participating in evaluation and approval of business plans, strategies and major decisions of our Group through the Board	September 13, 2022	September 13, 2022	None
Ms. Liu Shiping	56	Independent non-executive Director	Providing independent opinion and judgement to the Board	September 13, 2022	September 13, 2022	None
Dr. Yu Linwei	46	Independent non-executive Director	Providing independent opinion and judgement to the Board	September 13, 2022	September 13, 2022	None
Mr. Tong Wan Sze	56	Independent non-executive Director	Providing independent opinion and judgement to the Board	March 6, 2025	March 6, 2025	None

**Note:* For the avoidance of doubt, the dates of the appointment as a Director, a Supervisor or the senior management of our Company refer to the appointment of the relevant positions in our Company after its conversion into a joint stock company with limited liability in September 2022. For the details of the conversion, see "History, Development and Corporate Structure — Corporate Development of Our Company — (5) The Conversion".

DIRECTORS

Executive Directors

Mr. Long Daqiang (龍大強), aged 51, is our founder, chairman of the Board, executive Director and general manager.

Mr. Long was appointed as our Director and general manager in September 2022 and was further re-designated as our executive Director in March 2025. He has over 15 years and 14 years of experience in material industry and energy industry, respectively. Prior to founding our Group, he served as a business operator at Peixian Tongda Building Materials Sales Office (沛縣同大建材銷售處) from October 2000 to December 2014, the manager at Xuzhou Xinguo Materials Trading Co., Ltd. (徐州鑫國物資貿易有限公司) from August 2003 to September 2023, the manager at Xuzhou Xinchang Steel Materials Trading Co., Ltd. (徐州新長鋼物資貿易有限公司) from June 2006 to November 2016, the executive director at Nanjing Yi Hesheng Metal Materials Co., Ltd. (南京宜合盛金屬材料有限公司) from August 2006 to July 2022, the executive director at Xuzhou Hetai Real Estate Development Co., Ltd. (徐州和泰房產開發有限公司) from November 2006 to May 2023, and the executive director and manager at Xuzhou Dexiang Materials Trading Co., Ltd. (徐州德享物資貿易有限公司) from July 2013 to November 2016.

Mr. Long started our PV cell business by establishing our first PV cell production base, Zhongyu Photovoltaic, in May 2010 and served as the executive director of Zhongyu Photovoltaic from May 2010 to July 2017. He served as the supervisor of our predecessor, Solarspace Limited, from January 2011 to June 2018 and as the executive director and manager at Solarspace Limited from September 2020 to September 2022. He held various positions in our subsidiaries, including as the executive director at Zhonghui Photovoltaic from November 2015 to September 2022, the director at Jiangsu Quanwei Electric Power Technology Co., Ltd. (江蘇全維電力科技有限公司) from April 2021 to June 2022, the executive director and manager at Solarspace Technology (Xuzhou) Co., Ltd. (中潤光能科技(徐州)有限公司) from May 2021 to September 2022, the executive director and manager at Jiangsu Jieyuan Photovoltaic Power Generation Co., Ltd. (江蘇潔源光伏發電有限公司) from May 2021 to August 2022, the director, manager and executive director at Jiangsu Huaheng from June 2021 to March 2023, and the executive director and manager at Xuzhou Weihong Photovoltaic Power Generation Co., Ltd. (徐州威宏光伏發電有限公司) from July 2021 to July 2022. He has currently been serving as the executive director and manager at Haori Electronic since September 2020, the director and executive director at Jiangsu Longheng since March 2021, the executive partner at Henghui Management since July 2021, the executive partner at Longtai Management since July 2021, the director and chairman at Solarspace New Energy (Cambodia) Co., Ltd. (formerly known as L-Q NEW ENERGY CO., LTD.) since January 2022, the director at Solarspace Xuzhou since February 2022, and the executive director at Solarspace Chuzhou since June 2022.

Mr. Long graduated from the College of Electronic Engineering of the National University of Defence Technology (中國人民解放軍國防科技大學電子對抗學院) (formerly known as (the PLA Electronic Engineering Institute (中國人民解放軍電子工程學院)) with a major in information security and network management in Hefei, the PRC, in December 2016. Mr. Long was awarded Entrepreneur with Outstanding Contributions of Suqian City of the Year of 2021 (宿遷2021年度突出貢獻企業家) by Government of Suqian Municipality in February 2022, and Economic Person of the Year 2023 (2023年度經濟風雲人物) by Xuzhou Municipal Party Committee and the Government of Xuzhou Municipality in February 2024.

Ms. Meng Liye (孟麗葉), aged 46, is our co-founder, executive Director and deputy general manager.

Ms. Meng was appointed as our Director and deputy general manager in September 2022 and was further re-designated as our executive Director in March 2025. She has over 15 years and 14 years of managerial experience in the material industry and the solar energy industry, respectively. Prior to joining our Group, she served as the executive director at Xuzhou Xinchang Steel Materials Trading Co., Ltd. (徐州新長鋼物資貿易有限公司) from July 2006 to November 2016, and the executive director and manager at Xuzhou Dexiang Materials Trading Co., Ltd. (徐州德享物資貿易有限公司) from November 2016 to September 2022. She co-founded our predecessor, Solarspace Limited, in January 2011 and successively served as the executive director and manager from January 2011 to September 2016 and the deputy general manager from September 2016 to September 2022.

Ms. Meng graduated from Peixian Qishan Middle School in Xuzhou, the PRC, in July 1992. Ms. Meng was awarded Entrepreneur with Outstanding Contributions of Suqian City of the Year of 2022 (宿遷市2022年度突出貢獻企業家) by Government of Suqian Municipality in February 2023.

Dr. Feng Ping (豐平), aged 43, is our executive Director and deputy general manager.

Dr. Feng was appointed as our Director and deputy general manager in September 2022 and was further re-designated as our executive Director in March 2025. He has over 15 years of experience in the material technology and solar energy industry. He worked at Leibniz Institute for Solid State and Materials Research Dresden (IFW-Dresden) in 2009, as a full-time research fellow at Nanjing University from July 2014 to July 2017, as the chief engineer at Zhongyu Photovoltaic from August 2017 to August 2020, and as the technical director at Jinko Solar Co., Ltd. (晶科能源股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688223.SH) from August 2020 to May 2021. He joined our Company in June 2021 and served as the vice president at our predecessor, Solarspace Limited, from June 2021 to September 2022, and the manager at Solarspace New Energy (Cambodia) Co., Ltd. from December 2022 to December 2023. He has been serving as a director at Solarspace New Energy (Cambodia) Co., Ltd. since January 2022.

Dr. Feng obtained his bachelor's degree majoring in physics from the University of Science and Technology of China (中國科學技術大學) in Anhui, the PRC, in July 2003 and his doctoral degree in condensed matter physics from the Institute of Physics, Chinese Academy of Sciences (中國科學院物理研究所) in Beijing, the PRC, in March 2008. Dr. Feng was accredited the First Prize of Zhejiang Science and Technology Award of the Year of 2013 (2013年度浙江省科學技術獎一等獎) by the Government of Zhejiang Province in May 2014, the Suqian Talent Hero Project (宿遷英才雄英計劃) by Suqian Municipal Party Committee Talent Work Leading Group of the Communist Party of China (中共宿遷市委人才工作領導小組) in December 2022, and the Second Prize of Jiangsu Photovoltaic Science and Technology Award of the Year of 2023 (2023江蘇省光伏科技獎二等獎) by Jiangsu Photovoltaic Industry Association in December 2023.

Ms. Hu Xiaoyan (胡曉艷), aged 53, is our executive Director, deputy general manager and financial director.

Ms. Hu was appointed as the vice president of our Company in February 2025, and was further appointed as our executive Director, deputy general manager and financial director in March 2025. She has extensive experience in finance and accounting and over 20 years of experience in corporate governance. Ms. Hu worked at Delong International Strategic Investment Co., Ltd. (德隆國際戰略投資有限公司) from April 2002 to June 2004. She joined the GCL Group (協鑫集團) in October 2004, and served many positions in GCL New Energy Holdings Limited (協鑫新能源控股有限公司) (stock code: 0451.HK) and/or its member companies from October 2004 to October 2023, including the executive president and senior business partner of Golden Concord Holdings Limited (協鑫(集團)控股有限公司), the executive director of GCL New Energy Holdings Limited from May 2014 to October 2023, the director of GCL System Integration Technology Co., Ltd. (協鑫集成科技股份有限公司) (stock code: 002506.SZ) from June 2017 to February 2021 and the director of GCL Energy Technology Co., Ltd. (協鑫能源科技股份有限公司) (stock code: 002015.SZ) from March 2023 to October 2023.

Ms. Hu graduated from Shaanxi University of Finance and Economics (陝西財經學院) with a major in financial accounting in Xi'an, the PRC, in June 1995, and obtained her master's degree in business administration from CEIBS (中歐國際工商學院) in Shanghai, the PRC, in September 2008. Ms. Hu is a Certified Public Accountant accredited by the Ministry of Finance of PRC in July 1997, a Registered Tax Agent accredited by Ministry of Personnel and State Administration of Taxation of PRC in June 1998, and a Certified Public Valuer accredited by Ministry of Finance of PRC in June 1999.

Mr. Meng Baishun (孟百順), aged 42, is our executive Director and deputy general manager.

Mr. Meng was appointed as the deputy general manager of our Company in September 2022 and was appointed as our executive Director in March 2025. He has over 14 years of experience in the solar energy industry. He served as the manager of the sales department at Zhongyu Photovoltaic from May 2010 to September 2017, the executive director at Jiangsu Runli Solar Technology Development Co., Ltd. (江蘇潤麗光能科技發展有限公司) from May 2011 to September 2019, the executive director at Xuzhou Guorun Henghui Solar Energy Technology Co., Ltd. (徐州國潤恆輝光能科技有限公司) from December 2016 to August 2022, and the general manager of the business center of our predecessor, Solarspace Limited, from October 2017 to September 2022.

Mr. Meng completed the business administration core course for senior managers from Shanghai Jiao Tong University (上海交通大學) through correspondence in Shanghai, the PRC, in May 2013.

Non-executive Director

Mr. Xu Shuzhang (徐抒璋), aged 37, is our non-executive Director.

Mr. Xu was appointed as our Director in September 2022 and was re-designated as our non-executive Director in March 2025. He has extensive experience in research, investment and asset management. He worked at the Development Research Center of Shanghai Municipal People's Government (上海市人民政府發展研究中心) in 2012, as the chief analyst at Shanghai Shanda Capital Co., Ltd. (上海善達投資管理有限公司) from February 2014 to May 2016, as the supervisor at Shanghai Muduo Cultural Communication Co., Ltd. (上海慕朵文化傳播有限公司) from September 2018 to July 2020, and as the investment director at Jiangsu Yueda Jintai Fund Management Co., Ltd. (江蘇悅達金泰基金管理有限公司) from June 2020 to April 2022. He has currently been serving as the person in charge at Shanghai Shanda Capital Co., Ltd. Xuzhou Branch (上海善達投資管理有限公司徐州分公司), the director at Beijing Livision Residential Industrial Technology Co., Ltd. (北京維石住工科技有限公司), the director at Beijing Lukai Zhixing Technology Co., Ltd. (北京路凱智行科技有限公司) since April 2023, the director at Haojise Food Co., Ltd. (好吉色食品有限公司) since July 2023, the director at Guoyan Xinneng (Shenzhen) Technology Co., Ltd. (國研新能(深圳)技術有限公司) since 2024, the director at Shanghai Hong Guang Display Technology Co., Ltd. (上海弘光顯示技術有限公司) since April 2024, and the director at Jiangsu Ruixing New Energy Technology Co., Ltd. (江蘇鋭趨新能源科技有限公司) since June 2024.

Mr. Xu obtained his bachelor's degree in statistics from Fudan University (復旦大學) in Shanghai, the PRC, in July 2010.

Independent Non-executive Directors

Ms. Liu Shiping (柳世平), aged 56, is our independent non-executive Director.

Ms. Liu was appointed as our independent Director in September 2022 and was re-designated as our independent non-executive Director in March 2025. She has over 30 years of experience in accounting. She worked at Nanjing University of Science and Technology (南京理工大學) from August 1990 to December 2023 with her last position as an associate professor, and she was the director of the accounting program at Nanjing University of Science and Technology Zijin College (南京理工大學紫金學院). She also served as the independent director at Suning.Com Co., Ltd. (蘇寧易購集團股份有限公司) (stock code: 002024.SZ) from March 2017 to April 2023, and the independent director at Nanjing Chixia Development Co., Ltd. (南京棲霞建設股份有限公司) (stock code: 600533.SH) from October 2018 to November 2024. She has currently been serving as the independent director at Luculent Smart Technologies Co., Ltd. (朗坤智慧科技股份有限公司) since December 2019, the independent director at Kangping Technology (Suzhou) Co., Ltd. (康平科技(蘇州)股份有限公司) (stock code: 300907.SZ) since December 2020, the director at Nanjing Southern New City Development and Construction (Group) Co., Ltd. (南京市南部新城開發建設(集團)有限公司) since April 2022, and the independent director at Suzhou THVOW Technology Co., Ltd. (蘇州天沃科技股份有限公司) (stock code: 002564.SZ) since May 2024.

Ms. Liu obtained her bachelor's degree in industrial accounting from East China Institute of Technology (華東工學院) (currently known as Nanjing University of Science and Technology (南京理工大學)) in Nanjing, the PRC, in July 1990, and her master's degree in accounting from Nanjing University of Science and Technology (南京理工大學) in Nanjing, the PRC, in March 1996. Ms. Liu is a Certified Public Accountant accredited by the Jiangsu Institute of Certified Public Accountants (江蘇省註冊會計師協會) in November 2009. Ms. Liu was awarded the Elite Course in Financial Management (財務管理精品課程) and Special Prize for Survey on Employment Status of Financial Management Majors and Research on Innovative Training Programs (財務管理專業就業狀況調查與培養方案創新研究特等獎) by Nanjing University of Science and Technology (南京理工大學) in 2008. In 2019, her Interpretation and Analysis of Financial Statements: Theory, Practice, Cases (財務報表解讀與分析:理論、實務、案例) was awarded the Second Prize in Excellent Textbook (優秀教材二等獎) by Nanjing University of Science and Technology (南京理工大學).

Dr. Yu Linwei (余林蔚), aged 46, is our independent non-executive Director.

Dr. Yu was appointed as our independent Director in September 2022 and was re-designated as our independent non-executive Director in March 2025. He has over 23 years of experience in academic research and teaching. He volunteered as a teacher at the Third Postgraduate Volunteer Teaching Group of Nanjing University (南京大學第三屆研究生支教團) from 2001 to 2002. He was a postdoctoral researcher at École Polytechnique (巴黎綜合理工學院) from September 2007 to October 2009 and worked as a researcher at the Centre national de la recherche scientifique (CNRS) (法國國家科學研究院). He has currently been serving as a professor at Nanjing University (南京大學) since January 2013.

Dr. Yu obtained his bachelor's degree in physics from Nanjing University (南京大學) in Nanjing, the PRC, in June 2001, and his doctoral degree in microelectronics and solid-state electronics from Nanjing University (南京大學) in Nanjing, the PRC, in June 2007. Dr. Yu was awarded the Thousand Talents Program (青年千人計劃) by the Organization Department of the CPC Central Committee in 2012, the Fund for Distinguished Young Scholars of Jiangsu Province (江蘇省傑出青年基金) in 2016, the Second Prize in Natural Science of the Ministry of Education's Higher Education Institutions Scientific Research Outstanding Achievements Award (Science and Technology) (教育部高等學校科學研究優秀成果獎(科學技術)自然科學二等獎) by the PRC Ministry of Education in 2023, and the National Science Fund for Distinguished Young Scholars (國家傑出青年科學基金) by the National Natural Science Foundation of China (國家自然科學基金委員會). He was appointed as a professor by Nanjing University (南京大學) in January 2013.

Mr. Tong Wan Sze (湯云斯), aged 56, is our independent non-executive Director.

Mr. Tong was appointed as our independent non-executive Director in March 2025. Mr. Tong has over 14 years of experience in corporate governance. He served as the independent non-executive director of Pan Asia Mining Limited (寰亞礦業有限公司) (stock code: 8173.HK) (currently known as Hephaestus Holdings Limited (客思控股有限公司)) from December 2010 to July 2016. He served in various positions of GCL New Energy Holdings Limited (協鑫新能源控股有限公司) (stock code: 0451.HK) from July 2015 to January 2019, including the executive director, chief financial officer, and company secretary, and served as the chief financial officer at Reefan International Limited (睿凡國際股份有限公司) from January 2021 to November 2022.

Mr. Tong obtained his master of business administration (MBA) from the University of Strathclyde in the United Kingdom in July 2002. He is a certified ESG analyst (CESGA) since 2023, a fellow member of the Association of Chartered Certified Accountants (ACCA) since 2003, and a certified public accountant of the Hong Kong Institute of Certified Public Accountants (HKICPA) since 1998. Mr. Tong was recognized as one of the "2017 Top 10 Capital Operation CFOs in China" (2017中國十大資本運營TOP CFO年度人物) by the China CFO Development Center (中國CFO發展中心) in 2017.

BOARD OF SUPERVISORS

The following table sets forth certain information of our Supervisors:

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as a Supervisor*	Relationship with other Directors, Supervisors and senior management
Mr. Dong Hui . .	45	Chairman of the Board of Supervisor	Supervising the Board and senior management as well as operation and financial activities of our Company	September 27, 2020	September 13, 2022	None
Mr. Chen Jian . .	47	Employees' Representative Supervisor	Supervising the Board and senior management as well as operation and financial activities of our Company	January 11, 2011	September 13, 2022	None
Mr. Liu Xu . . .	36	Supervisor	Supervising the Board and senior management as well as operation and financial activities of our Company	September 13, 2022	September 13, 2022	None

Mr. Dong Hui (董輝), aged 45, is our chairman of the Board of Supervisor.

Mr. Dong was appointed as our chairman of the Board of Supervisor in September 2022. He has over 20 years of work experience. He worked at Xuzhou Suning E-commerce Sales Co., Ltd. (徐州蘇寧易購銷售有限公司) from December 2010 to October 2014 and at Xuzhou Xuning Suning Logistics Co., Ltd. (徐州徐寧蘇寧物流有限公司) from November 2014 to September 2020. He joined our Group in September 2020 and served as the supervisor of our predecessor, Solarspace Limited, from September 2020 to September 2022. He has also been currently serving as the supervisor at Solarspace Technology (Xuzhou) Co., Ltd. (中潤光能科技(徐州)有限公司), formerly known as Jiangsu Yuhui Photovoltaic Technology Co., Ltd. (江蘇宇輝光伏科技有限公司), since October 2022, at Zhonghui Photovoltaic since October 2022, at Jiangsu Huaheng since March 2023, at Zhongyu Photovoltaic since March 2023, at Jiangsu Peixian Rural Commercial Bank Co., Ltd. (江蘇沛縣農村商業銀行股份有限公司) since June 2023, and at Solarspace Photovoltaic (Shanghai) Co., Ltd. (中潤光能(上海)有限公司) since December 2024. He has been the deputy chief director of the audit and supervision department of our Company since May 2024.

Mr. Dong graduated from Nanjing University of Finance and Economics (南京財經大學) with a major in financial management in Nanjing, the PRC, in June 2004.

Mr. Chen Jian (陳建), aged 47, is our employee's representative Supervisor.

Mr. Chen was appointed as our employee's representative Supervisor in September 2022. He has extensive experience in the corporate management. He worked at Jiangsu Jinpu Beifang Chlor-Alkali Chemical Co., Ltd. (江蘇金浦北方氯鹼化工有限分公司) from August 1997 to December 2010. He joined our Group in January 2011 and served as the manager and chief director at Zhongyu Photovoltaic from January 2011 to May 2020. He has currently been serving as the chief director at Jiangsu Longheng since June 2020, the employee's representative Supervisor of our Company since September 2022, and the senior chief director of our Company since October 2024.

Mr. Chen graduated from the China University of Mining and Technology (中國礦業大學) with a major in law in Xuzhou, the PRC, in July 2005. Mr. Chen was accredited as the first-class enterprise human resources manager (一級企業人力資源管理師) by the Occupational Skills Testing Authority of the Ministry of Labour and Social Security (勞動和社會保障部職業技能鑒定中心) in March 2009 and was awarded the Xuzhou May Day Labor Medal (徐州市五一勞動獎章) by the Xuzhou Federation of Trade Unions (徐州市總工會) in April 2017.

Mr. Liu Xu (劉旭), aged 36, is our Supervisor.

Mr. Liu was appointed as our Supervisor in September 2022. He has extensive experience in corporate management. He worked at Xuzhou High-Speed Railway Investment Co., Ltd. (徐州高速鐵路投資有限公司) (currently known as Xuzhou Transportation Holding Group Co., Ltd. (徐州市交通控股集團有限公司)) from March 2018 to November 2019, the deputy general manager at Xuzhou High-Speed Rail Times Asset Management Co., Ltd. (徐州高鐵時代資產經營管理有限公司) from March 2019 to February 2021, and the director at Xuzhou High-Speed Rail Times Asset Management Co., Ltd. (徐州高鐵時代資產經營管理有限公司) from October 2020 to May 2022. He has been serving as the director of investment and financing at Xuzhou High Tech Industrial Development Zone State Owned Assets Management Co., Ltd. (徐州高新技術產業開發區國有資產經營有限公司) since June 2021, the director at Xuzhou High Tech Industrial Development Zone Industrial Fund Co., Ltd. (徐州高新技術產業開發區產業基金有限公司) since December 2021, the executive director and general manager at Xuzhou Aoda Construction Engineering Co., Ltd. (徐州奧達建設工程有限公司) since July 2023, the director at Xuzhou Metro Group Co., Ltd. (徐州地鐵集團有限公司) since August 2023, and the deputy general manager at Xuzhou High-tech Holding Group Co., Ltd. (徐州高新控股集團有限公司) since July 2024.

Mr. Liu graduated from Jiangnan University (江南大學) with a major in accounting in Wuxi, the PRC, in June 2009.

Save as disclosed in this document, none of our Directors and Supervisors (i) held any other positions in our Company or any other major members of our Group as of the Latest Practicable Date; (ii) had any other relationship with any Directors, Supervisors, senior management or Controlling Shareholders of our Company as of the Latest Practicable Date;

(iii) held any directorship in any other listed companies in the three years immediately prior to the date of this document or (iv) had any other matters with respect to his/her appointment that need to be brought to the attention of our Shareholders or any information that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules.

SENIOR MANAGEMENT

The following table sets forth certain information of the senior management of the Group:

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as a member of senior management*	Relationship with other Directors, Supervisors and senior management
Mr. Long	51	Founder, Chairman of the Board, Executive Director and General Manager	Responsible for the overall development strategies, business plans and major operational decisions	May 24, 2010	September 13, 2022	Spouse of Ms. Meng and brother-in-law of Mr. Meng Baishun
Ms. Meng	46	Co-founder, Executive Director and Deputy General Manager	Responsible for major operational decisions	January 11, 2011	September 13, 2022	Spouse of Mr. Long and sister of Mr. Meng Baishun
Dr. Feng Ping . .	43	Executive Director and Deputy General Manager	Responsible for research and development of PV technology of our Group	June 7, 2021	September 13, 2022	None
Ms. Hu Xiaoyan .	53	Executive Director, Deputy General Manager and Financial Director	Responsible for the financial management and financial reporting of our Group	February 10, 2025	March 6, 2025	None
Mr. Meng Baishun	42	Executive Director and Deputy General Manager	Responsible for procurement and sales management of our Group	May 24, 2010	September 13, 2022	Brother-in-law of Mr. Long and brother of Ms. Meng
Ms. Guo Meng .	57	Deputy General Manager	Responsible for the investment and financing affairs of our Group	December 21, 2022	March 6, 2025	None
Mr. Li Qiangqiang . .	38	Deputy General Manager	Responsible for the domestic production and operation of PV cells of our Group	April 30, 2019	March 6, 2025	None

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Date of appointment as a member of senior management*	Relationship with other Directors, Supervisors and senior management
Ms. Wang Shuang	36	Secretary to the Board	Responsible for corporate governance, investors relations and information disclosure of our Group	April 8, 2023	March 6, 2025	None

Mr. Long is the founder, chairman of the Board, executive Director and general manager of our Company. For the biographical details of Mr. Long, see "— Directors — Executive Director".

Ms. Meng is the executive Director and deputy general manager of our Company. For the biographical details of Ms. Meng, see "— Directors — Executive Director".

Dr. Feng Ping is the executive Director and a deputy general manager of our Company. For the biographical details of Dr. Feng Ping, see "— Directors — Executive Director".

Ms. Hu Xiaoyan is the executive Director and deputy general manager of our Company. For the biographical details of Ms. Hu Xiaoyan, see "— Directors — Executive Director".

Mr. Meng Baishun is the executive Director and deputy general manager of our Company. For the biographical details of Mr. Meng Baishun, see "— Directors — Executive Director".

Ms. Guo Meng (郭濛), aged 57, is our deputy general manager.

Ms. Guo has extensive experience in banking and corporate finance. She worked at the Xuzhou Branch of Bank of China (中國銀行徐州分行) from the late 1980s to December 2010 and progressed through various roles, with her last position as the senior manager and director of the corporate business department. She served as the deputy bank president at Xuzhou Branch of China Merchants Bank (招商銀行徐州分行) from April 2011 to January 2019, responsible for overseeing corporate finance affairs. She served as the senior manager at Nanjing Branch of China Merchants Bank (招商銀行南京分行) from January 2019 to December 2022. She joined our Company in December 2022 as our vice president and was appointed as our deputy general manager in March 2025, responsible for our investment and financing affairs.

Ms. Guo obtained her bachelor's degree in finance from Renmin University of China (中國人民大學) through online learning in Beijing, the PRC, in June 2005.

Mr. Li Qiangqiang (李強強), aged 38, is our deputy general manager.

Mr. Li has over 16 years of experience in the PV energy industry. He worked as the process supervisor at JA Solar Holdings Co., Ltd. (晶澳太陽能有限公司) from June 2007 to September 2016, and as the process department head at Tongwei Solar Energy (Hefei) Co., Ltd. (通威太陽能(合肥)有限公司) from September 2016 to April 2019. He joined our Company in April 2019 as the factory director of Zhonghui factory, Peixian base of our Company, and was further appointed as the general manager of PV cell production center of our Company in January 2023 and our vice president in July 2024. He was appointed as our deputy general manager in March 2025, responsible for the domestic production and operation of PV cells of our Group.

Mr. Li obtained his undergraduate diploma in computer science and technology through correspondence from Hebei GEO University (河北地質大學) in Shijiazhuang, the PRC, in June 2019.

Ms. Wang Shuang (王爽), aged 36, is our joint company secretary and secretary to the Board.

Ms. Wang has over 12 years of experience in investment banking and securities affairs. Prior to joining our Group, she worked at Zhongyuan Securities Co., Ltd. (中原證券股份有限公司) from December 2012 to August 2017, worked in the Shanghai investment banking department at Minsheng Securities Co., Ltd. (民生證券股份有限公司) from July 2017 to February 2023, and served as an executive director at Orient Securities Investment Banking Co., Ltd. (東方證券承銷保薦有限公司) from February 2023 to April 2023. She has been serving as the assistant to the chairman of the Board at our Company since April 2023 and was appointed as the secretary to the Board and our joint company secretary in March 2025.

Ms. Wang obtained her bachelor's degree in finance from Chongqing Technology and Business University (重慶工商大學) in Chongqing, the PRC, in July 2010 and her master's degree in finance from Clark University in Massachusetts, the United States, in May 2012.

JOINT COMPANY SECRETARIES

Ms. Wang Shuang is Secretary to the Board of our Company. For the biographical details of Ms. Wang Shuang, see "— Senior Management".

Ms. Chu Cheuk Ting (朱卓婷) was appointed as one of our joint company secretaries in March 6, 2025. Ms. Chu currently serves as manager of the listing services department of TMF Hong Kong Limited and is responsible for the provision of corporate secretarial and compliance services to listed company clients. She has over 12 years of experience in the corporate service field. Ms. Chu is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. Chu holds a bachelor of arts degree from The Hong Kong Polytechnic University and a master of science in professional accounting and corporate governance from the City University of Hong Kong.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

As of the Latest Practicable Date, none of our Directors (other than our independent non-executive Directors) had interests in any business, which competes or is likely to compete, either directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on March 11, 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of the Company or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

BOARD COMMITTEES

Our Company has established four Board Committees in accordance with the relevant PRC laws and regulations, the Articles and the corporate governance practice under the Listing Rules, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and Sustainable Development Committee.

Audit Committee

We have established Audit Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three non-executive Directors, namely Mr. Tong Wan Sze, Ms. Liu Shiping and Dr. Yu Linwei. Mr. Tong Wan Sze currently serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee are as follows:

(i) to make recommendations to the Board on the appointment, replacement and removal of an external auditor, consider and approve the remuneration and terms of engagement of an external auditor and any questions of its resignation or dismissal;

(ii) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

(iii) to develop and implement policies on engaging an external auditor to provide non-audit services;

(iv) to review and supervise the truthfulness, completeness and correctness of financial statement, annual report and accounts and half-year report;

(v) to review the financial policy, risk management and internal control evaluation system of the Company;

(vi) to facilitate communications between the internal audit department and the external auditor; and

(vii) other matters required by laws, administrative regulations, the regulations of the CSRC, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Articles of Association.

Remuneration and Appraisal Committee

We have established Remuneration and Appraisal Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Remuneration and Appraisal Committee consists of three Directors, namely Ms. Liu Shiping, Ms. Hu Xiaoyan and Mr. Tong Wan Sze. Ms. Liu Shiping currently serves as the chairperson of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee are as follows:

(i) to organize and formulate the remuneration policy and plan of Directors and senior management with reference to their main duties, scope, importance, time commitment and salary level of relevant positions. The remuneration plan and policy mainly include but are not limited to performance evaluation standards, procedures and main evaluation systems, and main plans for rewards and punishments, and shall include benefits in kind, pension rights and compensation payments (including compensation for loss or termination of their office or appointment);

(ii) to make recommendations to the Board on the remuneration packages of the executive Directors and senior management;

(iii) to make recommendations to the Board on the remuneration of non-executive directors;

(iv) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in our Group;

(v) to study and make recommendations to the Board on the appraisal criteria for Directors and senior management, review the performance of Directors (excluding independent non-executive Directors) and senior management and conduct annual performance appraisals;

(vi) to review and approve the compensation payable to the executive Directors and senior management for their loss or termination of office or appointment to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;

(vii) to review and approve the compensation arrangements relating to dismissal or removal of the Directors for misconduct to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;

(viii) to ensure that no Director or any of his/her associates is involved in deciding his own remuneration;

(ix) to supervise the implementation of the remuneration procedures and review the relevant remuneration policies on a regular basis;

(x) to review and/or approve relevant share schemes as set out in Chapter 17 of the Listing Rules, and

(xi) other matters required by laws, administrative regulations, the regulations of the CSRC, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Articles of Association.

Nomination Committee

We have established Nomination Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination Committee consists of three Directors, namely Dr. Yu Linwei, Ms. Meng and Ms. Liu Shiping. Dr. Yu Linwei currently serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee are as follows:

(i) to review the size and composition of the Board (including the skills, knowledge and experience) at least annually, assist the Board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board to complement our Company's corporate strategy;

(ii) to formulate the corporate governance policies and standards, monitor the implementation, and make recommendations to the Board;

(iii) to examine the select standards and procedures of directors and senior management and make recommendation to the Board, and supervise the training and development plan of directors and senior management;

(iv) to identify individuals suitably qualified to become board members and select and make recommendations to the Board on the selection of individuals nominated for directorships;

(v) to assess the independence of the independent non-executive Directors;

(vi) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular the chairman of the Board and the general manager);

(vii) support the Company's regular evaluation of the Board's performance; and

(viii) other matters required by laws, administrative regulations, the regulations of the CSRC, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Articles of Association.

Strategy and Sustainable Development Committee

We have established the Strategy and Sustainable Development Committee with the purpose of enhancing decision-making processes of corporate strategy and sustainable development of our Company. The Strategy and Sustainable Development Committee consists of three Directors, Mr. Long, Dr. Feng Ping and Dr. Yu Linwei. Mr. Long currently serves as the chairperson of the Strategy and Sustainable Development Committee. The primary duties of the Strategy and Sustainable Development Committee are as follows:

(i) to research and make recommendations on major investment decisions and financing plans that are subject to approval by the Board as stipulated in the Articles of Association;

(ii) to research and make recommendations on major capital operations and asset management projects that are subject to approval by the Board as stipulated in the Articles of Association;

(iii) to research and make recommendations on the Company's long-term development strategy (including sustainable development strategy, same for the below);

(iv) to research and make recommendations on the Company's ESG and climate-related work strategies, goals and policies;

(v) to research on major ESG risks related to the Company's business and make recommendations;

(vi) to monitor the implementation and results of ESG work, to supervise whether the Company's ESG performance meets the requirements of regulatory authorities and communicate with stakeholders on ESG-related matters, and to report ESG-related work to the Board annually;

(vii) to review the Company's ESG report and propose it to the Board for approval;

(viii) to research and make recommendations on other major matters affecting the Company's development;

(ix) to inspect the implementation of the above matters; and

(x) to perform duties as required by laws and regulations, the Listing Rules, the terms of reference of the Strategy and Sustainable Committee and the Board.

BOARD DIVERSITY POLICY

Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. We will also consider our own business model and special needs. The ultimate selection of Director candidates will be based on merits of the candidates and contribution that the candidates will bring to our Board.

Our Board currently consists of three female Directors and six male Directors with a balanced mix of knowledge and skills, including but not limited to research and development, sales and marketing, overall management and strategic development, finance, accounting and risk management and corporate governance in addition to industry experience relevant to our Group's operations and business. This diverse background allows the Board to approach challenges and opportunities from multiple angles, fostering innovative solutions and comprehensive strategies. We have three independent non-executive Directors, representing one third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs as well as the different background of our Directors, the Company is of the view that the Board satisfies our board diversity policy.

Our Nomination Committee is responsible for the implementation of our board diversity policy. Upon completion of the [**REDACTED**], our Nomination Committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors, Supervisors and senior management members receive remuneration in the forms of salaries, allowances, contribution to pension schemes, discretionary bonuses and other benefits in kind.

The aggregate amount of remuneration (including salaries and other benefits, discretionary bonus, retirement benefit scheme contributions and share-based payment) paid or payable to our Directors and Supervisors for the three years ended December 31, 2022, 2023 and 2024 were approximately RMB15.3 million, RMB15.5 million and RMB12.8 million, respectively, which included RMB3.8 million, RMB4.5 million and RMB1.9 million, respectively in the form of share-based payment.

Under the arrangements currently in force, the aggregate amount of remuneration (including any discretionary bonus which may be paid) payable by our Group to our Directors and Supervisors for the financial year ending December 31, 2025 is expected to be approximately RMB17.4 million.

The aggregate amount of salaries and other benefits, retirement benefit scheme contributions and share-based payments paid or payable to the five highest-paid individuals of our Group for the three years ended December 31, 2022, 2023 and 2024 were RMB19.7 million RMB23.3 million and RMB19.9 million, respectively.

During the Track Record Period, there was no remuneration paid or payable by our Company to our Directors, Supervisors or the five highest-paid individuals as an inducement to join or upon joining our Company. During the Track Record Period, there was no compensation paid or payable by our Company to our Directors, former Directors, Supervisors, former Supervisors or the five highest-paid individuals for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

During the Track Record Period, none of our Directors or Supervisors has waived or agreed to waive any remuneration or benefits in kind for the past three years. Save as disclosed above, there was no other payments paid or payable by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest-paid individuals during the Track Record Period.

PROCEEDINGS INVOLVED BY MR. LONG AND MR. MENG BAISHUN

It is noted that (i) Mr. Long was listed on the PRC List of Dishonest Persons Subject to Enforcement (失信被執行人名單) (the "**Enforcement List**") in December 2019 and removed from the Enforcement List in July 2021, and (ii) Mr. Meng Baishun was listed on the Enforcement List in March 2019 and removed from the Enforcement List in September 2020, due to the enforcement of certain civil actions in the PRC (the "**Proceedings**") against each of them. As confirmed by each of Mr. Long and Mr. Meng Baishun, the Proceedings relate to provision of loans by licensed PRC banks as plaintiffs initiated against the debtors and guarantors as defendants. Bank loan was the major financing channel for local private enterprises back then, and local banks required third-party guarantee and other measures as credit enhancement in addition to the mortgage of assets of the debtors when granting loans. Each of Mr. Long and Mr. Meng Baishun acted as a guarantor to the relevant debtors when requested by the debtors because such debtors or the controller of such debtors also acted as guarantors for debts of a member of the Group before the Track Record Period. However, as a result of the default by the debtors who were experiencing financial difficulties, the plaintiffs initiated the Proceedings against the debtors and also Mr. Long and Mr. Meng Baishun in view of their respective capacity as a guarantor. Therefore, each of Mr. Long and Mr. Meng Baishun was also included as a defendant in the Proceedings. Apart from acting as a guarantor, neither of Mr. Long or Mr. Meng Baishun had any interest nor involvement in the said provision of loans and the subject disputes. All of the Proceedings have been settled by June 2021 by entering into settlement agreements with the relevant parties, and each of Mr. Long and Mr. Meng Baishun has been released from the Enforcement List in July 2021 and September 2020, respectively. As of the Latest Practicable Date, (i) Mr. Long has been preforming his repayment obligations under the settlement agreements in respect of the Proceedings; (ii) there is no outstanding liabilities of Mr. Meng Baishun in respect of the Proceedings; and (iii) neither of Mr. Long or Mr. Meng Baishun provided any guarantee to companies other than members of the Group, and none of the members of the Group received similar mutual guarantee.

The PRC Legal Advisers confirmed that, during the Track Record Period and up to the Latest Practicable Date, each of Mr. Long and Mr. Meng Baishun had not been adjudged to be unsuitable to be a director or a member of senior management under the PRC laws.

Taking into account that there had been no dishonesty involved in the Proceedings that each of Mr. Long and Mr. Meng Baishun had been involved, and that the Proceedings had been settled, and their respective experience in PV industry, our Board considers that each of Mr. Long and Mr. Meng Baishun has the character, experience, integrity and the level of competence required to act as a Director and a member of our senior management.

Having considered that (i) the Proceedings did not involve any dishonesty or fraudulence on the part of each of Mr. Long and Mr. Meng Baishun in connection with the Proceedings, and were merely commercial disputes, not criminal proceedings; (ii) the Proceedings had been settled and each of Mr. Long and Mr. Meng Baishun had been released from the Enforcement List; (iii) each of Mr. Long and Mr. Meng Baishun is not involved in any other outstanding litigation, or regulatory or enforcement actions based on background search and litigation search conducted by an Independent Third Party; (iv) each of Mr. Long and Mr. Meng Baishun has extensive experience in the PV industry and in-depth understanding of PV technology, which provides the reasonableness and necessity for their respective tenure at our Group; and (v) the confirmation provided by our PRC Legal Advisers as disclosed above, our Board is of the view and the Joint Sponsors concur with our Board's view that the Proceedings did not impact the suitability of each of Mr. Long and Mr. Meng Baishun to act as a Director under Rules 3.08 and 3.09 of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We are committed to achieving high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the corporate governance requirements under the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules after the [**REDACTED**].

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairperson and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman of the Board and chief executive officer and Mr. Long currently performs these two roles. Our Board believes that, in view of his experience, personal profile and his roles in our Company as mentioned above, Mr. Long is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our general manager. The Board also believes that vesting the roles of both chairman and general manager in the same person has the benefit of (i) ensuring consistent leadership within the Group, (ii) enabling more effective and efficient overall strategic planning and execution of strategic initiatives of the Board, and (iii) facilitating the flow of information between the management and the Board for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the general manager of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including:

a. before the publication of any regulatory announcement, circular or financial report;

b. where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

c. where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and

d. where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Long and his spouse Ms. Meng collectively are able to exercise 50.64% of the voting rights of our Company, comprising (i) 35.44% of the voting rights of our Company directly held by Mr. Long, (ii) 6.47% of the voting rights of our Company directly held by Ms. Meng; (iii) 4.20% of the voting rights of our Company through Haori Electronic, a company that is owned as to 80.0% by Mr. Long and 20.0% by Ms. Meng; (iv) 2.59% of the voting rights of our Company through Longtai Management, a limited partnership in which Mr. Long is a general partner; and (v) 1.94% of the voting rights of our Company through Henghui Management, a limited partnership in which Mr. Long is a general partner.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Long and Ms. Meng will collectively be able to exercise [**REDACTED**]% of the voting rights of our Company. Therefore, Mr. Long, Ms. Meng, Haori Electronic, Longtai Management and Henghui Management will remain as a group of Controlling Shareholders of our Company immediately upon completion of the [**REDACTED**].

NO COMPETITION

Each of our Controlling Shareholders confirms that, as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates.

Management Independence

Our business is managed and operated by our Board and senior management. Our Directors consider that our Board and senior management team are able to manage our business independently from the Controlling Shareholders for the following reasons:

(a) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. For details of the industry experience of our senior management team, please refer to the section headed "Directors, Supervisors and Senior Management" in this document;

(b) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as our Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting;

(c) our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (i) our independent non-executive Directors are not associated with our Controlling Shareholders or each of their close associates; (ii) our independent non-executive Directors account for one-third of the Board; and (iii) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional advice to our Company. In conclusion, our Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole; and

(d) We will establish corporate governance measures and adopt sufficient and effective control mechanisms to manage potential conflicts of interest, if any, between our Group and our Controlling Shareholders, which would support our independent management. For details, please see "— Corporate Governance" in this section.

Operational Independence

Our Group do not rely on our Controlling Shareholders and their respective close associates for our business development, finance, sales and marketing, information technology, internal audit, staffing, administration, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their respective close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

Our Group has independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

We have entered into transactions with the associates of our Controlling Shareholders. See "Connected Transactions" in this document for further details of, and the reasons for entering into, these transactions. Considering that the amounts of the relevant transactions during the Track Record Period are not significant to our Group, our Directors believe that such transactions will not have any impact on the operational independence of our Group.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group have an independent financial system and make financial decisions according to our Group's own business needs. We have opened accounts with banks independently and do not share any bank account with our Controlling Shareholders or their close associates. We have internal control and accounting systems and an independent finance department in charge of our treasury function as well as implemented sound and independent audit, accounting and financial management systems. We have adequate internal resources and credit profile to support our daily operations.

During the Track Record Period, certain of our Group's bank and other borrowings ("**Guaranteed Loans**") were guaranteed by Mr. Long and Ms. Meng ("**CP Guarantors**") through their personal guarantees. Our Directors confirm that no consideration was payable or will be payable to the CP Guarantors. As of the Latest Practicable Date, the aggregate outstanding principal amount of the Guaranteed Loans is approximately RMB514.0 million. As of the Latest Practicable Date, we have obtained the credit facilities from independent third-party commercial banks that are agreed to provide our Company with loans, the amount of which is higher than the amount of the Guaranteed Loans. Such credit facilities from independent third-party commercial banks are without any assistance, guarantee or security from our Controlling Shareholders and/or their close associates.

During the Track Record Period, certain of our Group's finance leases ("**Guaranteed Finance Leases**") were guaranteed by the CP Guarantors through their personal guarantees. Our Directors confirm that no consideration was payable or will be payable to the CP Guarantors. As of the Latest Practicable Date, the aggregate outstanding principal amount of the Guaranteed Finance Leases is approximately RMB34.8 million. To avoid unnecessary default interests and financial burden, such Guaranteed Finance Leases will not be terminated upon the [**REDACTED**], and they will all expire by November 2025. Our Company confirms that it will obtain finance leases from independent third parties without any assistance, guarantee or security from our Controlling Shareholders and/or their close associates if it needs to renew or enter into new finance leases after the expiration of the CP Guaranteed Finance Leases.

Save for the above, as of the Latest Practicable Date, we did not have any outstanding loans or non-trade balances granted, guaranteed or pledged by any our Controlling Shareholders and/or their close associates to us.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

Our Directors recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. We will adopt the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is held for considering proposed transactions in which our Controlling Shareholders have a material interest, our Controlling Shareholders shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(c) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and our Controlling Shareholders, our Controlling Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements;

(d) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisers at our Company's cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules;

(e) any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules;

(f) we have appointed Somerley Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that the corporate governance measures are sufficient to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the [**REDACTED**].

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and the Conversion of Domestic [**REDACTED**] Shares into H Shares, and assuming the [**REDACTED**] is not exercised, the following persons are expected to have an interest in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and the Conversion of Domestic [REDACTED] Shares into H Shares		
Name of shareholder	Nature of interest	Class and Number of Shares held	Approximate percentage of shareholding in total/issued share capital of our Company	Class and Number of Shares held	Approximate percentage of shareholding in the total/issued share capital of our Company[(2)]	Approximate percentage of shareholding in the relevant class of Shares[(2)]
Mr. Long[(3)(4)]	Beneficial interest	127,575,100 Domestic [**REDACTED**] Shares	35.44%	[REDACTED] [REDACTED]	[REDACTED]% [REDACTED]%	[REDACTED]% [REDACTED]%
	Interest in controlled corporation	57,243,400 Domestic [**REDACTED**] Shares	15.90%	[REDACTED] [REDACTED]	[REDACTED]% [REDACTED]%	[REDACTED]% [REDACTED]%
	Interest of spouse	23,283,200 Domestic [**REDACTED**] Shares	6.47%	[REDACTED] [REDACTED]	[REDACTED]% [REDACTED]%	[REDACTED]% [REDACTED]%
Ms. Meng[(4)]	Beneficial interest	23,283,200 Domestic [**REDACTED**] Shares	6.47%	[REDACTED] [REDACTED]	[REDACTED]% [REDACTED]%	[REDACTED]% [REDACTED]%
	Interest of spouse	184,818,500 Domestic [**REDACTED**] Shares	51.34%	[REDACTED] [REDACTED]	[REDACTED]% [REDACTED]%	[REDACTED]% [REDACTED]%
Haori Electronic . . .	Beneficial interest	15,134,100 Domestic [**REDACTED**] Shares	4.20%	[REDACTED]	[REDACTED]%	[REDACTED]%

SUBSTANTIAL SHAREHOLDERS

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised) and the Conversion of Domestic [REDACTED] Shares into H Shares		
Name of shareholder	Nature of interest	Class and Number of Shares held	Approximate percentage of shareholding in total/issued share capital of our Company	Class and Number of Shares held	Approximate percentage of shareholding in the total/issued share capital of our Company(2)	Approximate percentage of shareholding in the relevant class of Shares(2)
Zhongshan New Energy(5)	Beneficial interest	25,811,000 Domestic [REDACTED] Shares	7.17%	[REDACTED] [REDACTED]	[REDACTED]% [REDACTED]%	[REDACTED]% [REDACTED]%
High Tech Entrepreneurship(6) .	Beneficial interests	17,296,200 Domestic [REDACTED] Shares	4.80%	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation	6,652,200 Domestic [REDACTED] Shares	1.85%	[REDACTED]	[REDACTED]%	[REDACTED]%
Guolang New Energy .	Beneficial interest	19,957,000 Domestic [REDACTED] Shares	5.54%	[REDACTED]	[REDACTED]%	[REDACTED]%
Jinsheng Changheng(7)	Beneficial interest	19,957,000 Domestic [REDACTED] Shares	5.54%	[REDACTED] [REDACTED]	[REDACTED]% [REDACTED]%	[REDACTED]% [REDACTED]%
Green Fund.	Beneficial interest	13,626,500 Domestic [REDACTED] Shares	3.79%	[REDACTED]	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated are long position.

(2) The calculation is based on the total number of **[REDACTED]** Domestic **[REDACTED]** Shares in issue, **[REDACTED]** H Shares to be converted from Domestic **[REDACTED]** Shares in issue and **[REDACTED]** H Shares to be **[REDACTED]** pursuant to the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised).

(3) As of the Latest Practicable Date, Haori Electronic, Longtai Management, Henghui Management and Zhongshan New Energy held 15,134,100 Domestic **[REDACTED]** Shares, 9,313,300 Domestic **[REDACTED]** Shares, 6,985,000 Domestic **[REDACTED]** Shares and 25,811,000 Domestic **[REDACTED]** Shares in our Company, Haori Electronic is owned as to 80.0% by Mr. Long and 20.0% by Ms. Meng. Mr. Long held 21.0% of interests in Longtai Management and 32.33% interests in Henghui Management, and acted as the general partner of each Longtai Management and Henghui Management. Mr. Long held 39.88% of the interests in Zhongshan New Energy. Under the SFO, Mr. Long was deemed to be interest in the Domestic **[REDACTED]** Shares held by each of Haori Electronic, Longtai Management, Henghui Management and Zhongshan New Energy.

(4) Ms. Meng is spouse of Mr. Long.

(5) As of the Latest Practicable Date, each of Zhongshan New Energy and Lejia Shanda held 25,811,000 and 681,300 Shares. Shanda Investment is the general partner and fund manager of Zhongshan New Energy and Lejia Shanda. Shanda Investment is controlled by Mr. Wu Changchun. Under the SFO, each of Mr. Wu Changchun and Shanda Investment was deemed to be interest in the Shares held by each of Zhongshan New Energy and Lejia Shanda.

(6) As of the Latest Practicable Date, each of HighTech Entrepreneurship and Guorun New Energy held 17,296,200 Domestic [**REDACTED**] Shares and 6,652,200 Domestic [**REDACTED**] Shares. High Tech Entrepreneurship is a limited partner of Guorun New Energy, holding 97.09% of its partnership interests. Under the SFO, High Tech Entrepreneurship was deemed to be interest in the Shares held Guorun New Energy.

High Tech Entrepreneurship is wholly owned by Xuzhou High and New Technology Industrial Development Zone Industrial Fund Co., Ltd., which is in turn wholly owned by Xuzhou High Tech Holding Group Co., Ltd., a company wholly owned by the Xuzhou SASAC. Under the SFO, Xuzhou High and New Technology Industrial Development Zone Industrial Fund Co., Ltd. and Xuzhou High Tech Holding Group Co., Ltd. were deemed to be interest in the Shares held High Tech Entrepreneurship.

(7) As of the Latest Practicable Date, the executive partner and the fund manager of Jinsheng Changheng is Hengtai Huasheng (Beijing) Asset Management Co., Ltd. (恒泰華盛(北京)資產管理有限公司) ("Hengtai Huasheng"), whose actual controller is Ms. Hao Dan (郝丹). Under the SFO, each of Hengtai Huasheng (Beijing) Asset Management Co., Ltd. and Hao Dan was deemed to be interest in the Shares held by Jinsheng Changheng.

Save as disclosed herein, the Directors are not aware of any other person who will, immediately following the [**REDACTED**] and the Conversion of Domestic [**REDACTED**] Shares into H Shares (and the [**REDACTED**] of any additional H Shares pursuant to the [**REDACTED**]), have an interest or short position in Shares or underlying Shares of the Company, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

OUR SHARE CAPITAL

Immediately before the [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB360,000,000 comprising 360,000,000 Shares with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately after the [**REDACTED**] and Conversion of Domestic [**REDACTED**] Shares into H Shares, assuming that the [**REDACTED**] is not exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Domestic [**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]%
H Shares converted from Domestic [**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	[**REDACTED**]**%**

The Conversion of Domestic [**REDACTED**] Shares into H Shares will involve an aggregate of [**REDACTED**] Domestic [**REDACTED**] Shares held by [**REDACTED**] out of 38 existing Shareholders, representing approximately [**REDACTED**]% of total issued Shares of the Company upon completion of the Conversion of Domestic [**REDACTED**] Shares into H Shares and the [**REDACTED**] (assuming the [**REDACTED**] are not exercised). Set out below are such Shares held by our existing Shareholders and their respective shareholding upon completion of the Conversion of Domestic [**REDACTED**] Shares into H Shares and the [**REDACTED**] (assuming the [**REDACTED**] are not exercised).

	Immediately after [REDACTED] (assuming the [REDACTED] are not exercised) and the Conversion of Domestic [REDACTED] Shares into H Shares				
Shareholders	**Number of Shares Held**	**H Shares to be converted from Domestic [REDACTED] Shares**	**Approximate Percentage of Total Issued Shares**	**Domestic [REDACTED] Shares Held**	**Approximate Percentage of Total Issued Shares**
			(%)		*(%)*
1. . . Mr. Long	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
2. . . Ms. Meng	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
3. . . Haori Electronic	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
4. . . Longtai Management	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
5. . . Henghui Management	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
6. . . Zhongshan New Energy	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
7. . . Lejia Shanda	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
8. . . High Tech Entrepreneurship	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
9. . . Guorun New Energy	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
10. . . Guolang New Energy	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
11. . . Jinsheng Changheng	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
12. . . Green Fund	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
13. . . Zhongyuan Qianhai	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
14. . . Connected Intelligent Fund	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
15. . . Qilu Qianhai	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
16. . . Qianhai Ark	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
17. . . Zibo Yingke	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
18. . . Qingdao Yingke	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
19. . . Sinochem Green	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
20. . . Sinochem Xingfa	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
21. . . Guoyue No. 6	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
22. . . Guoyue No. 10	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
23. . . Guotou Energy	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
24. . . Jiuyi Zhirui	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%

	Immediately after [REDACTED] (assuming the [REDACTED] are not exercised) and the Conversion of Domestic [REDACTED] Shares into H Shares				
Shareholders	**Number of Shares Held**	**H Shares to be converted from Domestic [REDACTED] Shares**	**Approximate Percentage of Total Issued Shares**	**Domestic [REDACTED] Shares Held**	**Approximate Percentage of Total Issued Shares**
			(%)		*(%)*
25. . . Dehe Changying	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
26. . . Zhongqi Holding	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
27. . . Xiamen Xiangjin	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
28. . . Bofu Culture	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
29. . . Lianghu Culture	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
30. . . Zhongsu Chuangyu	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
31. . . Shaanxi Innovation	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
32. . . Sunshine Renfa	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
33. . . Wanlin Chuangfu	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
34. . . Matrix Zongheng	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
35. . . Suzhou Puda	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
36. . . Baochuang Win Win	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
37. . . Zheneng Jiuzhi	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
38. . . Huzhou Jianing	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]**%**	[**REDACTED**]	[**REDACTED**]**%**

Immediately after the [**REDACTED**] and Conversion of Domestic [**REDACTED**] Shares into H Shares, assuming that the [**REDACTED**] is fully exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
Domestic [**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]%
H Shares converted from Domestic [**REDACTED**] Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	[**REDACTED**]%

DOMESTIC [REDACTED] SHARES AND H SHARES

Upon the completion of the [**REDACTED**], the Shares will consist of Domestic [**REDACTED**] Shares and H Shares. Domestic [**REDACTED**] Shares and H Shares are all ordinary Shares in the share capital of our Company.

Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing shareholders the Domestic [**REDACTED**] Shares held by whom will be converted into H Shares according to the filling information of the CSRC), H Shares generally cannot be subscribed for by or traded between legal or natural PRC persons.

Domestic [**REDACTED**] Shares and H Shares shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Domestic [**REDACTED**] Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

CONVERSION OF OUR DOMESTIC [REDACTED] SHARES INTO H SHARES

If any of the Domestic [**REDACTED**] Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Hong Kong Stock Exchange, such conversion, [**REDACTED**] and [**REDACTED**] will need the filing of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange.

File with the CSRC for Full Circulation

In accordance with the Overseas Listing Trial Measures and related guidelines, H-share listed companies shall file with the CSRC for the conversion of Domestic [**REDACTED**] Shares into H shares for [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange. An unlisted domestic joint stock company may file for "full circulation" when applying for an overseas initial public offering.

We have filed with the CSRC for the conversion of [**REDACTED**] Domestic [**REDACTED**] Shares into H Shares on a one-for-one basis upon the completion of the [**REDACTED**] and CSRC issued the filing notice in respect of the [**REDACTED**] dated [●], 2025.

[**REDACTED**] Approval by the Hong Kong Stock Exchange

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the granting of [**REDACTED**], and permission to [**REDACTED**], our H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (including any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]), and the H Shares to be converted from [**REDACTED**] Domestic [**REDACTED**] Shares on the Hong Kong Stock Exchange, which is subject to the approval by the Hong Kong Stock Exchange.

We will perform the following procedures for the conversion of Domestic [**REDACTED**] Shares into H Shares after receiving the approval of the Hong Kong Stock Exchange: (1) giving instructions to our [**REDACTED**] regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by [**REDACTED**] for deposit, clearance and settlement in the [**REDACTED**].

RESTRICTION ON TRANSFER OF SHARES [REDACTED] PRIOR TO THE [REDACTED]

In accordance with Article 160 of the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares [**REDACTED**] by the Company prior to the [**REDACTED**] will be subject to such statutory restriction on transfer within a period of one year from the [**REDACTED**]. See "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments".

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See "Appendix V — Summary of the Articles of Association" in this document.

SHAREHOLDERS' APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for the Company to [**REDACTED**] H Shares and seek the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange. The Company has obtained such approval at the Shareholders' general meeting held on March 6, 2025.

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a global leading specialized PV cell manufacturer, and we also provide PV modules, thereby broadening our business presence in the PV industry value chain. Meeting mainstream market demands, we have developed a diverse products portfolio covering N-type cells and P-type cells and PV modules. We have delivered our products to over 29 countries and regions, and had over 1,000 customers during the Track Record Period. We are at the forefront of PV cell technologies, continually driving innovations in the global energy sector.

During the Track Record Period, we primarily generated revenues from our PV cell business and PV module business. Our revenues during the Track Record Period amounted to RMB12,516.5 million in 2022, RMB20,837.9 million in 2023 and RMB11,319.9 million in 2024. We recorded net profit for the year of RMB834.2 million in 2022 and RMB1,680.9 million in 2023 and net loss for the year of RMB1,362.5 million in 2024.

BASIS OF PREPARATION

The consolidated financial statements of our Group for the Track Record Period, on which the historical financial information of our Group (the "**Historical Financial Information**") is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**") and were audited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards and the principle of merger accounting conventions applicable for group reorganization. We undertook a series of group reorganizations within our Group in 2022, which involved equity transfers of certain entities that are under common control of our ultimate shareholders. Therefore, these acquisitions are accounted for as business combination under common control by applying the principle of merger accounting. As a result, the Historical Financial Information has been prepared as if the present group structure had been in place throughout the Track Record Period. See Note 2 of Appendix I to this document for details.

For the purpose of preparing and presenting our historical financial information for the Track Record Period, our Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for our Group's financial year beginning on January 1, 2024 throughout the Track Record Period.

New and Amendments to IFRS Accounting Standards in Issue but not yet Effective

At the date of this document, our Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – Dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

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

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

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

The application of IFRS 18 has no impact on our Group's financial positions and performance but has impacts on presentation of the consolidated statement of profit or loss and other comprehensive income. Except for the IFRS 18, the Directors anticipate that the application of these amendments to IFRS Accounting Standards will have no material impact on our Group's consolidated financial statements in the foreseeable future.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our historical results of operations have been affected by a number of important factors, many of which are out of our control and we believe will continue to affect our financial condition and results of operations in the future. Our results of operations are principally affected by the following factors:

General Factors

Our business and results of operations are impacted by general factors affecting the development of our industry, which include:

- macroeconomic environment and the growth of global renewable energy markets, in particular the PV industry;
- technological innovations and advancements in the PV industry;
- fluctuations in supply-demand dynamics and prices of raw materials for PV cells and PV modules;
- changes in global regulatory environments, geopolitical dynamics and international trade policies, which may impact the development of the PV industry; and
- changes in government initiatives, including potential changes in government policies and incentives that have supported the rapid growth of the PV industry.

In addition, other factors such as exchange rate fluctuations, corporate and governmental expenditure, business investment and the volatility of capital markets could also impact the business and economic environment, the global PV industry, and ultimately, the profitability of our business.

Company-specific Factors

Besides the general factors affecting the PV industry, our business and results of operations are also affected by certain company-specific factors, which include:

Our Ability to Meet the Evolving Market Demand

Our business success depends significantly on market demand for our PV cells and PV modules. We are a global leading specialized PV cell manufacturer, and we also provide PV modules, thereby broadening our business presence in the PV industry value chain. Our ability to anticipate and respond to market demand trends has been crucial to our business growth and success. We have demonstrated this capability through our successful anticipation of, and response to, the technological transition toward N-type technology and large-size cells. In addition, while focusing on China's market, we have further advanced our overseas expansion plan to meet the growing demand for PV installations abroad. For details, see "— Our Ability to Optimize Production Layout and Enhance Production Efficiency" and "Business — Our Strategies — Our strategic international expansion has increasingly contributed to our revenue, being our new profit growth opportunity." Our market responsiveness has contributed to strong market positions, evidenced by our global rankings — according to Frost & Sullivan, in terms of PV cell external shipment volume in 2024, we ranked first among specialized PV cell manufacturers globally, with a market share of 18.3%, and we ranked second among PV cell manufacturers globally, with a market share of 14.6%.

Market demand for our products varies significantly across regions due to differences in economic development, local energy policies and market maturity. We serve these diverse market needs through our diverse product offerings, including both N-type and P-type cells in various dimensions (182x182 mm, 182x183.75 mm, 182x210 mm and 210x210 mm), as well as PV modules for household distributed power stations, industrial and commercial distributed power stations and centralized power stations. Our continued success depends on our ability to accurately and timely gain insights into and satisfy market demand by delivering products that meet evolving customer needs for performance, efficiency and cost-effectiveness. While we carefully monitor market trends and adjust our product development accordingly, changes in market demand due to technological advances, competitive dynamics or economic conditions could materially affect our business performance and financial results.

Our R&D Investment and Ability to Continually Innovate

Technological innovation and advancement has been, and will continue to be, one of the propellants to the prosperity of the PV industry. We always place paramount importance on our R&D activities and continually improve our R&D capabilities to enhance the efficiency, cost-effectiveness and overall performance of our PV cells and PV modules. In 2022, 2023 and 2024, our total R&D expenses amounted to RMB369.4 million, RMB632.1 million and RMB289.4 million, respectively, representing 3.0%, 3.0% and 2.6% of our total revenue in each respective year. We have strategically focused our R&D efforts on improving the conversion efficiency and reliability of our PV cells and PV modules. We had a R&D team of 399 employees as of December 31, 2024, and we primarily rely on them to develop key technologies and drive innovation. For example, we have successfully developed high surface doping and shallow junction technology, backside double tunneling layer technology and backside polycrystalline silicon patterning technology and are still in the process of developing ultra-thin polycrystalline silicon film technology and bifacial tunnel oxide passivated TOPCon solar cell technology. See "Business — Research and Development — Key Technological Innovations" and "Business — Research and Development — Key R&D Projects" for details. As of the Latest Practicable Date, we had successfully secured a total of 438 patents, comprising 67 invention patents and 371 utility model patents. We will continue to optimize the performance of our existing products and invest in product development by integrating more advanced technologies into our products. We will evaluate our offerings to allocate appropriate resources towards products that feature advanced technologies, exhibit promising market prospects and offer high profitability. Our R&D investment and ability to continually innovate technologies may have significant impacts on the competitiveness of our products, thereby affecting our profitability and future results of operations.

Our Ability to Adopt Flexible Selling Strategies to Maintain Our Market Competitiveness

We face intense competition from both domestic and international manufacturers in the PV industry. We believe that the factors that are critical to maintaining our competitiveness in these markets include our R&D capability, the diversity of our offerings, our ability to customize products and services based on customer preferences and specifications, the relationship with our customers and suppliers, our sales network coverage, as well as our fully market-based pricing and brand recognition. Failure to sustain our competitive edges in any of these factors may have material adverse effects on our results of operations.

We believe that our adherence to the "customer-centric" service philosophy is a key factor to our success in distinguishing us from competitors. Our sales team actively engages with customers, maintaining effective communication with both domestic and international clients. They promptly respond to customer needs and collect the latest market intelligence, collaborating closely with R&D and production team to deliver the optimal services and products to our customers. In addition, to ensure a better after-sale customer experience, our sales team is designed to be our "customer relationship manager," "product and technology liaison," and "delivery and service representative" at the same time, providing comprehensive support throughout all stages of the sales process. Furthermore, we have implemented customer complaint handling procedures to address and manage customer concerns effectively. Moreover, we have been proactive in soliciting feedback from our customers to gain insights into their experiences and improve our customer service.

Our pricing strategies can directly influence our revenue, gross profit margins, and overall operational and financial performance. We consider the market prices of comparable products, costs of our raw materials, competitiveness of our products, prevailing supply-demand situation in the market, competition landscape and strategic relationship with the respective customer to price our products. Our pricing strategies are also adjusted in response to fluctuations in market conditions. In 2022, 2023 and 2024, the overall average selling price for our PV cells was RMB0.9945/W, RMB0.6391/W and RMB0.3205/W, respectively. It is crucial for our business to maintain our pricing competitiveness.

Our Ability to Manage Costs and Expenses and Improve Operational Efficiency

Our ability to manage and control our costs and expenses and improve operation efficiency is one of the key factors affecting our business results, profitability and future growth. In 2022, 2023 and 2024, our total cost of sales amounted to RMB11,043.7 million, RMB17,995.9 million and RMB12,460.5 million, respectively, representing 88.2%, 86.4% and 110.1% of our total revenue in each respective year. Our cost of sales primarily consists of raw material cost, overhead, direct labor cost, impairment of property, plant and equipment and others, among which raw material cost, consisting of silicon wafer cost and other raw material cost, accounted for 78.0%, 72.2% and 70.9% of our total revenue in 2022, 2023 and 2024, respectively. Accordingly, fluctuations in the availability and pricing of raw materials could have significant influence on our operating costs, profit margins and results of operations. Our market competitiveness is better enhanced by our ability to control our non-silicon cost through refined processes and innovative workflows. In December 2024, the non-silicon cost of our domestically produced N-type and P-type cells were reduced to as low as RMB0.125/W and RMB0.120/W, which were below the average industry costs of RMB0.140/W and RMB0.130/W in the same period.

To secure a stable and quality supply of raw materials amid the fluctuations in raw material prices, we have established stable relationships with our suppliers. In addition, we have in place a comprehensive supply chain system, which implements strict supplier selection and management mechanisms and procurement processes to ensure that we obtain high-quality raw materials and services at reasonable costs. See "Business — Supply Chain Management — Procurement Management" for details.

Our profitability is also attributable to our ability to maintain efficient control over our selling and marketing expenses and administrative expenses. In 2022, 2023 and 2024, our selling and marketing expenses amounted to RMB29.7 million, RMB99.1 million and RMB140.5 million, respectively, representing 0.2%, 0.5% and 1.2% of our total revenue in each respective year; and our administrative expenses amounted to RMB147.5 million, RMB240.3 million and RMB266.1 million, respectively, representing 1.2%, 1.2% and 2.4% of our total revenue in each respective year. During the Track Record Period, we established an extensive sales network that allows us to bring our PV cells and PV modules to a broad customer base, which has significantly enhanced our brand reputation in the market and, through the power of word-of-mouth, has improved the efficiency of our selling activities. Moreover, as our business expands, we remain vigilant in continuously evaluating and monitoring our administrative efficiency to control our administrative expenses. We will continue to improve our operational efficiency and enhance our results of operations by managing our costs and expenses.

Our Ability to Optimize Production Layout and Enhance Production Efficiency

Optimizing our production layout and enhancing production efficiency are key aspects of our operations. Rooted in China, we have strategically optimized our production layout for overseas expansion. To better serve global customers, we have seized opportunities presented by the rapid growth of the PV market worldwide, advancing our international expansion plan by both building overseas production bases and strengthening our overseas sales network. We have built advanced overseas production bases with over 15 GW of monocrystalline cell production capacity and over three GW of PV module production capacity. See "Business — Our Strategies — Our strategic international expansion has increasingly contributed to our revenue, being our new profit growth opportunity" for details. Also, we plan to establish one new overseas production base in North Carolina, the United States. See "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]" for details. In addition, we are also able to effectively reduce non-silicon cost by optimizing the design of our production facilities. With improved production workflow, we have successfully improved our production efficiency and reduced the unit consumption of raw materials and energy, thereby lowering our product costs and enhancing the market competitiveness of our products. See "Business — Our Production — Production Capabilities" for details. In 2022, 2023 and 2024, we achieved the overall production utilization rates of 98.5%, 94.0% and 89.3% for our manufacturing facilities for monocrystalline cells, respectively. As of December 31, 2024, our maximum conversion efficiency of mass-produced N-type cells was over 26.9% and of mass-produced P-type cells was over 23.6%, which are at the forefront of the industry, according to Frost & Sullivan. As a result of such production layout plan and refined production process management, we are able to further optimize our cost structure and improve product yield rate.

MATERIAL ACCOUNTING POLICY INFORMATION AND KEY SOURCES OF ESTIMATION UNCERTAINTY

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in Notes 4, 5 and 6 of Appendix I to this document.

Revenue

We recognize revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. During the Track Record Period, we engaged in the Customer Supply Arrangements, in which, from an accounting perspective, we deducted the relevant purchase amount for silicon wafers from our revenue and cost of sales to ensure that the consolidated financial statements more accurately reflect our financial and commercial substance. For details, see "Business — Customer Supply Arrangements."

PV Cell

For sales of PV cell products, revenue is recognized when control of the goods has been transferred, being when the goods have been accepted by the customers or shipped to the customer's specific location. Transportation and handling activities that occur before customers obtain control are considered as fulfillment activities. We generally do not grant any credit period to customers, except that we offer a credit period to certain customers based on our assessment of their credits.

During the Track Record Period, we were involved in certain customer supply transactions, wherein we procured silicon wafers from certain integrated PV manufacturers at market prices and sold PV cells to the same manufacturers with premium over the purchase prices of the silicon wafers.

Our Directors considered that we were responsible for manufacturing the PV cells with the silicon wafers provided by the customers, and we did not have the discretion in determining the prices for PV cells independently after entering into these customer supply transactions and, as such, failed to meet the criteria for being considered as principal in these transactions. Consequently, the revenue derived from selling PV cell products to these integrated PV manufacturers was recognized based on the net amount of consideration to which we expected to be entitled as specified in the contracts and the purchase amount of silicon wafers from the integrated PV manufacturers.

PV Module

For sales of PV module products, revenue is recognized when control of the goods has been transferred, being when the goods have been accepted by the customers or shipped to the customer's specific location. Transportation and handling activities that occur before customers obtain control are considered as fulfillment activities. The normal credit terms are 0 to 180 days upon delivery.

For sales of PV module products, contracts with customers normally include warranties period of 25 years or 30 years from the point the goods being accepted by customers. This type of warranties is an assurance-type warranty that ensures that the goods fulfill the established quality standards and cannot be purchased separately, which does not constitute a single performance obligation. Accordingly, we account for warranties in accordance with IAS 37.

Property, Plant and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings, plant and machinery and electronic and other equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When we make payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position.

Depreciation is recognized so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which we must incur to make the sale.

Leases

We assess whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Our Group as a Lessee

Allocation of Consideration to Components of a Contract

For a contract that contains a lease component and one or more additional lease or non-lease components, we allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

We apply practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term Leases

We apply the short-term lease recognition exemption to leases of some temporary staff dormitories that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use Assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

We present right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable Rental Deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease Liabilities

At the commencement date of a lease, we recognize and measure the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

We present lease liabilities as a separate line item on the consolidated statement of financial position.

Impairment of Financial Assets Subject to Impairment Assessment under IFRS 9

We perform impairment assessment under expected credit loss ("**ECL**") model on financial assets (including bills, trade and other receivables, debt instruments at FVTOCI, pledged/restricted bank deposits, bank balances and financial guarantee contracts) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on our historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

We always recognize lifetime ECL for trade receivables.

For all other instruments, we measure the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case we recognize lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, we compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, we consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, we assume that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. We consider a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

For financial guarantee contracts, the date that we become a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, we consider the changes in the risk that the specified debtor will default on the contract.

We regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revise them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, we consider an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including us, in full (without taking into account any collaterals held by us).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off policy

We write off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under our recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to us in accordance with the contract and the cash flows that we expect to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, we are required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that we expect to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, we will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Credit-impaired trade receivables are assessed for ECL individually. Lifetime ECL for trade receivables which are not assessed individually are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, we take into consideration the following characteristics when formulating the grouping:

- Past-due status; and

- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Except for debt instruments that are measured at FVTOCI and financial guarantee contracts, we recognize an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of bills receivables, trade receivables and other receivables where the corresponding adjustment is recognized through a loss allowance account. For debt instruments that are measured at FVTOCI, the loss allowance is recognized in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables amounts from related parties arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment on Property, Plant and Equipment, Right-of-Use Assets and Intangible Assets

At the end of the reporting period, we review the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets is estimated individually. When it is not possible to estimate the recoverable amount individually, we estimate the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, we compare the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Recognition of Deferred Tax Assets

The realization of the deferred tax assets mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. In cases where the actual future profits generated are higher or less than expected, the deferred tax assets will be adjusted accordingly and recognized in the corresponding amount in the consolidated statement of profit or loss and other comprehensive income in the periods in which such a situation takes place.

The carrying amount of deferred tax assets as of December 31, 2022, 2023 and 2024 is RMB41.9 million, RMB91.0 million and RMB163.1 million, respectively. No deferred tax asset has been recognized on the tax losses of RMB286.3 million, RMB282.3 million and RMB446.2 million as of December 31, 2022, 2023 and 2024, respectively, due to the unpredictability of future profit streams. Details of recognition of deferred tax assets are disclosed in Note 19 of Appendix I to this document.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (loss) before tax because of income or expense that is taxable or deductible in other years and items that are never taxable or deductible. Our liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where we are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which we recognize the right-of-use assets and the related lease liabilities, we first determine whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, we apply IAS 12 requirements to the lease liabilities and the related assets separately. We recognize a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth the selected consolidated statement of profit or loss in absolute amount and as a percentage of our total revenue for the years indicated. This information should be read together with our consolidated financial statements and related notes included in the Accountants' Report set out in Appendix I to this document. The results of operations in any year are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,					
	2022		**2023**		**2024**	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
Revenue	12,516.5	100.0	20,837.9	100.0	11,319.9	100.0
Cost of sales	(11,043.7)	(88.2)	(17,995.9)	(86.4)	(12,460.5)	(110.1)
Gross profit (loss)	**1,472.8**	**11.8**	**2,842.0**	**13.6**	**(1,140.6)**	**(10.1)**
Other income	167.6	1.3	350.4	1.7	357.2	3.2
Other gains and losses	(2.9)	0.0	(32.8)	(0.2)	40.9	0.4
Impairment losses under expected credit loss model, net of reversal	27.3	0.2	(19.4)	(0.1)	15.1	0.1
Selling and marketing expenses	(29.7)	(0.2)	(99.1)	(0.5)	(140.5)	(1.2)
Administrative expenses	(147.5)	(1.2)	(240.3)	(1.2)	(266.1)	(2.4)
Research and development expenses	(369.4)	(3.0)	(632.1)	(3.0)	(289.4)	(2.6)
Other expenses	(28.4)	(0.2)	(23.9)	(0.1)	(41.3)	(0.4)
Finance costs	(95.4)	(0.8)	(236.1)	(1.0)	(178.3)	(1.6)
Profit (loss) before tax	**994.4**	**7.9**	**1,908.7**	**9.2**	**(1,643.0)**	**(14.6)**
Income tax (expense) credit	(160.2)	(1.2)	(227.8)	(1.1)	280.5	2.5
Profit (loss) for the year	**834.2**	**6.7**	**1,680.9**	**8.1**	**(1,362.5)**	**(12.1)**
Attributable to:						
Owners of the Company	830.1	6.6	1,672.1	8.0	(1,289.8)	(11.5)
Non-controlling interests	4.1	0.0	8.8	0.0	(72.7)	(0.6)

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit or loss as additional financial measure, which is not required by or presented in accordance with IFRS Accounting Standards. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management. However, such non-IFRS financial measure we presented may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure has limitations as analytical tools, and you should not consider it in isolation form or as a substitute for analysis of our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net profit or loss for the year as net profit or loss for the year adjusted by adding back (i) impairment losses recognized on property, plant and equipment, and (ii) tax effect of non-IFRS adjustment. The following table reconciles our adjusted net profit or loss for the year presented to the most directly comparable financial measures calculated and presented in accordance with IFRS Accounting Standards, which is net profit or loss for the year.

	Year ended December 31,		
	2022	**2023**	**2024**
	(RMB in millions)		
Profit (loss) for the year	834.2	1,680.9	(1,362.5)
Add:			
– Impairment losses recognized on property, plant and equipment	159.3	–	637.7
– Tax effect of non-IFRS adjustment	–	–	(56.6)
Adjusted profit or loss for the year *(non-IFRS measure)*	**993.5**	**1,680.9**	**(781.4)**

Revenues

During the Track Record Period, we derived revenue primarily from our PV cell business, which consists of monocrystalline P-type PERC cells, N-type TOPCon cells and polycrystalline cells, and PV module business in mainland China and overseas. In 2022, 2023 and 2024, our total revenue amounted to RMB12,516.5 million, RMB20,837.9 million and RMB11,319.9 million, respectively.

Revenue by Product Category

The table below sets forth the breakdown of our total revenue by product category for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
PV Cells:						
Monocrystalline Cells	10,795.5	86.3	18,385.1	88.2	9,162.4	80.9
– P-type	10,795.5	86.3	15,338.2	73.6	3,713.5	32.8
– N-type	–	–	3,046.9	14.6	5,448.9	48.1
Polycrystalline Cells	782.8	6.2	581.8	2.8	16.1	0.2
Subtotal	11,578.3	92.5	18,966.9	91.0	9,178.5	81.1
PV Modules	938.2	7.5	1,871.0	9.0	2,122.1	18.7
Others[(1)]	–	–	–	–	19.3	0.2
Total	**12,516.5**	**100.0**	**20,837.9**	**100.0**	**11,319.9**	**100.0**

Note:

(1) Others mainly represent our provision of EPC services for PV power facilities.

PV Cells

During the Track Record Period, we engaged in the Customer Supply Arrangements where certain customers provided us with silicon wafers as raw materials, after which we sold PV cells to them. Under the Customer Supply Arrangements, we procured silicon wafers from customers who were integrated PV manufacturers at market prices and sold PV cells to the same manufacturers with premium over the purchase prices of the silicon wafers; in addition, we take physical control of the silicon wafers provided to us by these customers upon our acceptance and provide PV cells to them. During the Track Record Period, after considering the commercial substance and respective risk, we considered that we were responsible for manufacturing the PV cells with the silicon wafers provided by the customers, and we didn't have the discretion in determining the prices for PV cells independently after entering into the Customer Supply Arrangements and, as such, not being considered as a principal in these transactions under the IFRS Accounting Standards. Consequently, from an accounting perspective, to ensure that the consolidated financial statements more accurately reflect our financial and commercial substance, the abovementioned purchase amount for silicon wafers was deducted from our revenue and cost of sales. See "Business — Customer Supply Arrangements" for details. The table below sets forth the breakdown of (i) total amounts before deduction, (ii) deducted amounts, and (iii) total revenue recognized, for our PV cell business by type of product.

	Year ended December 31,								
	2022			2023			2024		
	Amounts Before Deduction	Deducted Amounts(1)	Revenue Recognized	Amounts Before Deduction	Deducted Amounts(1)	Revenue Recognized	Amounts Before Deduction	Deducted Amounts(1)	Revenue Recognized
	(RMB in millions)								
Monocrystalline									
Cells	12,247.7	1,452.2	10,795.5	21,706.3	3,321.2	18,385.1	11,029.1	1,866.7	9,162.4
– P-type	12,247.7	1,452.2	10,795.5	18,252.3	2,914.1	15,338.2	4,536.9	823.4	3,713.5
– N-type	–	–	–	3,454.0	407.1	3,046.9	6,492.2	1,043.3	5,448.9
Polycrystalline									
Cells	885.8	103.0	782.8	581.8	–	581.8	16.1	–	16.1
Total	**13,133.5**	**1,555.2**	**11,578.3**	**22,288.1**	**3,321.2**	**18,966.9**	**11,045.2**	**1,866.7**	**9,178.5**

Note:

(1) Deducted amounts refer to the purchase amount for silicon wafers under Customer Supply Arrangements.

During the Track Record Period, we derived the majority of our revenues from sales of PV cells, primarily selling them to PV module manufacturers, and we also provided PV cell manufacturing services in insignificant volume. In 2022, 2023 and 2024, we recognized revenue from PV cell business of RMB11,578.3 million, RMB18,966.9 million and RMB9,178.5 million, respectively, representing 92.5%, 91.0% and 81.1% of our total revenue in each respective year. In particular, revenue from our monocrystalline cell business, which comprise P-type cells and N-type cells, contributed to the vast majority of our revenue from PV cell business during the Track Record Period, representing 86.3%, 88.2% and 80.9% of our total revenue in 2022, 2023 and 2024, respectively. Among them, we recognized revenue from our P-type cell business of RMB10,795.5 million, RMB15,338.2 million and RMB3,713.5 million in 2022, 2023 and 2024, respectively, representing 86.3%, 73.6% and 32.8% of our total revenue in each respective year; and we recognized revenue from our N-type cell business of nil, RMB3,046.9 million and RMB5,448.9 million in 2022, 2023 and 2024, respectively, representing nil, 14.6% and 48.1% of our total revenue in each respective year. By contrast, we recognized revenue of RMB782.8 million, RMB581.8 million and RMB16.1 million from our polycrystalline cell business in 2022, 2023 and 2024, respectively, representing 6.2%, 2.8% and 0.2% of our total revenue in each respective year.

Revenue from sales of PV cells is impacted by sales volume and average selling price. During the Track Record Period, the industry has experienced a transition from P-type to N-type and the gradual exit of polycrystalline cells from the market, according to Frost & Sullivan. Our total sales volume of PV cells was 13.2 GW, 34.9 GW and 34.5 GW in 2022, 2023 and 2024, respectively. Driven by growing market demand, sales volume of our P-type cells increased from 12.0 GW in 2022 to 28.3 GW in 2023, but the sales volume of P-type cells decreased to 15.7 GW in 2024, primarily due to the change in the market preference towards to N-type cells, with an average selling price of RMB1.0220/W, RMB0.6457/W and RMB0.2890/W in each respective year. The decline of our average selling price of P-type cells during the Track Record Period was primarily attributable to overall excessive supply in the PV industry, leading to the fierce competition in the PV cell sector and the decrease in the price of silicon wafers in the same period, as well as lowered non-silicon cost contributed by advancements in production processes. We commenced sales of N-type cells in 2023, in which we sold 5.5 GW N-type cells at an average selling price of RMB0.6228/W, and our sales volume significantly increased to 18.7 GW in 2024 at an average selling price of RMB0.3472/W. The surge in the sales volume of N-type cells from 2023 to 2024 was primarily due to our strategic transition from P-type cells to N-type cells, in line with the technological trend in the PV industry and changes in customers' needs. In 2023, our sales of N-type cells accounted for 15.9% of our total sales volume of PV cells while our sales of P-type cells accounted for 81.0%; in 2024, our sales of N-type cells constituted 54.4% of our total sales volume of PV cells, surpassing the sales contribution of P-type cells of 45.5% in 2024. In contrast to monocrystalline cells, we have been gradually decreasing sales of polycrystalline cells during the Track Record Period, with 1.2 GW in 2022, 1.1 GW in 2023 and 0.1 GW in 2024. The sales volume of polycrystalline cells only represents 9.3%, 3.2% and 0.2% of our total sales volumes of PV cells in 2022, 2023 and 2024, respectively. The table below sets forth the breakdown of the sales volume and average selling price of our PV cells for the years indicated.

	Year ended December 31,								
	2022			2023			2024		
	Sales Volume		Average Selling Price(1)	Sales Volume		Average Selling Price(1)	Sales Volume		Average Selling Price(1)
	GW	*%*	*RMB/W*	*GW*	*%*	*RMB/W*	*GW*	*%*	*RMB/W*
Monocrystalline									
Cells	12.0	90.7	1.0220	33.8	96.9	0.6419	34.4	99.9	0.3206
– P-type	12.0	90.7	1.0220	28.3	81.0	0.6457	15.7	45.5	0.2890
– N-type	–	–	–	5.5	15.9	0.6228	18.7	54.4	0.3472
Polycrystalline									
Cells	1.2	9.3	0.7244	1.1	3.2	0.5474	0.1	0.2	0.2815
Total/Overall	**13.2**	**100.0**	**0.9945**	**34.9**	**100.0**	**0.6391**	**34.5**	**100.0**	**0.3205**

Note:

(1) The average selling price is calculated by dividing the amounts before deduction under PV cell business (before the deduction of the purchase amount for silicon wafers under Customer Supply Arrangements) by the sales volume in the same year. For details, see "Business — Customer Supply Arrangements."

PV Modules

During the Track Record Period, we primarily derived revenue from our PV module business by selling PV modules to construction enterprises of PV power stations, and we were also engaged by few customers to provide PV module manufacturing services. We offer PV modules covering mainstream PV cell technologies, which are suitable for household distributed power stations, industrial and commercial distributed power stations and centralized power stations. Our revenue from PV module business increased from RMB938.2 million in 2022 to RMB1,871.0 million in 2023 and further to RMB2,122.1 million in 2024, with total sales volume of PV modules increasing from 0.9 GW in 2022 to 1.4 GW in 2023 and further to 2.9 GW in 2024, in line with the growing market needs. The revenue contribution of our PV module business increased from 7.5% in 2022 to 9.0% in 2023 and further to 18.7% in 2024.

Others

In addition to our PV cell and PV module business, we also commenced providing our EPC service in 2024. In 2024, we generated a revenue of RMB19.3 million mainly from our EPC service, representing 0.2% of our total revenue in 2024.

Revenue by Geographic Region

During the Track Record Period, our products were primarily sold in mainland China. As we continue our overseas expansion, our revenue from customers outside of mainland China has grown during the Track Record Period. The revenue contribution of our overseas business increased from 11.5% in 2022 to 13.4% in 2023 and further to 32.9% in 2024. The table below sets forth the breakdown of our revenue by geographic region, based on the locations of our customers, for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
Mainland China	11,075.1	88.5	18,041.8	86.6	7,596.7	67.1
Other countries and regions	1,441.4	11.5	2,796.1	13.4	3,723.2	32.9
Total	**12,516.5**	**100.0**	**20,837.9**	**100.0**	**11,319.9**	**100.0**

Revenue by Sales Channel

During the Track Record Period, we primarily sold products to our direct customers while the transactions with our trading partners constituted to a minor portion of our total revenue. Our direct customers are mainly PV module manufacturers in terms of our PV cells and construction enterprises of PV power stations in terms of our PV modules. Our trading partners are generally trading companies in the PV industry. See "Business — Our Sales Network and Customers" for details. The following table sets forth a breakdown of our total revenue by sales channel for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
Direct customers	11,711.0	93.6	19,968.1	95.8	10,813.8	95.5
Trading partners	805.5	6.4	869.8	4.2	506.1	4.5
Total	**12,516.5**	**100.0**	**20,837.9**	**100.0**	**11,319.9**	**100.0**

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) cost of raw materials, mainly representing costs for purchasing silicon wafers and other raw materials, (ii) overhead, (iii) direct labor cost, (iv) impairment of property, plant and equipment, and (v) others. The following table sets forth a breakdown of our cost of sales by nature in absolute amount and as a percentage of our total revenue for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
Cost of raw materials	9,768.4	78.0	15,049.7	72.2	8,829.3	70.9
Overhead	759.1	6.1	2,065.0	9.9	2,318.3	20.5
Direct labor cost	202.8	1.6	461.2	2.2	423.4	3.7
Impairment of property, plant and equipment	159.3	1.3	–	–	637.7	5.6
Others[1]	154.1	1.2	420.0	2.1	251.8	2.3
Total	**11,043.7**	**88.2**	**17,995.9**	**86.4**	**12,460.5**	**110.1**

Note:

(1) Others mainly include inventory write-down, transportation costs, and warranty provision for our PV module products.

Cost of Raw Materials

Cost of raw materials constituted the largest component of our cost of sales throughout the Track Record Period and primarily consists of the cost of silicon wafers, silver pastes and other auxiliary materials. Our cost of raw materials increased from RMB9,768.4 million in 2022 to RMB15,049.7 million in 2023, primarily due to our expanded production scale. Our cost of raw materials decreased from RMB15,049.7 million in 2023 to RMB8,829.3 million in 2024, which is significantly impacted by the fluctuation in silicon wafers prices.

Overhead

Our overhead primarily consists of depreciation and amortization, cost of fuel and power, indirect labor cost and others. Our overhead increased from RMB759.1 million in 2022 to RMB2,065.0 million in 2023, and further to RMB2,318.3 million in 2024, primarily attributable to the changes in depreciation relating to our production bases.

Direct Labor Cost

Our direct labor cost primarily consists of salaries, bonus and welfare benefits for our manufacturing staff. Our direct labor cost increased from RMB202.8 million in 2022 to RMB461.2 million in 2023, and decreased to RMB423.4 million in 2024, primarily due to the changes in our production scale.

Impairment of Property, Plant and Equipment

We recorded impairment of property, plant and equipment of RMB159.3 million in 2022 and nil in 2023, primarily due to impairment on our production line of polycrystalline cells in 2022 as a result of the gradual exit of polycrystalline cells from the market. Our impairment of property, plant and equipment amounted to RMB637.7 million in 2024, primarily because we made impairment provisions for certain of our product lines in 2024 after we made a comprehensive evaluation of future profitability of our product lines.

Gross Profit (Loss) and Gross Profit (Loss) Margin

The following table sets forth a breakdown of our gross profit (loss) and gross profit (loss) margin by product category for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Gross Profit (Loss)	Gross Profit (Loss) Margin	Gross Profit (Loss)	Gross Profit (Loss) Margin	Gross Profit (Loss)	Gross Profit (Loss) Margin
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
PV Cells	1,510.6	13.0	2,816.5	14.8	(1,064.5)	(11.6)
Monocrystalline Cells	1,620.1	15.0	2,708.5	14.7	(1,061.2)	(11.6)
– P-type Cells	1,620.1	15.0	2,500.5	16.3	(1,457.4)	(39.2)
– N-type Cells	–	–	208.0	6.8	396.2	7.3
Polycrystalline Cells	(109.5)	(14.0)	108.0	18.6	(3.3)	(20.6)
PV Modules	(37.8)	(4.0)	25.5	1.4	(78.4)	(3.7)
Others[1]	–	–	–	–	2.2	11.5
Total/Overall	**1,472.8**	11.8	**2,842.0**	13.6	**(1,140.6)**	(10.1)

Note:

(1) Others mainly represent our provision of EPC services for PV power facilities.

We recorded gross profits of RMB1,472.8 million and RMB2,842.0 million in 2022 and 2023, respectively, and gross losses of RMB1,140.6 million in 2024, and our gross profit margin was 11.8% and 13.6% in 2022 and 2023, respectively, and gross loss margin was 10.1% in 2024, primarily because the PV industry experienced significant changes in competitive landscape, leading to an overall price decline in the PV industry chain.

Gross profit margin of our N-type cells was lower than P-type cells and other types of PV cells in 2023, primarily because we newly launched our N-type cell line of business in 2023 and our N-type cell production capacity was still in the process of production capacity ramp-up; we recorded gross profit margin for our N-type cells in 2024 when other types of cells recorded gross loss margin due to the industry downturn, primarily because gross profit margin for our overseas N-type cell production capacity was above average in 2024. We recorded gross loss in our PV modules in 2022, primarily because the fixed costs for this line of business were relatively high as it was newly launched in 2022, which has improved in 2023 resulting from the increased sales volumes.

Other Income

Our other income primarily consists of (i) government grants, (ii) interest income, which primarily represents the interest income we obtained from our bank deposits and deposits for our bank acceptance bills, (iii) income from sales of scrapped materials, and (iv) others. The following table sets forth a breakdown of our other income in absolute amount and as a percentage of our total other income for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
Government grants						
– related to income	6.8	4.1	10.6	3.0	41.8	11.7
– related to assets	95.4	56.9	144.1	41.1	171.0	47.9
Extra deduction of input value added tax ("**VAT**")	–	–	92.7	26.5	19.3	5.3
Interest income	29.7	17.7	64.9	18.5	82.0	23.0
Sales of scrapped materials	35.6	21.2	37.9	10.8	43.0	12.0
Others	0.1	0.1	0.2	0.1	0.1	0.1
Total	**167.6**	**100.0**	**350.4**	**100.0**	**357.2**	**100.0**

The government grants we recognized during the Track Record Period primarily consist of (i) the government grants related to income, which mainly represent unconditional government subsidies received from relevant government bodies to encourage the operations of our Group; and (ii) the government grants related to assets, which mainly represent government subsidies obtained in relation to purchases of plant and equipment by certain of our subsidiaries, which were included in the consolidated statement of financial position as deferred income and credited to profit or loss on a straight-line basis over the remaining useful life of the equipment, as a result of the construction and/or expansion of our production bases.

In addition, we enjoyed an extra 5% deduction of input VAT granted to certain of our subsidiaries qualified as "advanced manufacturing enterprises" (先進製造業企業), which is effective from 2023 to 2027 pursuant to the relevant rules.

Other Gains and Losses

Our gains and losses primarily consist of (i) net (losses) gains on foreign currency forward contracts at FVTPL, (ii) (losses) gains on disposals of equipment, (iii) gains arising on termination of lease agreements, (iv) net losses on discounting bills receivables at FVTOCI, (v) net foreign exchange gains (losses), and (vi) others. The following table sets forth a breakdown of our other gains and losses for the years indicated.

	Year ended December 31,		
	2022	**2023**	**2024**
	(RMB in millions)		
Net (losses) gains on foreign currency forward contracts at FVTPL	(1.6)	7.9	5.1
(Losses) gains on disposals of equipment	(0.1)	(2.0)	0.3
Gains arising on termination of lease agreements	–	–	1.5
Net losses on discounting bills receivables at FVTOCI	(6.1)	(30.8)	(27.0)
Net foreign exchange gains (losses)	6.2	(6.2)	48.1
Others	(1.3)	(1.7)	12.9
Total	**(2.9)**	**(32.8)**	**40.9**

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses under expected credit loss model, net of reversal primarily consist of impairment losses (reversed) recognized on trade receivables and other receivables. The following table sets forth a breakdown of our impairment losses under expected credit loss model, net of reversal for the years indicated.

	Year ended December 31,		
	2022	**2023**	**2024**
	(RMB in millions)		
Impairment losses (reversed) recognized on:			
– Trade receivables	(0.7)	19.2	(15.4)
– Other receivables	(26.6)	0.2	0.3
Total	**(27.3)**	**19.4**	**(15.1)**

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) employee salaries, (ii) marketing fee, primarily consisting of expenses incurred for exhibition and promotion activities we attended, sales commission, travel expenses and sample fees, (iii) share-based compensation and (iv) others. The following table sets forth a breakdown of our selling and marketing expenses in absolute amount and as a percentage of our total selling and marketing expenses for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
Employee salaries	14.6	49.2	37.3	37.6	45.1	32.1
Marketing fees	11.4	38.4	49.3	49.7	84.8	60.4
Share-based compensation	2.5	8.4	2.4	2.4	1.6	1.1
Others	1.2	4.0	10.1	10.3	9.0	6.4
Total	**29.7**	**100.0**	**99.1**	**100.0**	**140.5**	**100.0**

Administrative Expenses

Our administrative expenses primarily consist of (i) employee salaries, (ii) consulting service fees, primarily consisting of professional consultant fees we paid in our business operation, (iii) administration expenses, primarily representing office expenses, entertainment expenses and travel expenses, (iv) depreciation and amortization expenses, (v) share-based compensation, (vi) bank charges and (vii) others. The following table sets forth a breakdown of our administrative expenses in absolute amount and as a percentage of our total administrative expenses for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
Employee salaries	67.1	45.5	128.7	53.6	118.8	44.6
Consulting service fees	32.0	21.7	17.2	7.2	33.4	12.6
Administration expenses	20.8	14.1	43.6	18.1	55.9	21.1
Depreciation and amortization expenses	11.5	7.8	20.1	8.4	33.9	12.7
Share-based compensation	6.6	4.5	14.0	5.8	7.0	2.6
Bank charges	3.1	2.1	5.8	2.4	5.6	2.1
Others	6.4	4.3	10.9	4.5	11.5	4.3
Total	**147.5**	**100.0**	**240.3**	**100.0**	**266.1**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consist of (i) raw materials, (ii) employee salaries, (iii) energy expenses, (iv) depreciation and amortization expenses, (v) share-based compensation and (vi) others. The following table sets forth a breakdown of our research and development expenses in absolute amount and as a percentage of our total research and development expenses for the years indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in millions, except percentages)					
Raw materials	249.9	67.7	415.6	65.7	148.1	51.1
Employee salaries	86.4	23.4	145.3	23.0	100.7	34.8
Energy expenses	16.1	4.4	31.8	5.0	13.3	4.6
Depreciation and amortization expenses	11.4	3.1	30.5	4.9	21.3	7.4
Share-based compensation	3.6	1.0	4.3	0.7	1.4	0.5
Others	2.0	0.4	4.6	0.7	4.6	1.6
Total	**369.4**	**100.0**	**632.1**	**100.0**	**289.4**	**100.0**

Other Expenses

Our other expenses amounted to RMB28.4 million, RMB23.9 million and RMB41.3 million in 2022, 2023 and 2024, respectively, mainly arising from the costs related to sales of our scrapped materials.

Finance Costs

Our finance costs primarily consist of interest on bank and other borrowings, lease liabilities and other payables. The following table sets forth a breakdown of our finance costs for the years indicated.

	Year ended December 31,		
	2022	2023	2024
	(RMB in millions)		
Interest on:			
– Bank and other borrowings	65.9	185.4	119.9
– Lease liabilities	29.4	50.7	58.4
– Other payables	0.1	–	–
Total	**95.4**	**236.1**	**178.3**

Income Tax Expense (Credits)

The following table sets forth a breakdown of our income tax expenses (credits) for the years indicated.

	Year ended December 31,		
	2022	**2023**	**2024**
	(RMB in millions)		
Current tax:			
– Enterprise Income Tax ("**EIT**")	29.1	120.0	4.8
Under provision in prior years:			
– EIT	–	5.2	–
Deferred tax			
– Current year	135.7	113.1	(266.9)
– Attributable to the change in tax rate	(4.6)	(10.5)	(18.4)
Total	**160.2**	**227.8**	**(280.5)**

Corporate income tax was provided for the taxable income of the entities within our Group. During the Track Record Period, the general corporate income tax rate in the PRC is 25%. During the Track Record Period, certain of our subsidiaries in the PRC were qualified as "High and New Technology Enterprises" under the relevant PRC laws and regulations, which were entitled to a preferential income tax rate of 15%. Certain of our overseas subsidiaries in Laos and Cambodia also enjoyed tax exemptions according to the local tax laws and regulations. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. See Note 13 of Appendix I to this document.

During the Track Record Period and as of the Latest Practicable Date, we did not have any material dispute or unresolved issues with the relevant tax authorities.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue decreased by 45.7% from RMB20,837.9 million in 2023 to RMB11,319.9 million in 2024, primarily due to the significant decrease in the revenue from our PV cell business from RMB18,966.9 million in 2023 to RMB9,178.5 million in 2024, partially offset by the increase in the revenue from our PV module business from RMB1,871.1 million in 2023 to RMB2,122.1 million in 2024.

Our revenue from PV cell business significantly decreased by 51.6% from RMB18,966.9 million in 2023 to RMB9,178.5 million in 2024, primarily due to an overall price decline in the PV industry chain. On the one hand, our revenues from P-type cell business decreased from RMB15,338.2 million in 2023 to RMB3,713.5 million in 2024 as a result of (i) the significant decrease in our sales volume of P-type cells from 28.3 GW in 2023 to 15.7 GW in 2024 and (ii) the decrease in average selling price of our P-type cells as a result of overall excessive supply in the PV industry, leading to the fierce competition in the PV cell sector and the decrease in the price of silicon wafers, as well as lowered non-silicon cost contributed by advancements in production processes. On the other hand, our revenue from N-type cell business significantly increased from RMB3,046.9 million in 2023 to RMB5,448.9 million in 2024 due to mixed factors, including (i) a significant increase in sales volume from 5.5 GW in 2023 to 18.7 GW in 2024, and (ii) the declining average selling prices from RMB0.6628/W in 2023 to RMB0.3472/W in 2024 resulting from overall excessive supply in the PV industry, leading to the fierce competition in the PV cell sector and the decrease in the price of silicon wafers, as well as lowered non-silicon cost contributed by advancements in production processes. In addition, our revenue from polycrystalline cell business decreased from RMB581.8 million in 2023 to RMB16.1 million in 2024, primarily due to the gradual exit of polycrystalline cells and increasing popularity of monocrystalline cells in the PV industry.

Our revenue from PV module business increased by 13.4% from RMB1,871.0 million in 2023 to RMB2,122.1 million in 2024, primarily due to a significant increase of sales volume from 1.4 GW in 2023 to 2.9 GW in 2024 as a result of our eased enhanced brand awareness, which partially offset the declining average selling price of our PV modules from RMB1.3021/W in 2023 to RMB0.7318/W in 2024 resulting from an overall price decline in the PV industry chain. Revenue contribution from our PV module business increased from 9.0% in 2023 to 18.7% in 2024.

In addition, we generated a revenue of RMB19.3 million mainly from our EPC service in 2024.

Cost of Sales

Our cost of sales decreased by 30.8% from RMB17,995.9 million in 2023 to RMB12,460.5 million in 2024, primarily due to (i) the significant decline in silicon wafer prices in 2024 as compared to 2023, and (ii) the significant impairment of property, plant and equipment we recorded in 2024.

Gross Profit (Loss) and Gross Profit (Loss) Margin

As a result of the foregoing, we recorded gross profit of RMB2,842.0 million in 2023 and gross loss of RMB1,140.6 million in 2024. We recorded gross profit margin of 13.6% in 2023 and gross loss margin of 10.1% in 2024. We recorded gross loss and gross loss margin primarily because the PV industry experienced significant changes in competitive landscape, leading to an overall price decline in the PV industry chain. In addition, we recorded impairment of property, plant and equipment of RMB637.7 million in 2024.

Other Income

Our other income remained relatively stable at RMB350.4 million in 2023 and RMB357.2 million in 2024. We generated other income primarily from (i) government grants we obtained, primarily government subsidies for our production bases in Suqian, Xuzhou and Chuzhou, (ii) interest income from our deposits for bank acceptance bills, and (iii) income from sales of our scrapped materials.

Other Gains and Losses

We recorded other losses of RMB32.8 million in 2023 and other gains of RMB40.9 million in 2024, primarily because we recorded net foreign exchange losses of RMB6.2 million in 2023 and net foreign exchange gains of RMB48.1 million in 2024 as a result of fluctuations in foreign exchange rates. Also, we recorded loss from others of RMB1.7 million in 2023 and income from others of RMB12.9 million in 2024. Income from others in 2024 primarily represents the insurance claim payment we received.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

We recognized the impairment losses under expected credit loss model, net of reversal of RMB19.4 million in 2023 and a reversal of RMB15.1 million in 2024, primarily due to a decrease in our corresponding bad debt provisions resulting from a decrease in the ending balances of our accounts receivables.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 41.8% from RMB99.1 million in 2023 to RMB140.5 million in 2024, primarily due to (i) an increase in marketing fees from RMB49.3 million in 2023 to RMB84.8 million in 2024 as a result of the increased business contribution of our PV module business, for which we carried out more business development and promotion activities, and (ii) an increase in employee salaries relating to our selling and marketing personnel from RMB37.3 million in 2023 to RMB45.1 million in 2024.

Administrative Expenses

Our administrative expenses increased by 10.7% from RMB240.3 million in 2023 to RMB266.1 million in 2024, primarily due to an increase in consulting service fees, which primarily consists of professional consultant fees we paid in our business operation.

Research and Development Expenses

Our research and development expenses decreased by 54.2% from RMB632.1 million in 2023 to RMB289.4 million in 2024, primarily because (i) raw material cost for R&D activities decreased from RMB415.6 million in 2023 to RMB148.1 million in 2024 as a result of the declining silicon wafer prices, (ii) our R&D activities was at a relatively intense level in 2023 as a result of our technological transition towards N-type cells, and (iii) we controlled and optimized our R&D expenses by integrating and centralizing our R&D activities.

Other Expenses

Our other expenses increased by 72.8% from RMB23.9 million in 2023 to RMB41.3 million in 2024, primarily representing costs related to sales of our scrapped materials.

Finance Costs

Our finance costs decreased by 24.5% from RMB236.1 million in 2023 to RMB178.3 million in 2024, primarily due to an adjustment in the terms of one borrowing as mutually agreed.

Income Tax (Expense) Credit

We recorded income tax expenses of RMB227.8 million in 2023 and income tax credits of RMB280.5 million in 2024, primarily because we recorded losses for our subsidiaries in mainland China in 2024.

Profit (Loss) for the Year

As a result of the foregoing, we recorded profit for the year of RMB1,680.9 million in 2023 and loss for the year of RMB1,362.5 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue significantly increased by 66.5% from RMB12,516.5 million in 2022 to RMB20,837.9 million in 2023, primarily due to the increases in revenue from both of our PV cell business and PV module business.

Our revenue from PV cell business significantly increased by 70.3% from RMB11,578.3 million in 2022 to RMB18,966.9 million in 2023, primarily due to a significant 164.4% increase in our sales volume of PV cells from 13.2 GW in 2022 to 34.9 GW in 2023 primarily resulting from the growing market demand from downstream PV manufacturers, which offsets the impact of declining average selling prices from RMB0.9945/W in 2022 to RMB0.6391/W in 2023 driven by (i) our enhanced production capacity following the commencement of operations at our production bases in Suqian, Xuzhou and Chuzhou, and (ii) lower silicon wafer prices in 2023.

Our revenue from PV module business significantly increased by 99.4% from RMB938.2 million in 2022 to RMB1,871.0 million in 2023, primarily due to (i) the growing demand from end-customers, and (ii) our expanded customer base across domestic and overseas markets, supported by increasingly strengthened brand recognition and enhanced product competitiveness since the launch of our PV module business. Revenue contribution from our PV module business increased from 7.5% in 2022 to 9.0% in 2023.

Cost of Sales

Our cost of sales significantly increased by 63.0% from RMB11,043.7 million in 2022 to RMB17,995.9 million in 2023, which is in line with scale-ups in our PV cell business and PV module business in 2023.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 93.0% from RMB1,472.8 million in 2022 to RMB2,842.0 million in 2023, and our gross profit margin increased from 11.8% in 2022 to 13.6% in 2023. Such changes were primarily due to the declining silicon wafer prices and our effective control on non-silicon cost.

Other Income

Our other income increased by 109.1% from RMB167.6 million in 2022 to RMB350.4 million in 2023, primarily due to (i) an extra 5% deduction of input VAT enjoyed by certain of our subsidiaries as advanced manufacturing enterprises starting in 2023, (ii) an increase in the income of government subsidies that is recognized in relation to our property, plant and equipment in our production bases in Chuzhou, Xuzhou and Suqian, and (iii) an increase in interest income of our bank deposits.

Other Gains and Losses

Our other losses significantly increased by 1,031.0% from RMB2.9 million in 2022 to RMB32.8 million in 2023, primarily due to a significant increase in net losses on discounting bills receivables at FVTOCI from RMB6.1 million in 2022 to RMB30.8 million in 2023 as result of an increase in our discounting bills receivables, partially offset by an increase in net gains on foreign currency forward contracts at FVTPL resulting from the foreign exchange fluctuations.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

We recorded a reversal of impairment losses under expected credit loss model of RMB27.3 million in 2022 and recognized the impairment losses under expected credit loss model, net of reversal of RMB19.4 million in 2023. Such change from 2022 to 2023 was primarily due to an increase in sales volume of our PV cells from 13.2 GW to 34.9 GW, leading to the increases in impairment losses (reversed) recognized on trade receivables as a result of the increase in the balance of trade receivables of our customers. The increase in the balance of trade receivables and other receivables was primarily due to the growth of our PV module business as we generally provide credit terms between 0 to 180 days for sales of our PV modules.

Selling and Marketing Expenses

In line with our business expansion and increased revenue, our selling and marketing expenses increased by 233.7% from RMB29.7 million in 2022 to RMB99.1 million in 2023, primarily due to (i) an increase in employee salaries resulting from an increase in the headcount and average salaries of our sales personnel, and (ii) the increases in marketing fees as we increased our business development and promotion activities, primarily for our PV module business.

Administrative Expenses

Our administrative expenses increased by 62.9% from RMB147.5 million in 2022 to RMB240.3 million in 2023, primarily due to an increase in the headcounts of our administrative personnel to support our business growth.

Research and Development Expenses

Our research and development expenses increased by 71.1% from RMB369.4 million in 2022 to RMB632.1 million in 2023, primarily due to (i) an increase in the R&D raw material costs, (ii) a relatively intense level of our R&D activities in 2023 as a result of our technological transition towards N-type cells, and (iii) an increase in the headcount and average salaries of our R&D personnel.

Other Expenses

Our other expenses primarily represent the costs related to sale of our scrapped materials, which decreased by 15.8% from RMB28.4 million in 2022 to RMB23.9 million in 2023.

Finance Costs

Our finance costs increased by 147.5% from RMB95.4 million in 2022 to RMB236.1 million in 2023, primarily due to (i) an increase in interest on lease liabilities recognized in 2023, primarily rental interest in relation to our product bases in Chuzhou and Xuzhou, which were leased to us upon completion of construction, and (ii) an increase in bank and other borrowings to support our business needs. For details of such leased properties, see "Business — Properties — Leased Properties."

Profit Before Tax

As a result of the foregoing, our profit before tax significantly increased by 91.9% from RMB994.4 million in 2022 to RMB1,908.7 million in 2023.

Income Tax Expense

Our income tax expense increased by 42.2% from RMB160.2 million in 2022 to RMB227.8 million in 2023, primarily due to our profit growth from 2022 to 2023. The increase in our income tax expense from 2022 to 2023 was partially offset by the (i) utilization of tax losses previously not recognized and (ii) tax effect of additional deduction related to research and development costs.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 101.5% from RMB834.2 million in 2022 to RMB1,680.9 million in 2023.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in millions)		
Non-current assets			
Property, plant and equipment	5,286.4	10,749.0	10,561.2
Right-of-use assets	720.1	1,327.3	1,220.7
Intangible assets	0.8	3.0	2.0
Deferred tax assets	41.9	91.0	163.1
Prepayments for acquisition of property, plant and equipment	325.9	81.3	34.2
Other receivables	20.8	4.1	33.2
Total non-current assets	**6,395.9**	**12,255.7**	**12,014.4**
Current assets			
Inventories	937.6	2,237.4	2,403.3
Bills, trade and other receivables	3,036.0	3,906.6	2,323.7
Tax recoverable	–	1.5	5.7
Derivative financial instruments	–	7.2	–
Debt instruments at fair value through other comprehensive income	60.3	245.0	179.3
Pledged/restricted bank deposits	2,291.7	3,432.7	2,493.0
Cash and cash equivalents	1,235.7	1,915.0	1,113.7
Total current assets	**7,561.3**	**11,745.4**	**8,518.7**
Current liabilities			
Bills, trade and other payables	6,421.8	11,292.8	7,721.4
Tax liabilities	18.5	16.0	1.3
Bank and other borrowings	953.9	2,456.6	2,647.3
Derivative financial instruments	1.3	–	–
Lease liabilities	38.3	66.6	69.3
Contract liabilities	434.5	671.0	852.9
Total current liabilities	**7,868.3**	**14,503.0**	**11,292.2**
Net Current Liabilities	**(307.0)**	**(2,757.6)**	**(2,773.5)**
Total Assets less Current Liabilities	**6,088.9**	**9,498.1**	**9,240.9**

	As of December 31,		
	2022	2023	2024
	(RMB in millions)		
Non-current liabilities			
Deferred tax liabilities	92.4	244.2	31.0
Bank and other borrowings	1,319.5	1,905.9	3,123.3
Lease liabilities	580.1	1,247.4	1,263.2
Provision	12.7	24.5	43.5
Deferred income	1,162.2	1,394.9	1,426.0
Total non-current liabilities	**3,166.9**	**4,816.9**	**5,887.0**
Net assets	**2,922.0**	**4,681.2**	**3,353.9**
Capital and Reserves			
Share capital	360.0	360.0	360.0
Reserves	2,540.7	4,231.3	2,976.3
Equity attributable to owners of the Company	2,900.7	4,591.3	3,336.3
Non-controlling interests	21.3	89.9	17.6
Total equity	**2,922.0**	**4,681.2**	**3,353.9**

Property, Plant and Equipment

Our property, plant and equipment primarily consists of (i) buildings, (ii) plant and machinery, (iii) electronic and other equipment, (iv) motor vehicles and (v) construction in progress. Our property, plant and equipment increased significantly by 103.3% from RMB5,286.4 million as of December 31, 2022 to RMB10,749.0 million as of December 31, 2023, primarily due to an increase in production lines and relevant equipment in our production bases as we went through the N-type cell production advancement and our overseas production expansion in response to the market trends.

Our property, plant and equipment remained relatively stable at RMB10,749.0 million as of December 31, 2023 and RMB10,561.2 million as of December 31, 2024, primarily because we adopted a relatively conservative attitude for business expansion considering the market volatility.

Right-of-use Assets

Our right-of-use assets primarily consist of (i) leasehold lands, (ii) leased properties and (iii) leased machinery, primarily relating to our product bases which were leased to us upon completion of construction. For details of such leased properties, see "Business — Properties — Leased Properties." Our right-of-use assets increased by 84.3% from RMB720.1 million as of December 31, 2022 to RMB1,327.3 million as of December 31, 2023, primarily due to the recognition of right-of-use assets resulting from the expansion of our production bases in Chuzhou and Xuzhou in 2023.

Our right-of-use assets decreased by 8.0% from RMB1,327.3 million as of December 31, 2023 to RMB1,220.7 million as of December 31, 2024 primarily due to the amortization of relevant leasehold lands, leased properties and leased machinery.

Inventories

Our inventories primarily consist of (i) raw materials, (ii) work in process and (iii) finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in millions)		
Raw materials	278.8	648.0	748.5
Work in progress	37.3	37.9	90.5
Finished goods	621.5	1,551.5	1,564.3
Total	**937.6**	**2,237.4**	**2,403.3**

Our inventories increased by 138.6% from RMB937.6 million as of December 31, 2022 to RMB2,237.4 million as of December 31, 2023, which is in line with our revenue growth and also attributable to the increases in our overseas sales contribution and manufacturing contribution, for which inventory turnover cycle is relatively longer as compared to the domestic ones.

Our inventories increased by 7.4% from RMB2,237.4 million as of December 31, 2023 to RMB2,403.3 million as of December 31, 2024, primarily due to the increases in raw materials and work in progress due to the further release of production capacity at our overseas production base, as the cost of silicon wafers used in our overseas production base is relatively higher than that used in our domestic production bases and overseas inventory turnover days are generally longer than domestic inventory turnover days. During the Track Record Period, our overseas revenue contribution increased from 11.5% in 2022 to 13.4% in 2023 and further to 32.9% in 2024. We also built up our inventories considering the market conditions.

The following table sets forth the turnover days of our inventories for the years indicated.

	Year ended December 31,		
	2022	**2023**	**2024**
	(days)		
Inventory turnover days[(1)]	19.7	32.2	68.0

Note:

(1) Inventory turnover days for a year equal the average of the net value of the opening and closing inventory balance divided by cost of sales for the relevant year and multiplied by 365 days.

Our inventory turnover days increased from 19.7 days as of December 31, 2022 to 32.2 days as of December 31, 2023, and further to 68.0 days as of December, 2024, primarily due to our overseas expansion as the delivery cycle for our overseas sales is generally longer than domestic sales.

The following table sets forth an aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in millions)		
0-60 days	829.5	1,616.5	1,192.4
61-180 days	86.6	601.1	994.8
181-365 days	21.5	19.8	216.1
Total	**937.6**	**2,237.4**	**2,403.3**

Inventories are stated at the lower of cost and net realizable value and we make provisions for inventory write-downs for those whose cost exceeds its net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. We made inventory write-downs of RMB93.9 million, RMB309.2 million and RMB188.6 million as of December 31, 2022, 2023 and 2024, respectively.

As of January 31, 2025, approximately RMB1,987.2 million, or 77.8%, of our inventories as of December 31, 2024 had been utilized or sold.

Bills, Trade and Other Receivables

The following table sets forth a breakdown of our bills, trade and other receivables as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in millions)		
Bill receivables	1,832.8	2,323.0	1,086.1
Trade receivables – third parties	471.4	762.7	470.6
Less: allowance for credit losses	(25.7)	(44.9)	(28.8)
Subtotal	**445.7**	**717.8**	**441.8**
Other receivables	4.8	4.9	28.5
Less: allowance for credit losses	(0.7)	(1.0)	(1.3)
Subtotal	**4.1**	**3.9**	**27.2**
Advances to suppliers	538.5	391.7	119.4
VAT and other tax recoverables	215.5	456.0	650.2
Deposits paid for sales and leaseback arrangement	20.2	18.3	32.2
Total	**3,056.8**	**3,910.7**	**2,356.9**
Analyzed as:			
Current	3,036.0	3,906.6	2,323.7
Non-current	20.8	4.1	33.2

Bills and Trade Receivables

Our bills, trade and other receivables increased by 27.9% from RMB3,056.8 million as of December 31, 2022 to RMB3,910.7 million as of December 31, 2023, primarily due to the increase in our bills and trade receivables from RMB2,278.5 million in 2022 to RMB3,040.8 million in 2023, which is generally in line with our business scale-up.

Our bills, trade and other receivables decreased by 39.7% from RMB3,910.7 million as of December 31, 2023 to RMB2,356.9 million as of December 31, 2024, primarily due to a decrease in our bills and trade receivables from RMB3,040.8 million in 2023 to RMB1,527.9 million in 2024, which is generally consistent with the change in our business scale.

Our bills receivables primarily represent bank acceptance bills issued to us from our customers, typically within a six-month term. It increased from RMB1,832.8 million in 2022 to RMB2,323.0 million in 2023, which is consistent with our business growth. Our bills receivables decreased from RMB2,323.0 million in 2023 to RMB1,086.1 million in 2024, primarily due to a decrease in revenue from the business for which we use bills for settlement. The following table sets forth an aging analysis of our bills receivables (net of allowance for credit loss) based on the bill issuance date as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in millions)		
0-180 days	1,832.8	2,323.0	1,086.1

The following table sets forth the turnover days of our bills receivables for the years indicated.

	Year ended December 31,		
	2022	2023	2024
	(days)		
Bills receivables turnover days[(1)]	41.5	36.4	55.0

Note:

(1) Bills receivables turnover days for a year equal the average of the opening and closing balance of bills receivables for the relevant year divided by revenue for the relevant year and multiplied by 365 days.

Our bills receivables turnover days decreased from 41.5 days in 2022 to 36.4 days in 2023 and increased to 55.0 days in 2024, generally in line with the changes in turnover days in accounts receivables.

Our trade receivables primarily represent the amount of money owed by our customers. It increased from RMB445.7 million in 2022 to RMB717.8 million in 2023, primarily due to our overseas expansion. Our trade receivables decreased from RMB717.8 million in 2023 to RMB441.8 million in 2024, primarily due to a decrease in revenue as impacted by an overall price decline in the PV industry chain. The following table sets forth an aging analysis of our trade receivables (net of allowance for credit loss) based on the revenue recognition date as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in millions)		
0-90 days	412.1	697.7	377.6
91-180 days	16.9	13.3	50.1
181-365 days	15.8	0.5	3.3
1-2 years	0.9	6.2	10.5
2-3 years	–	0.1	0.3
Total	**445.7**	**717.8**	**441.8**

As of December 31, 2022, 2023 and 2024, 92.5%, 97.2% and 85.5% of our trade receivables were aged between 0 to 90 days, primarily because (i) for the sales of our PV modules, we generally provide credit terms of 0 to 180 days, and (ii) for the sales of our PV cells, we may provide credit terms to certain customers based on our assessment of their credit risks.

The following table sets forth the turnover days of our trade receivables for the years indicated.

	2022	**2023**	**2024**
Trade receivables turnover days	13.5	10.8	19.9

Note:

(1) Trade receivables turnover days for a year equal the average of the opening and closing balance of trade receivables for the relevant year divided by revenue for the relevant year and multiplied by 365 days.

Our trade receivables turnover days decreased from 13.5 days in 2022 to 10.8 days in 2023, primarily due to the improvement in our accounts receivables management efficiency driven by our business expansion, and increased to 19.9 days in 2024, primarily due to (i) the increased contribution of our PV module business, for which we generally provide credit terms, and (ii) the increased contribution of our overseas business, for which the settlement cycle is relatively longer due to the logistics factors.

We have established a credit control team to control and minimize our credit risk, which has been regularly and closely monitoring the recovery of our bills and trade receivables. We have adopted relevant internal control rules and measures for bills and funds management, which stipulate the types of bills to be accepted, the purposes of the bills and relevant approval processes.

We may provide credit terms to certain of our PV cell customers based on our assessment of their credit risks. As of January 31, 2025, approximately RMB92.4 million, or 19.6%, of our trade receivables as of December 31, 2024 had been settled.

Others

Our other receivables (net of allowance for credit loss) primarily represent export tax rebates receivables and deposits, which remained relatively stable at RMB4.1 million as of December 31, 2022 and RMB3.9 million as of December 31, 2023, but significantly increased by 597.4% to RMB27.2 million as of December 31, 2024, primarily due to an increase in deposits for financial leasing.

Our advances to suppliers primarily represent advances for raw materials. It decreased by 27.3% from RMB538.5 million as of December 31, 2022 to RMB391.7 million as of December 31, 2023 and further by 69.5% to RMB119.5 million as of December 31, 2024, primarily due to the decrease in silicon wafer prices.

Our VAT and other tax recoverables significantly increased by 111.6% from RMB215.5 million as of December 31, 2022 to RMB456.0 million as of December 31, 2023 and further by 42.6% to RMB650.2 million as of December 31, 2024, primarily representing the input VAT credits that have not been used to offset the output VAT.

Our deposits paid for sales and leaseback arrangement decreased by 9.4% from RMB20.2 million as of December 31, 2022 to RMB18.3 million as of December 31, 2023, primarily due to our partial repayment of equipment financial leasing expenses. Our deposits paid for sales and leaseback arrangement increased by 76.0% from RMB18.3 million as of December 31, 2023 to RMB32.2 million as of December 31, 2024, primarily resulting from the new financial leasing arrangements we entered into in 2024.

Pledged or Restricted Bank Deposits

Our pledged or restricted bank deposits were primarily for the issue of bills payable and letters of credit. Our pledged or restricted bank deposits increased by 49.8% from RMB2,291.7 million as of December 31, 2022 to RMB3,432.7 million as of December 31, 2023, primarily because we issued more bank acceptance bills as a result of our business growth.

Our pledged or restricted bank deposits decreased by 27.4% from RMB3,432.7 million as of December 31, 2023 to RMB2,493.0 million as of December 31, 2024, primarily due to the reduced scale of bills issued by us as impacted by an overall price decline in the PV industry chain.

Cash and Cash Equivalents

We had cash and cash equivalents of RMB1,235.7 million, RMB1,915.0 million and RMB1,113.7 million as of December 31, 2022, 2023 and 2024, respectively. See "— Liquidity and Capital Resources — Cash Flow" for more details.

Bills, Trade and Other Payables

The following table sets forth a breakdown of our bills, trade and other payables as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in millions)		
Bills payables	2,267.9	4,135.4	2,195.3
Trade payables – third parties	2,605.3	3,502.5	2,407.1
Trade payables – other related parties	12.4	53.7	36.2
Subtotal	**4,885.6**	**7,691.6**	**4,638.6**
Payables for acquisition of property, plant and equipment	1,253.0	3,362.7	2,932.8
Payroll payables	81.5	128.2	80.4
VAT and other tax payables	154.5	97.5	54.4
Deposits payables	3.4	8.6	2.9
Consideration payables for acquisition of subsidiaries	24.8	–	–
Other payables	19.0	4.2	12.3
Total	**6,421.8**	**11,292.8**	**7,721.4**

Bills and Trade Payables

Our bills and trade payables primarily represent outstanding amounts due to third parties, mainly our raw material suppliers. Our bills and trade payables increased by 57.4% from RMB4,885.6 million as of December 31, 2022 to RMB7,691.6 million as of December 31, 2023, primarily due to the increase in our raw material procurement in line with our business scale-up and growing market demand.

Our bills and trade payables decreased by 39.7% from RMB7,691.6 million as of December 31, 2023 to RMB4,638.6 million as of December 31, 2024, primarily due to an overall price decline in the PV industry chain.

As of December 31, 2022, 2023 and 2024, all of our bills payables were aged within one year.

The credit terms of trade payables are generally 0 to 180 days. The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
	(RMB in millions)		
0-90 days	1,712.9	2,040.7	1,345.5
91-180 days	799.8	1,320.0	727.7
181-365 days	66.5	176.5	269.7
Over one year	38.5	19.1	100.5
Total	**2,617.7**	**3,556.3**	**2,443.4**

As of December 31, 2022, 2023 and 2024, 65.4%, 57.4% and 55.1% of our trade payables were aged between 0 to 90 days, and 30.6%, 37.1% and 29.8% were aged between 91 to 180 days, primarily because our suppliers generally grant us credit terms of 0 to 180 days.

The following table sets forth the turnover days of our trade payables for the years indicated.

	2022	**2023**	**2024**
Trade payables turnover days	56.0	62.6	87.9

Note:

(1) Trade payables turnover days for a year equal the average of the opening and closing balance of trade payables for the relevant year divided by cost of sales for the relevant year and multiplied by 365 days.

Our trade payables turnover days increased from 56.0 days in 2022 to 62.6 days in 2023 and further to 87.9 days in 2024, primarily due to our overseas business expansion and the growth of our PV module business, in both of which the payable turnover cycle is relatively longer.

As of January 31, 2025, approximately RMB654.7 million, or 26.8%, of our trade payables as of December 31, 2024 had been settled.

Others

Our payables for acquisition of property, plant and equipment increased by 168.4% from RMB1,253.0 million as of December 31, 2022 to RMB3,362.7 million as of December 31, 2023, primarily due to the establishment of our new production bases in 2023.

Our payables for acquisition of property, plant and equipment decreased by 12.8% from RMB3,362.7 million as of December 31, 2023 to RMB2,932.8 million as of December 31, 2024, primarily because we paid a portion of payables due for equipment purchases.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

The following table sets forth a summary of our cash flows for the years indicated.

	Year ended December 31,		
	2022	2023	2024
	(RMB in millions)		
Cash generated from (used in) operations	2,457.5	2,820.2	(917.6)
Income tax paid	(47.5)	(129.2)	(23.7)
Net cash generated from (used in) operating activities	2,410.0	2,691.0	(941.3)
Net cash used in investing activities	(3,621.2)	(3,899.2)	(1,126.1)
Net cash generated from financing activities	2,311.8	1,883.6	1,261.7
Net increase (decrease) in cash and cash equivalents	**1,100.6**	**675.4**	**(805.7)**
Cash and cash equivalents at the beginning of the year	127.1	1,235.7	1,915.0
Effect of foreign exchange rate changes	8.0	3.9	4.4
Cash and cash equivalents at the end of the year	**1,235.7**	**1,915.0**	**1,113.7**

Net Cash Generated from (Used in) Operating Activities

Net cash used in operating activities in 2024 was RMB941.3 million. The difference between net cash used in operating activities and the loss before tax of RMB1,643.0 million was the result of (i) adjustments by non-cash and non-operating items, which primarily consist of depreciation of property, plant and equipment of RMB973.3 million and impairment losses on property, plant and equipment of RMB637.7 million, partially offset by amortization of deferred government grants of RMB171.0 million, and (ii) changes in working capital, which primarily consist of a decrease in bills, trade and other receivables of RMB1,647.4 million and an increase in contract liabilities of RMB181.9 million, offset by a decrease in bills, trade and other payables of RMB2,634.7 million and an increase in inventories of RMB354.5 million.

Net cash generated from operating activities in 2023 was RMB2,691.0 million. The difference between net cash generated from operating activities and the profit before tax of RMB1,908.7 million was the result of (i) adjustments by non-cash and non-operating items, which primarily consist of depreciation of property, plant and equipment of RMB667.7 million, impairment losses on inventories of RMB309.2 million and finance costs of RMB236.1 million, partially offset by amortization of deferred government grants of RMB144.1 million, and (ii) changes in working capital, which primarily consist of an increase in bills, trade and other payables of RMB2,222.2 million, partially offset by an increase in inventories of RMB1,609.0 million and an increase in bills, trade and other receivables of RMB916.8 million.

Net cash generated from operating activities in 2022 was RMB2,410.0 million. The difference between net cash generated from operating activities and the profit before tax of RMB994.4 million was the result of (i) adjustments by non-cash and non-operating items, which primarily consist of depreciation of property, plant and equipment of RMB308.7 million, impairment losses on property, plant and equipment of RMB159.3 million, finance costs of RMB95.4 million, and impairment losses on inventories of RMB93.9 million, partially offset by amortization of deferred government grants of RMB95.4 million, and (ii) changes in working capital, which primarily consist of an increase in bills, trade and other payables of RMB2,157.0 million, partially offset by an increase in inventories of RMB778.1 million and an increase in bills, trade and other receivables of RMB669.7 million.

Net Cash Used in Investing Activities

Net cash used in investing activities in 2024 was RMB1,126.1 million, primarily due to (i) purchases of and prepayments for property, plant and equipment of RMB2,362.5 million and (ii) placement of pledged/restricted bank deposits of RMB5,642.6 million, partially offset by withdrawal of pledged/restricted bank deposits of RMB6,582.3 million.

Net cash used in investing activities in 2023 was RMB3,899.2 million, primarily due to (i) placement of pledged/restricted bank deposits of RMB4,367.5 million and (ii) purchase of and prepayments for property, plant and equipment of RMB3,169.5 million, partially offset by withdrawal of pledged/restricted bank deposits of RMB3,226.4 million.

Net cash used in investing activities in 2022 was RMB3,621.2 million, primarily due to (i) placement of pledged/restricted bank deposits of RMB2,614.8 million and (ii) purchases of and prepayments paid for property, plant and equipment of RMB2,293.0 million, partially offset by (i) withdrawal of pledged/restricted bank deposits of RMB671.3 million and (ii) repayments of loans to related parties of RMB647.2 million.

Net Cash Generated from Financing Activities

Net cash generated from financing activities in 2024 was RMB1,261.7 million, primarily due to proceeds from bank and other borrowings of RMB3,340.8 million, partially offset by repayment of bank and other borrowings of RMB1,932.8 million.

Net cash generated from financing activities in 2023 was RMB1,883.6 million, primarily due to proceeds from bank and other borrowings of RMB3,355.0 million, partially offset by repayment of bank and other borrowings of RMB1,265.9 million.

Net cash generated from financing activities in 2022 was RMB2,311.8 million, primarily due to (i) proceeds from issuance of paid-in capital/share capital of RMB2,244.0 million and (ii) proceeds from bank and other borrowings of RMB1,627.7 million, partially offset by repayment of bank and other borrowings of RMB1,006.8 million.

Net Current Liabilities

The following table sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of January 31,
	2022	2023	2024	2025
				(Unaudited)
	(RMB in millions)			
Current assets				
Inventories	937.6	2,237.4	2,403.3	2,923.6
Bills, trade and other receivables	3,036.0	3,906.6	2,323.7	2,484.4
Tax recoverable	–	1.5	5.7	5.7
Derivative financial instruments	–	7.2	–	–
Debt instruments at fair value through other comprehensive income	60.3	245.0	179.3	8.2
Pledged/restricted bank deposits	2,291.7	3,432.7	2,493.0	2,414.7
Cash and cash equivalents	1,235.7	1,915.0	1,113.7	973.5
Total current assets	**7,561.3**	**11,745.4**	**8,518.7**	**8,810.1**

	As of December 31,			As of January 31,
	2022	2023	2024	2025
				(Unaudited)
	(RMB in millions)			
Current liabilities				
Bills, trade and other payables	6,421.8	11,292.8	7,721.4	7,556.9
Tax liabilities	18.5	16.0	1.3	1.3
Bank and other borrowings	953.9	2,456.6	2,647.3	2,585.5
Derivative financial instruments	1.3	–	–	–
Lease liabilities	38.3	66.6	69.3	69.6
Contract liabilities	434.5	671.0	852.9	816.7
Total current liabilities	**7,868.3**	**14,503.0**	**11,292.2**	**11,030.0**
Net current liabilities	**(307.0)**	**(2,757.6)**	**(2,773.5)**	**(2,219.9)**

Our net current liabilities increased by 798.2% from RMB307.0 million as of December 31, 2022 to RMB2,757.6 million as of December 31, 2023, primarily due to (i) an increase in bills, trade and other payables resulting from our business scale-up and (ii) an increase in bank and other borrowing, primarily for the purposes of supporting our day-to-day operation and establishing new production bases, partially offset by the increases in inventories and pledged/restricted bank deposits in line with our business growth.

Our net current liabilities increased by 0.6% from RMB2,757.6 million as of December 31, 2023 to RMB2,773.5 million as of December 31, 2024, primarily due to (i) a decrease in bills, trade and other receivables, (ii) a decrease in pledged/restricted bank deposits as a result of the reduced scale of bills we issued in 2024, and (iii) a decrease in cash and cash equivalent, partially offset by a decrease in bills, trade and other payables.

Our net current liabilities decreased by 20.0% from RMB2,773.5 million as of December 31, 2024 to RMB2,219.9 million as of January 31, 2025, primarily due to (i) repayment of a portion of our debts and payables, and (ii) an increase in inventories.

For details regarding our liquidity risk management, see "— Financial Risk — Liquidity Risk" and Note 38 of Appendix I to this document.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratio for the years indicated.

	Year ended December 31,		
	2022	**2023**	**2024**
		(%)	
Return on equity ratio[(1)]	28.5	35.9	(40.6)
Current ratio[(2)]	96.1	81.0	75.4
Quick ratio[(3)]	84.2	65.6	54.2
Debt to asset ratio[(4)]	79.1	80.5	83.7

Notes:

(1) Return on equity ratio is calculated based on net profit (loss) for the year divided by equity as of the end of the same year and multiplied by 100%.

(2) Current ratio is calculated based on current assets as of the end of the year divided by current liabilities as of the end of the same year and multiplied by 100%.

(3) Quick ratio is calculated based on current assets as of the end of the year less inventories as of the end of the same year divided by current liabilities as of the end of the same year and multiplied by 100%.

(4) Debt to asset ratio is calculated based on total liabilities as of the end of the year divided by total assets as of the end of the same year and multiplied by 100%.

INDEBTEDNESS

As of December 31, 2022, 2023 and 2024 and January 31, 2025, our indebtedness consisted of lease liabilities and bank and other borrowings. As of January 31, 2025, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB7,065.0 million. Saved as disclosed elsewhere in this document, we currently do not have material external financing plans.

The following table sets forth the details of our indebtedness as of December 31, 2022, 2023 and 2024 and January 31, 2025:

	As of December 31,			As of January 31,
	2022	**2023**	**2024**	**2025**
				(Unaudited)
		(RMB in millions)		
Lease liabilities	618.4	1,314.0	1,332.5	1,329.1
Bank and other borrowings	2,273.4	4,362.5	5,770.6	5,735.9
Total	**2,891.8**	**5,676.50**	**7,103.1**	**7,065.0**

Lease Liabilities

As of December 31, 2022, 2023, 2024 and January 31, 2025, our total lease liabilities (including current and non-current portions) amounted to RMB618.3 million, RMB1,314.1 million, RMB1,332.5 million and RMB1,329.1 million, respectively.

The following table sets forth our lease liabilities in absolute amounts as of the dates indicated.

	As of December 31,			As of January 31,
	2022	**2023**	**2024**	**2025**
				(Unaudited)
	(RMB in millions)			
Current lease liabilities	38.3	66.6	69.3	69.6
Non-current lease liabilities	580.1	1,247.4	1,263.2	1,259.5
Total	**618.4**	**1,314.0**	**1,332.5**	**1,329.1**

Our lease liabilities primarily relate to the leases of certain of our production bases which were leased to us upon completion of construction as well as other leases we entered into in the ordinary course of business. For details of such leased properties, see "Business — Properties — Leased Properties."

Our total lease liabilities increased by 112.5% from RMB618.4 million as of December 31, 2022 to RMB1,314.0 million as of December 31, 2023, primarily due to the commencement of operation of our Chuzhou production base and certain production lines of our Xuzhou production base in 2023, which were leased to us upon completion of construction.

Our total lease liabilities remained relatively stable at RMB1,314.0 million as of December 31, 2023 and RMB1,332.5 million as of December 31, 2024.

Our total lease liabilities remained relatively stable at RMB1,332.5 million as of December 31, 2024 and RMB1,329.1 million as of January 31, 2025.

For more details, see Note 28 of Appendix I to this document. For maturity analysis of our financial liabilities and lease liabilities, see Notes 28 and 38b of Appendix I to this document.

Bank and Other Borrowings

As of December 31, 2022, 2023, 2024 and January 31, 2025, our total bank and other borrowings (including current and non-current portions) amounted to RMB2,273.4 million, RMB4,362.5 million, RMB5,770.6 million and RMB5,735.9 million, respectively.

The following table sets forth our bank and other borrowings in absolute amounts as of the dates indicated.

	As of December 31,			As of January 31,
	2022	2023	2024	2025
				(Unaudited)
	(RMB in millions)			
Current bank and other borrowings	953.9	2,456.6	2,647.3	2,585.5
Non-current bank and other borrowings	1,319.5	1,905.9	3,123.3	3,150.4
Total	**2,273.4**	**4,362.5**	**5,770.6**	**5,735.9**

Our total bank and other borrowings significantly increased by 91.9% from RMB2,273.4 million as of December 31, 2022 to RMB4,362.5 million as of December 31, 2023, primarily due to the increased banking facilities for construction of our new production bases in 2023.

Our total bank and other borrowings increased by 32.3% from RMB4,362.5 million as of December 31, 2023 to RMB5,770.6 million as of December 31, 2024, as part of our fund utilization arrangement to ensure that we have sufficient liquidity.

Our total bank and other borrowings remained relatively stable at RMB5,770.6 million as of December 31, 2024 and RMB5,735.9 million as of January 31, 2025.

During the Track Record Period, certain of our bank and other borrowings were secured by buildings, land, bills receivables, bills receivables at FVTOCI, restricted bank deposits and/or equity interests of one of our subsidiaries, and/or guaranteed by our ultimate shareholders or their controlled entities. As of the date of this document, the guarantee provided by the controlled entities of our ultimate shareholders for certain bank and other borrowings has been discharged.

Our exposure of borrowings and their ranges of effective interest rates (which are also equal to contracted interest rates) on our borrowings are as follows:

	As of December 31,					
	2022		2023		2024	
	Amount	Effective Interest Rates	Amount	Effective Interest Rates	Amount	Effective Interest Rates
	(RMB in millions, except for percentages)					
Bank borrowings	1,016.4	1.33%-6.50%	3,067.1	1.08%-5.22%	4,503.2	1.65%-4.95%
Other borrowings	1,257.1	4.75%-8.00%	1,295.4	4.75%-8.00%	1,267.4	4.75%-8.00%

As of January 31, 2025, we had banking facilities of RMB7,137.0 million, of which RMB2,393.3 million had remained unutilized.

Our Directors confirm that there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any unusual difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Except as disclosed above, as of January 31, 2025, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), or acceptance credits, which were either guaranteed or unguaranteed, secured or unsecured. Our Directors confirm that there has not been any material change in our indebtedness since January 31, 2025 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities.

CAPITAL COMMITMENTS

In 2022, 2023 and 2024, our capital commitments were RMB2,382.0 million, RMB557.7 million and RMB290.4 million, respectively, which were the capital expenditures in respect of the acquisition of property, plant and equipment we contracted for but not provided in the financial statements.

CAPITAL EXPENDITURES

In 2022, 2023 and 2024, our capital expenditures were RMB2,293.0 million, RMB3,196.5 million and RMB2,362.5 million, respectively, primarily representing cash used in purchases of and prepayments for property, plant and equipment. Our capital expenditure significantly increased from RMB2,293.0 million in 2022 to RMB3,196.5 million in 2023, primarily because we went through the N-type cell production advancement and our overseas production expansion in response to market trends. Our capital expenditure decreased from RMB3,196.5 million in 2023 to RMB2,362.5 million in 2024, primarily because we adopted a relatively conservative attitude for capital expenditures considering the market volatility. We funded our capital expenditure requirements during the Track Record Period mainly from operating cashflow and equity and debt financing. We intend to fund our future capital expenditures and long-term investments with a combination of operating cashflow, equity and debt financing and estimated net [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]." We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our related party transactions during the Track Record Period, see Note 40 of Appendix I to this document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's-length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK

Our major financial instruments include derivative financial instruments, bills, trade and other receivables, pledged/restricted bank deposits, cash and cash equivalents, debt instruments at FVTOCI, bills, trade and other payables and bank and other borrowings. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner. The policies on how to mitigate these risks are set out below. See Note 38 of Appendix I to this document for a detailed description of our financial risk management.

Currency Risk

We collect a majority of our revenue in RMB and a majority of the expenditures as well as capital expenditures are also denominated in RMB, which is the functional currency of the relevant subsidiaries. Several subsidiaries of us have purchases denominated in RMB other than the functional currency of these subsidiaries which expose these subsidiaries to foreign currency risk. Our exposure to foreign currency risk arises mainly from certain bank balances, certain trade receivables and certain trade payables which are denominated in foreign currencies. Except for the above items denominated in foreign currencies, we did not have any other monetary assets or liabilities denominated in foreign currencies as at the end of the Track Record Period.

The carrying amounts of our foreign currency-denominated monetary assets and monetary liabilities as of the end of each year in the Track Record Period are as follows:

	Assets			Liabilities		
	2022	2023	2024	2022	2023	2024
	(RMB in millions)					
USD	423.2	688.2	758.9	0.2	232.3	565.2
Euro	44.1	8.3	59.4	–	1.0	2.6
RMB	–	–	–	–	1,083.8	831.5

Foreign currency forward contracts can be used to eliminate the currency exposures. During the Track Record Period, we entered into certain foreign currency forward contracts and closely monitored the movement of foreign currency rates.

For more details on the sensitivity analysis, see Note 38b of Appendix I to this document.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to pledged or restricted bank deposits (see Note 25 of Appendix I to this document for details), fixed-rate bank and other borrowings (see Note 27 of Appendix I to this document for details) and lease liabilities (see Note 28 of Appendix I to this document for details).

We are also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 25 of Appendix I to this document for details) and variable-rate borrowings (see Note 27 of Appendix I to this document for details). The Directors monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

For more details on the sensitivity analysis, see Note 38b of Appendix I to this document.

Credit Risk and Impairment Assessment

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to us. We consider all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

Our maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of each reporting period in relation to each class of recognized financial assets is the carrying amount of those assets stated in the consolidated statements of financial position.

Our credit risk exposures are primarily attributable to bills, trade and other receivables, debt instruments at FVTOCI, pledged/restricted bank deposits and bank balances.

In order to minimize the credit risk, our management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual receivables at the end of each reporting period to ensure that adequate impairment losses allowance is made for irrecoverable amounts. In this regard, our management considers that our credit risk is significantly reduced.

In addition to the credit risk limit management and other mitigation measures as described above, we monitor all financial assets other than trade receivables which applied the simplified approach to measure the ECL as explained below, that are subjected to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, we will measure the impairment loss allowance based on lifetime ECL rather than 12m ECL.

For more details on the credit risk and impairment assessment, see Note 38b of Appendix I to this document.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. We regularly review our major funding positions to ensure that we have adequate financial resources in meeting our financial obligations.

For more details on our remaining contractual maturity for our financial liabilities and lease liabilities, see Note 38b of Appendix I to this document.

DIVIDENDS

No dividends have been paid or declared by our Company during the Track Record Period. Currently, we do not have a fixed dividend distribution ratio and a formal dividend policy. Any future declarations and payments of dividends will be at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. As advised by our PRC Legal Adviser, any future net profit that we make may be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including but not limited to cash generated from operations, equity and debt financing and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document. On the basis of the independent due diligence undertaken, the Joint Sponsors concur with the aforementioned views of our Directors. Our Directors confirm that we had no material defaults on trade and non-trade payables and borrowings, nor did we breach any covenants during the Track Record Period and up to the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we had distributable reserves of RMB764.7 million, representing retained profits of our Company as of December 31, 2024, available for distribution to our shareholders.

[REDACTED]

[**REDACTED**] consist of professional fees, [**REDACTED**] commissions and other fees incurred in connection with the [**REDACTED**] and the [**REDACTED**]. We recorded no [**REDACTED**] during the Track Record Period. We expect to incur [**REDACTED**] of approximately HK$[**REDACTED**] (based on the mid-point of the indicative [**REDACTED**] and assuming the [**REDACTED**] is not exercised), which accounts for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] to consist of approximately HK$[**REDACTED**] in [**REDACTED**] fees and HK$[**REDACTED**] in non-[**REDACTED**] fees (which consist of fees and expenses of legal advisers and our Reporting Accountant of approximately HK$[**REDACTED**] and other fees and expenses of approximately HK$[**REDACTED**]). Among the total [**REDACTED**], approximately HK$[**REDACTED**] will be directly attributable to the [**REDACTED**] of our Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining HK$[**REDACTED**] will be expensed in our consolidated statements of comprehensive income. Our Directors do not expect such expenses to materially impact our results of operations in 2025.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information."

NO MATERIAL ADVERSE CHANGE

Save as disclosed in "Summary — Recent Developments and No Material Adverse Change" and elsewhere in this document, after performing sufficient due diligence work that our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of our latest audited financial statements, and there is no event since December 31, 2024 which would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please see "Business — Our Strategies" for a detailed discussion of our future plans.

USE OF [REDACTED]

We estimate that the net [**REDACTED**] which we will receive, assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] and HK$[**REDACTED**] stated in this document), will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**] and estimated [**REDACTED**] and other estimated [**REDACTED**] paid and payable by us in connection with the [**REDACTED**] and assuming the [**REDACTED**] is not exercised.

In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the following purposes in the amounts set forth below:

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for establishing a new overseas production base in North Carolina, the U.S., which is designed to produce high-efficiency PV cells (the "**U.S. Production Base**"). Specifically:

  ◦ approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for purchasing the production and ancillary equipment and machineries to be installed in the U.S. Production Base and paying relevant installation expenses. We intend to use a sophisticated suite of advanced equipment and machineries in manufacturing PV cells, such as monocrystalline silicon texturing machines, coating machines, screen printing machines, rework wafer cleaning machines, AGV (Automated Guided Vehicle) systems and so on, to ensure quality output, high production efficiency and manufacturing safety standards within our production operations;

  ◦ approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for constructing supporting facilities of the U.S. Production Base. This primarily involves material and labor costs and utility expenses to be incurred during the design, construction and/or exterior and interior fitting-out of relevant supporting facilities. The design emphasizes technological scalability, environmental sustainability and energy efficiency to establish an advanced PV cell production base; and

  ◦ approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for other expenses (e.g., leasing expenses and management and surveying fees), preparation costs, interests expenses and initial working capital for establishing the U.S. Production Base.

The establishment of the U.S. Production Base will proceed in two phases. We have commenced the preparation works for Phase I, and is currently expect to complete this phase in 2026. We will start Phase II after the completion of Phase I, subject to various factors such as market conditions, competitive landscapes, regulatory approvals, our business strategies and operation situations of Phase I.

The establishment of our U.S. Production Base is beneficial to us in navigating the complex international trade landscape, attempting to mitigate risks associated with trade barriers in the PV industry. This initiative aligns with our existing production layout, enhancing our operational resilience and market adaptability. In selecting the location of the U.S. Production Base, we have considered a number of factors, such as market demand and growth potential, supply-demand gap of PV cells in the U.S. market, compatibility of the leased plant for the U.S. Production Base, as well as regulatory and policy support from local governments. According to Frost & Sullivan, the cumulative installed capacity of solar power in the U.S. is expected to grow from 170.3 GW as of December 31, 2024 to 386.7 GW as of December 31, 2029, with a CAGR of 17.8%; while the PV cell shipment volume in the U.S. is expected to grow from 0.9 GW in 2024 to 28.0 GW in 2029, with a CAGR of 97.2%, and the PV module shipment volume in the U.S. is expected to grow from 0.8 GW in 2024 to 35.9 GW in 2029, with a CAGR of 113.5%.

We have considered an array of factors in determining the investment amount in the U.S. Production Base, such as our planned production capacity, the anticipated timeline of the establishment, the logistics of production facility procurement and our overseas sales and marketing network. Prior to the [**REDACTED**], we may finance the establishment of the U.S. Production Base with the funds owned or to be raised by us. If the allocated net [**REDACTED**] from the [**REDACTED**] are insufficient to cover the investment cost for the U.S. Production Base, we will further finance the shortfall from other sources, such as our operating cash flow and, if needed, project loans.

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for our R&D efforts in new PV cell and PV module products and technological innovation over the next five years. Specifically:

    - approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used to better retain and attract R&D talents and recruit additional qualified R&D and technical personnel. As of December 31, 2024, our R&D team comprises 399 employees, which accounted for approximately 7.7% of our workforce. In the future, we plan to recruit over a hundred R&D professionals with extensive industry experience in crystalline silicon solar cells, thin-film solar cells and tandem solar cells to enhance our technological and innovation capabilities;

  - approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for strengthening our R&D infrastructures and procuring relevant hardware and software to support our increasing business needs. For example, we plan to purchase electrochemical ECV profiler, quantum efficiency measurement system, X-ray diffractometer, and minority carrier lifetime measurement system, etc; and

  - approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used in continually exploring cutting-edge technologies in the PV sector and developing new products.

- approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for working capital and general corporate purposes.

In the event that the [**REDACTED**] is set at the maximum [**REDACTED**] or the minimum [**REDACTED**] of the indicative [**REDACTED**], the net [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**], respectively, assuming the [**REDACTED**] is not exercised. If we make an upward or downward [**REDACTED**] to set the final [**REDACTED**] to be above or below the mid-point of the [**REDACTED**], we will increase or decrease the allocation of the net [**REDACTED**] to the above purposes on a pro rata basis.

The additional net [**REDACTED**] that we would receive if the [**REDACTED**] were exercised in full would be (i) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the high end of the indicative [**REDACTED**]), (ii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**]) and (iii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the low end of the indicative [**REDACTED**]).

To the extent that the net [**REDACTED**] from the [**REDACTED**] (including the net [**REDACTED**] from the exercise of [**REDACTED**]) are either more or less than expected, we may adjust our allocation of the net [**REDACTED**] for the above purposes on a pro rata basis.

We will only place the net [**REDACTED**] of the [**REDACTED**] that are not immediately used for the above purposes in short-term interest-bearing accounts at licensed commercial banks and/or authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions so long as it is deemed to be in the best interests of our Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

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The following is the text of a report set out on pages I-1 to I-67, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SOLARSPACE TECHNOLOGY CO., LTD., CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Solarspace Technology Co., Ltd. (江蘇中潤光能科技股份有限公司) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-1 to I-67, which comprises the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2024 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-1 to I-67 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date 1] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2022, 2023 and 2024, of the Company's financial position as at 31 December 2022, 2023 and 2024, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 15 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date 1]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December 2022	2023	2024
		RMB'000	RMB'000	RMB'000
Revenue	6	12,516,503	20,837,911	11,319,949
Cost of sales		(11,043,748)	(17,995,915)	(12,460,563)
Gross profit (loss)		1,472,755	2,841,996	(1,140,614)
Other income	8	167,564	350,386	357,178
Other gains and losses	9	(2,927)	(32,788)	40,922
Impairment losses under expected credit loss model, net of reversal	10	27,309	(19,416)	15,090
Selling and marketing expenses		(29,701)	(99,079)	(140,551)
Administrative expenses		(147,454)	(240,266)	(266,070)
Research and development expenses		(369,390)	(632,182)	(289,392)
Other expenses		(28,394)	(23,874)	(41,295)
Finance costs	11	(95,393)	(236,070)	(178,310)
Profit (loss) before tax	12	994,369	1,908,707	(1,643,042)
Income tax (expense) credit	13	(160,207)	(227,827)	280,451
Profit (loss) for the year		834,162	1,680,880	(1,362,591)
Other comprehensive (expense) income				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations		(797)	(4,510)	23,266
Total comprehensive income (expense) for the year		833,365	1,676,370	(1,339,325)
Profit (loss) attributable to:				
– Owners of the Company		830,057	1,672,116	(1,289,845)
– Non-controlling interests		4,105	8,764	(72,746)
		834,162	1,680,880	(1,362,591)
Total comprehensive income (expense) attributable to:				
– Owners of the Company		829,420	1,666,938	(1,266,951)
– Non-controlling interests		3,945	9,432	(72,374)
		833,365	1,676,370	(1,339,325)
Earnings (loss) per share				
– Basic (RMB)	16	2.92	4.64	(3.58)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	NOTES	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Non-current Assets				
Property, plant and equipment	*17*	5,286,425	10,748,990	10,561,194
Right-of-use assets	*18*	720,115	1,327,292	1,220,662
Intangible assets		811	3,040	1,957
Deferred tax assets	*19*	41,853	90,994	163,053
Prepayments for acquisition of property, plant and equipment		325,906	81,344	34,186
Other receivables	*22*	20,821	4,061	33,349
		6,395,931	12,255,721	12,014,401
Current Assets				
Inventories	*21*	937,582	2,237,381	2,403,271
Bills, trade and other receivables	*22*	3,036,045	3,906,642	2,323,723
Tax recoverable		–	1,469	5,729
Derivative financial instruments		–	7,163	–
Debt instruments at fair value through other comprehensive income ("FVTOCI")	*23*	60,298	245,008	179,252
Pledged/restricted bank deposits	*25*	2,291,701	3,432,715	2,492,986
Cash and cash equivalents	*25*	1,235,737	1,914,984	1,113,729
		7,561,363	11,745,362	8,518,690
Current Liabilities				
Bills, trade and other payables	*26*	6,421,833	11,292,750	7,721,432
Tax liabilities		18,539	15,978	1,334
Bank and other borrowings	*27*	953,942	2,456,587	2,647,255
Derivative financial instruments		1,268	–	–
Lease liabilities	*28*	38,253	66,646	69,331
Contract liabilities	*29*	434,504	670,989	852,871
		7,868,339	14,502,950	11,292,223
Net Current Liabilities		(306,976)	(2,757,588)	(2,773,533)
Total Assets less Current Liabilities		6,088,955	9,498,133	9,240,868
Non-current Liabilities				
Deferred tax liabilities	*19*	92,380	244,177	30,962
Bank and other borrowings	*27*	1,319,498	1,905,942	3,123,305
Lease liabilities	*28*	580,080	1,247,429	1,263,160
Provision	*30*	12,687	24,528	43,516
Deferred income	*31*	1,162,323	1,394,844	1,425,983
		3,166,968	4,816,920	5,886,926
Net Assets		2,921,987	4,681,213	3,353,942
Capital and Reserves				
Share capital	*32*	360,000	360,000	360,000
Reserves		2,540,668	4,231,286	2,976,294
Equity attributable to owners of the Company		2,900,668	4,591,286	3,336,294
Non-controlling interests		21,319	89,927	17,648
Total Equity		2,921,987	4,681,213	3,353,942

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at 31 December 2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current Assets				
Equipment		475	342	305
Investment properties	*17A*	63,584	59,514	55,039
Intangible assets		–	2,382	1,473
Investments in subsidiaries	*20*	2,015,510	3,944,294	4,478,578
		2,079,569	4,006,532	4,535,395
Current Assets				
Inventories	*21*	37,760	38,687	4,760
Bills, trade and other receivables	*22*	2,325,655	2,039,629	924,593
Derivative financial instruments		–	3,688	–
Debt instruments at FVTOCI	*23*	–	169,539	608
Pledged/restricted bank deposits	*25*	126,802	676,151	523,625
Cash and cash equivalents	*25*	676,123	590,659	182,042
		3,166,340	3,518,353	1,635,628
Current Liabilities				
Bills, trade and other payables	*26*	2,569,562	4,047,425	2,705,272
Tax liabilities		1,473	–	190
Bank and other borrowings	*27*	104,948	27,939	300,000
Derivative financial instruments		1,038	–	–
Contract liabilities	*29*	276,584	163,567	27,898
		2,953,605	4,238,931	3,033,360
Net Current Assets (Liabilities)		212,735	(720,578)	(1,397,732)
Total Assets less Current Liabilities		2,292,304	3,285,954	3,137,663
Net Assets		2,292,304	3,285,954	3,137,663
Capital and Reserves				
Share capital	*32*	360,000	360,000	360,000
Reserves	*42*	1,932,304	2,925,954	2,777,663
Total Equity		2,292,304	3,285,954	3,137,663

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Paid-in capital	**Share capital**	**Capital reserve**	**Share premium**	**Translation reserve**	**Share-based payments reserve**	**Merger reserve**	**Statutory surplus reserve**	**(Accumulated losses)/ retained profits**	**Subtotal**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 32)	*(note 32)*	*(note 32)*	*(note 32)*		*(note 33)*	*(note a)*	*(note b)*				
At 1 January 2022	102,857	–	97,143	–	–	4,639	353,169	–	(284,053)	273,755	17,269	291,024
Profit for the year	–	–	–	–	–	–	–	–	830,057	830,057	4,105	834,162
Other comprehensive expense for the year	–	–	–	–	(637)	–	–	–	–	(637)	(160)	(797)
Total comprehensive (expense) income for the year	–	–	–	–	(637)	–	–	–	830,057	829,420	3,945	833,365
Capital injection	23,371	–	794,629	–	–	–	–	–	–	818,000	–	818,000
Conversion into a joint stock company *(note 32)*	(126,228)	126,228	(891,772)	809,031	–	(13,292)	–	–	96,033	–	–	–
Issue of ordinary shares	–	28,390	–	1,417,610	–	–	–	–	–	1,446,000	–	1,446,000
Conversion of share premium into share capital	–	205,382	–	(205,382)	–	–	–	–	–	–	–	–
Business combination under common control *(note 2)*	–	–	–	–	–	–	(479,784)	–	–	(479,784)	–	(479,784)
Recognition of equity-settled share based payment	–	–	–	–	–	13,277	–	–	–	13,277	105	13,382
Transfer	–	–	–	–	–	–	–	3,885	(3,885)	–	–	–

	Attributable to owners of the Company											
	Paid-in capital	**Share capital**	**Capital reserve**	**Share premium**	**Translation reserve**	**Share-based payments reserve**	**Merger reserve**	**Statutory surplus reserve**	**(Accumulated losses)/ retained profits**	**Subtotal**	**Non-controlling interests**	**Total**
	RMB'000 (note 32)	*RMB'000* (note 32)	*RMB'000* (note 32)	*RMB'000* (note 32)	*RMB'000*	*RMB'000* (note 33)	*RMB'000* (note a)	*RMB'000* (note b)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022	–	360,000	–	2,021,259	(637)	4,624	(126,615)	3,885	638,152	2,900,668	21,319	2,921,987
Profit for the year	–	–	–	–	–	–	–	–	1,672,116	1,672,116	8,764	1,680,880
Other comprehensive (expense) income for the year	–	–	–	–	(5,178)	–	–	–	–	(5,178)	668	(4,510)
Total comprehensive (expense) income for the year	–	–	–	–	(5,178)	–	–	–	1,672,116	1,666,938	9,432	1,676,370
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	58,998	58,998
Recognition of equity-settled share based payment	–	–	–	–	–	23,680	–	–	–	23,680	178	23,858
Transfer	–	–	–	–	–	–	–	96,980	(96,980)	–	–	–

	Attributable to owners of the Company											
	Paid-in capital	Share capital	Capital reserve	Share premium	Translation reserve	Share-based payments reserve	Merger reserve	Statutory surplus reserve	(Accumulated losses)/ retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 32)	*(note 32)*	*(note 32)*	*(note 32)*		*(note 33)*	*(note a)*	*(note b)*				
At 31 December 2023	–	360,000	–	2,021,259	(5,815)	28,304	(126,615)	100,865	2,213,288	4,591,286	89,927	4,681,213
Loss for the year	–	–	–	–	–	–	–	–	(1,289,845)	(1,289,845)	(72,746)	(1,362,591)
Other comprehensive income for the year	–	–	–	–	22,894	–	–	–	–	22,894	372	23,266
Total comprehensive income (expense) for the year	–	–	–	–	22,894	–	–	–	(1,289,845)	(1,266,951)	(72,374)	(1,339,325)
Recognition of equity-settled share based payment	–	–	–	–	–	11,959	–	–	–	11,959	95	12,054
At 31 December 2024	–	360,000	–	2,021,259	17,079	40,263	(126,615)	100,865	923,443	3,336,294	17,648	3,353,942

Notes:

(a) Merger reserve represents the difference between the consideration and the paid-in capital and non-controlling interests of the subsidiaries acquired by the Group during the Reorganisation, as defined and detailed in note 2.

(b) In accordance with the articles of association of the Group entities established in the People's Republic of China (the "PRC"), the companies are required to transfer at least 10% of their profit after tax in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC before any distribution of dividends to owner each year to statutory surplus reserve until the reserve reaches 50% of their respective registered capital. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the companies.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES			
Profit (loss) before tax	994,369	1,908,707	(1,643,042)
Adjustments for:			
Finance costs	95,393	236,070	178,310
Interest income	(29,717)	(64,886)	(82,000)
Share-based payment expenses	13,382	23,858	12,054
Fair value change of foreign currency forward contracts	1,564	(7,886)	(5,083)
Net losses on discounting bills receivables at FVTOCI	6,147	30,805	27,034
Depreciation of property, plant and equipment	308,706	667,683	973,258
Depreciation of right-of-use assets	9,563	74,171	94,612
Amortisation of intangible assets	317	537	1,385
Amortisation of deferred government grants	(95,362)	(144,115)	(170,970)
Impairment losses on financial assets under expected credit loss model, net of reversal	(27,309)	19,416	(15,090)
Impairment losses on inventories	93,912	309,239	188,606
Impairment losses on property, plant and equipment	159,336	–	637,669
Losses (gains) on disposals of equipment	158	2,031	(363)
Gains arising on termination of lease agreements	–	–	(1,462)
Net foreign exchange (gains) losses	(8,842)	4,635	(37,295)
Operating cash flow before movements in working capital	1,521,617	3,060,265	157,623
(Increase) decrease in bills, trade and other receivables	(669,687)	(916,820)	1,647,387
Decrease (increase) in debt instruments at FVTOCI	5,914	(184,710)	65,756
Increase in inventories	(778,097)	(1,609,038)	(354,496)
Increase (decrease) in bills, trade and other payables	2,156,980	2,222,221	(2,634,736)
Increase in provision	10,101	11,841	18,988
Increase in contract liabilities	210,719	236,485	181,882
Cash generated from (used in) operations	2,457,547	2,820,244	(917,596)
Income tax paid	(47,523)	(129,201)	(23,727)
Net cash from (used in) operating activities	2,410,024	2,691,043	(941,323)

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
INVESTING ACTIVITIES			
Interest received	29,717	64,886	82,000
Purchase of structured bank deposits	–	(250,000)	–
Redemptions of structured bank deposits	–	250,000	–
Proceeds from disposal of property, plant and equipment	6,191	79	592
Purchases of and prepayments for property, plant and equipment	(2,292,973)	(3,196,521)	(2,362,485)
Payments for intangible assets	(7)	(2,766)	(302)
Repayments of loans to related parties	647,186	–	–
Loans to related parties	(237,465)	–	–
Asset-related government grants received	169,925	376,636	202,109
Cash outflow for derivative financial instruments	(296)	(545)	–
Cash inflow for derivative financial instruments	–	–	12,246
Placement of pledged/restricted bank deposits	(2,614,841)	(4,367,456)	(5,642,601)
Withdrawal of pledged/restricted bank deposits	671,315	3,226,442	6,582,330
Net cash used in investing activities	(3,621,248)	(3,899,245)	(1,126,111)
FINANCING ACTIVITIES			
Interest paid	(95,393)	(209,029)	(132,308)
Proceeds from bank and other borrowings	1,627,698	3,355,008	3,340,791
Repayment of bank and other borrowings	(1,006,752)	(1,265,919)	(1,932,760)
Repayment of lease liabilities	(3,284)	(12,670)	(14,025)
Payment to related parties	(129,491)	–	–
Payment to an independent third party	–	(17,990)	–
Capital contribution from non-controlling interests of a subsidiary	–	58,998	–
Proceeds from issuance of paid-in capital/ share capital	2,244,000	–	–
Consideration paid for acquisition of businesses under common control	(324,962)	(24,763)	–
Net cash from financing activities	2,311,816	1,883,635	1,261,698
Net increase (decrease) in cash and cash equivalents	1,100,592	675,433	(805,736)
Cash and cash equivalents at the beginning of the year	127,100	1,235,737	1,914,984
Effect of foreign exchange rate changes	8,045	3,814	4,481
Cash and cash equivalents at the end of the year	1,235,737	1,914,984	1,113,729

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company, formerly known as Solarspace Technology Development Limited Company (江蘇中潤光能科技發展有限公司), was established in the PRC as a company with limited liability on 11 January 2011 under the Company Law of the PRC. Upon approval by the shareholders' general meeting held on 12 September 2022, the Company was converted into a joint stock company with limited liability. Its ultimate controlling shareholders are Mr. Long Daqiang (龍大強, "Mr. Long") and Ms. Meng Liye (孟麗葉, "Ms. Meng") (the "Ultimate Shareholders"). The address of the Company's registered office and the principal place of business is disclosed in the section headed "Corporate Information" in the Document.

The Group is principally engaged in the research and development, manufacture and sales of photovoltaic cells and photovoltaic modules throughout the Track Record Period. Details of the subsidiaries are disclosed in note 41.

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. GROUP RESTRUCTURING AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards and the principle of merger accounting conventions applicable for group reorganisation (details are set out below).

During the year ended 31 December 2022, the Group underwent a series of group reorganisation (the "Reorganisation") that involves equity transfers of Jiangsu Zhongyu Photovoltaic Technology Co., Ltd. (江蘇中宇光伏科技有限公司) ("Zhongyu Photovoltaic"), Jiangsu Xinqi Material Trading Co., Ltd. (江蘇鑫齊物資貿易有限公司) ("Xinqi Material") and Xuzhou Zhonghui Photovoltaic Technology Co., Ltd. (徐州中輝光伏科技有限公司) ("Zhonghui Photovoltaic"). Details are set out below:

i. On 12 January 2022, the Company acquired 100% equity interests in Zhongyu Photovoltaic from Mr. Long at a cash consideration of RMB180,000,000. Upon completion of the acquisition, Zhongyu Photovoltaic became a wholly-owned subsidiary of the Company. The consideration was fully settled during the year ended 31 December 2022;

ii. On 24 May 2022, the Company acquired 100% equity interests in Xinqi Material from Mr. Long at a cash consideration of RMB27,300,000. Upon completion of the acquisition, Xinqi Material became a wholly-owned subsidiary of the Company. The consideration was fully settled during the year ended 31 December 2022; and

iii. During the year ended 31 December 2022, the Group acquired control of Zhonghui Photovoltaic through below two steps:

    (a) On 29 June 2022, the Company acquired 66.67% equity interests in Zhonghui Photovoltaic from Peixian Xingtian Investment Co., Ltd. 沛縣興田投資有限公司 ("Xingtian Investment") with a cash consideration of RMB125,151,000.

    (b) On 22 October 2022, the Company acquired additional 21.67% equity interests in Zhonghui Photovoltaic from Mr. Long with a consideration of RMB147,333,000, among which RMB130,059,000 was offset with the receivables due from Mr. Long and the remaining consideration was settled by cash during the year ended 31 December 2023.

    Pursuant to the relevant financing agreements entered in April 2019, Xingtian Investment injected RMB100,000,000 into Zhonghui Photovoltaic and acquired 66.67% equity interest of Zhonghui Photovoltaic and Jiangsu Runli Solar Technology Development Co., Ltd. 江蘇潤麗光能科技發展有限公司 ("Runli Solar"), the direct shareholder of Zhonghui Photovoltaic and controlled by Mr. Long, are required to repurchase these 66.67% equity interest from Xingtian Investment at the original investment amount and accrued interest. Meanwhile, Xingtian Investment irrevocably entrusts the shareholder's rights, including voting rights and operating management rights, to Runli Solar, and did not have any right for variable returns but has the right to receive fixed interest at 8% per annum. Therefore, the 66.67% equity interest in Zhonghui Photovoltaic held by Xingtian Investment is in fact as a creditor without shareholder's right and Mr. Long and Runli Solar held 88.33% equity interest of Zhonghui Photovoltaic before the acquisition.

The Company, Runli Solar and the abovementioned acquisitions of Zhongyu Photovoltaic, Xinqi Material and Zhonghui Photovoltaic are under common control of the Ultimate Shareholders before and after the Reorganisation to undertake the photovoltaic cells and photovoltaic modules business. Therefore, the abovementioned acquisitions are accounted for as business combination under common control by applying the principle of merger accounting.

As a result, the Historical Financial Information of the Group has been prepared as if the present group structure had been in place throughout the Track Record Period.

The statutory financial statements of the Company for the years ended 31 December 2022 and 2023 were prepared in accordance with the Accounting Standards for Business Enterprises (the "ASBE") issued by the Ministry of Finance of the PRC and were audited by Zhong Hui Certified Public Accountants LLP (中匯會計師事務所(特殊普通合夥)), a certified public accountant registered in the PRC.

As of 31 December 2024, the Group has net current liabilities of RMB2,773,533,000. Taking into account of the operating cashflow and available bank facilities, the directors of the Company have, at the time of approving the Historical Financial Information, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Historical Financial Information.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the Group's financial year beginning on 1 January 2024 throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature — dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

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

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

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

The application of IFRS 18 has no impact on the Group's financial positions and performance, but has impact on presentation of the consolidated statement of profit or loss and other comprehensive income. Except for the IFRS 18, the directors of the Company anticipate that the application of these amendments to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation and presentation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Merger accounting for business combination involving businesses under common control

The Historical Financial Information incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognized in respect of goodwill or bargain purchase gain at the time of common control combination.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

Investment in subsidiaries

Investment in subsidiaries are stated in the statement of financial position of the Company at cost less any identified impairment loss.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 6.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings, plant and machinery and electronic and other equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of some temporary staff dormitories that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Sale and leaseback transactions

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as borrowings within the scope of IFRS 9.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Restricted shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated other intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as other intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of photovoltaic modules are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables amounts from related parties arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including bills, trade and other receivables, debt instruments at FVTOCI, pledged/restricted bank deposits, bank balances and financial guarantee contracts) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Credit-impaired trade receivables are assessed for ECL individually. Lifetime ECL for trade receivables which are not assessed individually are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for debt instruments that are measured at FVTOCI and financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of bills receivables, trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account. For debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (note 9) as part of the net foreign exchange gains (losses).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortised cost

Financial liabilities including bills, trade and other payables and bank and other borrowings are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (note 9) as part of net foreign exchange gains (losses) for financial liabilities that are not part of a designated hedging relationship.

Derecognition/modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months from each reporting date.

Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation/amortization and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Detail of the carrying amounts of property, plant and equipment and right-of-use assets are disclosed in notes 17 and 18, respectively. Details of the recoverable amount calculation are disclosed in note 17.

Recognition of deferred tax assets

The realisation of the deferred tax assets mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. In cases where the actual future profits generated are higher or less than expected, the deferred tax assets will be adjusted accordingly and recognised the corresponding amount in the consolidated statement of profit or loss and other comprehensive income in the periods in which such a situation takes place.

The carrying amount of deferred tax assets at 31 December 2022, 2023 and 2024 is RMB41,853,000, RMB90,994,000 and RMB163,053,000, respectively. No deferred tax asset has been recognised on the tax losses of RMB286,273,000, RMB282,327,000 and RMB446,117,000 at 31 December 2022, 2023 and 2024, respectively, due to the unpredictability of future profit streams. Details of recognition of deferred tax assets are disclosed in note 19.

Provision of ECL for trade receivables

Credit-impaired trade receivables are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to change in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 38.

6. REVENUE

(i) Disaggregation of revenue from contracts with customers

Revenue represents the amounts received and receivable from the sale of photovoltaic cell products and photovoltaic module products and related services, during the Track Record Period.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Types of goods and services			
Photovoltaic cells			
Monocrystalline cells			
Passivated Emitter and Rear Cell ("PERC")	10,795,536	15,338,153	3,713,528
Tunnel Oxide Passivating Contacts ("TOPCon")	–	3,046,943	5,448,926
Polysilicon cells	782,753	581,750	16,093
Photovoltaic modules	938,214	1,871,065	2,122,107
Others *(note)*	–	–	19,295
	12,516,503	20,837,911	11,319,949

Note: The amount mainly represents provision of construction service of photovoltaic power facilities, or EPC service as defined in the section headed "Glossary of Technical Terms" in the document.

Timing of revenue recognition			
A point in time	12,516,503	20,837,911	11,300,654
Over time	–	–	19,295
	12,516,503	20,837,911	11,319,949

(ii) Performance obligations for contracts with customers and revenue recognition policies

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Photovoltaic cells

For sales of photovoltaic cell products, revenue is recognised when control of the goods has been transferred, being when the goods have been accepted by the customers or shipped to the customer's specific location. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. The Group generally does not grant any credit period to customers except that the Group offers a credit period of 0 to 90 days upon delivery to certain customers.

During the Track Record Period, the Group was involved in certain customer supply transactions, wherein the Group procured silicon wafers from certain integrated photovoltaic manufacturers at market prices and sold photovoltaic cells to the same manufacturers with premium over the purchase prices of the silicon wafers.

The directors of the Company considered that the Group were responsible for manufacturing the photovoltaic cells with the silicon wafers provided by the customers, and the Group didn't have the discretion in determining the prices for photovoltaic cells independently after entering into these customer supply transactions and, as such, failed to meet the criteria for being considered as principal in these transactions. Consequently, the revenue derived from selling photovoltaic cell products to these integrated photovoltaic manufacturers was recognised based on the net amount of consideration to which the Group expected to be entitled as specified in the contracts and the purchase amount of silicon wafers from the integrated photovoltaic manufacturers.

Photovoltaic modules

For sales of photovoltaic module products, revenue is recognised when control of the goods has been transferred, being when the goods have been accepted by the customers or shipped to the customer's specific location. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. The normal credit term is 0 to 180 days upon delivery.

For sales of photovoltaic module products, contracts with customers normally include warranties period of 25 years or 30 years from the point the goods being accepted by customers. This type of warranties is an assurance-type warranty that ensures that the goods fulfil the established quality standards and cannot be purchased separately, which does not constitute a single performance obligation. Accordingly, the Group accounts for warranties in accordance with IAS 37.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All the sales contracts with customers are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis by types of goods and services as disclosed in note 6. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

Information of the Group's revenue, determined based on geographical location of customers, during the Track Record Period is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	11,075,057	18,041,780	7,596,729
Outside mainland China	1,441,446	2,796,131	3,723,220
	12,516,503	20,837,911	11,319,949

Information of the Group's non-current assets, excluding deferred tax assets and other receivables, as at 31 December 2022, 2023 and 2024 is listed as follow:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	6,296,906	9,200,437	7,939,248
Outside mainland China	36,351	2,960,229	3,878,751
	6,333,257	12,160,666	11,817,999

Information about major customers

Revenue from the customers of the corresponding years contributing over 10% of the total revenue of the Group during the Track Record Period is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Customer A	2,644,109	4,177,021	1,621,100
Customer B	N/A*	2,594,932	N/A*

* The corresponding revenue contributed to the total revenue of the Group is less than 10%.

8. OTHER INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants			
– related to income *(note i)*	6,795	10,614	41,763
– related to assets *(note ii)*	95,362	144,115	170,970
Extra deduction of input value added tax ("VAT") *(note iii)*	–	92,654	19,339
Interest income	29,717	64,886	82,000
Sales of scrap materials	35,561	37,907	42,959
Others	129	210	147
	167,564	350,386	357,178

Notes:

i. The government grants related to income mainly represent unconditional government subsidies received from relevant government bodies to encourage the operations of certain entities of the Group. The government grants are accounted for as immediate financial support with no future related costs expected to be incurred and are not related to any assets.

ii. The government grants related to assets mainly represent government subsidies obtained in relation to the acquisition of plant and equipment of certain subsidiaries of the Group, which were included in the consolidated statement of financial position as deferred income and credited to profit or loss on a straight-line basis over the remaining useful life of the equipment.

iii. Effective from 1 January 2023 to 31 December 2027, the net VAT payables amount has been reduced by an additional 5% of input VAT on purchases for Advanced Manufacturing Enterprises, pursuant to the announcements jointly issued by the Ministry of Finance and the State Taxation Administration of the PRC on 3 September 2023.

9. OTHER GAINS AND LOSSES

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Net (losses) gains on foreign currency forward contracts at FVTPL	(1,564)	7,886	5,083
(Losses) gains on disposals of equipment	(158)	(2,031)	363
Gains arising on termination of lease agreements	–	–	1,462
Net losses on discounting bills receivables at FVTOCI	(6,147)	(30,805)	(27,034)
Net foreign exchange gains (losses)	6,243	(6,246)	48,074
Others	(1,301)	(1,592)	12,974
	(2,927)	(32,788)	40,922

10. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Impairment losses (reversed) recognised on:			
– trade receivables	(723)	19,152	(15,367)
– other receivables	(26,586)	264	277
	(27,309)	19,416	(15,090)

Details of impairment assessment are set out in note 38.

11. FINANCE COSTS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on:			
– bank and other borrowings	65,908	185,431	119,867
– lease liabilities	29,437	50,639	58,443
– other payables *(note 40)*	48	–	–
	95,393	236,070	178,310

12. PROFIT (LOSS) BEFORE TAX

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit (loss) before tax has been arrived at after charging (crediting):			
Depreciation of property, plant and equipment	308,706	667,683	973,258
Depreciation of right-of-use assets	9,563	74,171	94,612
Amortisation of intangible assets	317	537	1,385
Total depreciation and amortisation	318,586	742,391	1,069,255
Capitalised in inventories	(295,625)	(691,763)	(1,014,017)
	22,961	50,628	55,238
Impairment losses recognised on property, plant and equipment included in cost of sales	159,336	–	637,669
Auditor's remuneration	172	1,219	1,136
Cost of inventories recognised as cost of sales	10,730,388	17,576,000	11,495,771
Write-down of inventories	93,912	309,239	188,606
Directors' remuneration	13,787	14,105	11,771
Other staff costs:			
– salaries and other benefits	409,172	1,039,563	898,090
– retirement benefit scheme contributions	26,823	70,200	52,177
– share-based payment expenses	9,963	19,704	10,305
	459,745	1,143,572	972,343
Capitalised in inventories	(278,966)	(811,585)	(697,539)
	180,779	331,987	274,804

13. INCOME TAX EXPENSE (CREDIT)

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
– Enterprise Income Tax ("EIT")	29,132	119,989	4,823
Under provision in prior years:			
– EIT	–	5,182	–
Deferred tax *(note 19)*:			
– Current year	135,732	113,097	(266,908)
– Attributable to the change in tax rate	(4,657)	(10,441)	(18,366)
	160,207	227,827	(280,451)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company and the PRC subsidiaries is 25% during the Track Record Period, except that Zhonghui Photovoltaic, Jiangsu Longheng New Energy Co., Ltd. (江蘇龍恒新能源有限公司) ("Longheng New Energy"), Zhongrun Solar Technology (Xuzhou) Co., Ltd. (中潤光能科技(徐州)有限公司) ("Zhongrun Xuzhou"), Solarspace New Energy (Chuzhou) Co., Ltd. (中潤新能源(滁州)有限公司) ("Solarspace Chuzhou") and Solarspace New Energy (Xuzhou) Co., Ltd. (中潤新能源(徐州)有限公司) ("Solarspace Xuzhou") were qualified as High and New Technical Enterprises in accordance with the applicable EIT Law and obtained the High and New Technical Enterprises certificates in November 2021, December 2022, December 2023, October 2024 and November 2024, respectively, and were therefore entitled to a preferential tax rate of 15% for a period of 3 years from the date of certification.

Solarspace Technology (Laos) Sole Co., Ltd., a subsidiary incorporated in The Lao People's Democratic Republic, is exempted from income tax for 10 years.

L-Q New Energy Co., Ltd., a subsidiary incorporated in The Kingdom of Cambodia, is exempted from income tax for 3 years since its first year making profit.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense (credit) for the Track Record Period can be reconciled to the profit (loss) before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Profit (loss) before tax	994,369	1,908,707	(1,643,042)
Tax at the applicable income tax rate of 25%	248,592	477,177	(410,761)
Tax effect of expenses not deductible for tax purposes	12,556	21,218	28,405
Tax effect of tax losses not recognised	30,035	15,557	58,132
Utilisation of tax losses previously not recognised	(3,661)	(26,602)	(14,835)
Tax effect of deductible temporary differences not recognised	67,348	16,379	97,789
Income tax at concessionary rates	(127,538)	(140,441)	13,919
Tax effect of additional deduction related to research and development costs	(62,468)	(130,202)	(34,734)
Tax effect of a change in applicable tax rate	(4,657)	(10,441)	(18,366)
Under provision in respect of prior years	–	5,182	–
Income tax expense (credit)	160,207	227,827	(280,451)

14. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the directors and supervisors of the Company (including emolument for services as employee/directors of the group entities prior to becoming the directors of the Company) during the Track Record Period are as follows:

(a) Directors', supervisors' and the chief executive's emoluments

Year ended 31 December 2022	Fees	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Share-based payment	Total
	RMB'000	*RMB'000*	*RMB'000* *(note vi)*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Mr. Long *(note i)*	–	3,640	900	20	–	4,560
Ms. Meng *(note i)*	–	1,792	750	61	–	2,603
Dr. Feng Ping (豐平) *(note i)*	–	2,670	450	10	3,419	6,549
Non-executive director:						
Mr. Xu Shuzhang (徐抒璋) *(note ii)*	–	–	–	–	–	–
Independent non-executive directors:						
Ms. Liu Shiping (柳世平) *(note iii)*	25	–	–	–	–	25

Year ended 31 December 2022	Fees	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Share-based payment	Total
	RMB'000	*RMB'000*	*RMB'000* *(note vi)*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Ma Xinzhi (馬新智) *(note iii)*	25	–	–	–	–	25
Dr. Yu Linwei (余林蔚) *(note iii)*	25	–	–	–	–	25
Supervisors:						
Mr. Fan Junhui (樊俊輝) *(note iv)*	–	82	5	8	–	95
Mr. Dong Hui (董輝) *(note v)*	–	316	52	10	78	456
Mr. Chen Jian (陳建) *(note v)*	–	607	115	10	273	1,005
Mr. Liu Xu (劉旭) *(note v)*	–	–	–	–	–	–
Total	75	9,107	2,272	119	3,770	15,343

Year ended 31 December 2023	Fees	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Share-based payment	Total
	RMB'000	*RMB'000*	*RMB'000* *(note vi)*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Mr. Long *(note i)*	–	3,663	117	50	–	3,830
Ms. Meng *(note i)*	–	2,496	55	67	–	2,618
Dr. Feng Ping (豐平) *(note i)*	–	3,040	119	44	4,154	7,357
Non-executive directors:						
Mr. Xu Shuzhang (徐抒璋) *(note ii)*	–	–	–	–	–	–
Independent non-executive directors:						
Ms. Liu Shiping (柳世平) *(note iii)*	100	–	–	–	–	100
Mr. Ma Xinzhi (馬新智) *(note iii)*	100	–	–	–	–	100
Dr. Yu Linwei (余林蔚) *(note iii)*	100	–	–	–	–	100
Supervisors:						
Mr. Dong Hui (董輝) *(note v)*	–	369	16	10	78	473
Mr. Chen Jian (陳建) *(note v)*	–	601	13	10	273	897
Mr. Liu Xu (劉旭) *(note v)*	–	–	–	–	–	–
Total	300	10,169	320	181	4,505	15,475

Year ended 31 December 2024	Fees	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Share-based payment	Total
	RMB'000	*RMB'000*	*RMB'000* *(note vi)*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Mr. Long *(note i)*	–	3,670	–	46	–	3,716
Ms. Meng *(note i)*	–	3,086	–	73	–	3,159
Dr. Feng Ping (豐平) *(note i)*	–	2,799	–	48	1,749	4,596
Non-executive directors:						
Mr. Xu Shuzhang (徐抒璋) *(note ii)*	–	–	–	–	–	–
Independent non-executive directors:						
Ms. Liu Shiping (柳世平) *(note iii)*	100	–	–	–	–	100
Mr. Ma Xinzhi (馬新智) *(note iii)*	100	–	–	–	–	100
Dr. Yu Linwei (余林蔚) *(note iii)*	100	–	–	–	–	100
Supervisors:						
Mr. Dong Hui (董輝) *(note v)*	–	304	–	10	42	356
Mr. Chen Jian (陳建) *(note v)*	–	471	–	10	147	628
Mr. Liu Xu (劉旭) *(note v)*	–	–	–	–	–	–
Total	300	10,330	–	187	1,938	12,755

Notes:

i. Mr. Long, Ms. Meng and Dr. Feng Ping were appointed as executive directors of the Company with effect from 13 September 2022.

ii. Mr. Xu Shuzhang was appointed as non-executive director of the Company with effect from 13 September 2022.

iii. Ms. Liu Shiping, Mr. Ma Xinzhi and Dr. Yu Linwei were appointed as independent non-executive directors of the Company with effect from 13 September 2022.

iv. On 13 September 2022, Mr. Fan Junhui has completed his tenure as supervisor of the Company and the emoluments shown were for his service as supervisor of the Company.

v. Mr. Dong Hui, Mr. Chen Jian and Mr. Liu Xu were appointed as supervisors of the Company with effect from 13 September 2022.

vi. The discretionary bonuses are determined based on the Group's performance, performance of the relevant individual within the Group and comparable market statistics.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' and supervisors' emoluments shown above were for their services as directors and supervisors of the Company, respectively. There was no arrangement under which a director or supervisors or the chief executive waived or agreed to waive any remuneration during the Track Record Period.

During the Track Record Period, certain directors and supervisors were granted restricted shares, in respect of their services to the Group, details are set out in note 33 to the Historical Financial Information.

(b) Loans to directors

Amounts due from directors

	As at 1 January	As at 31 December			Maximum amount outstanding during year ended 31 December		
	2022	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Long, Ms. Meng and their controlled entities	510,916	–	–	–	510,916	–	–

The amount was non-trade related, unsecured, interest bearing at 4.90% per annum and repayable on demand.

(c) Employees' emoluments

The five highest paid individuals of the Group included 3, 3 and 3 of the executive directors of the Company during the Track Record Period, details of whose emoluments are set out above. The emoluments of the remaining highest paid individuals during the Track Record Period were as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other benefits	3,872	5,153	5,043
Retirement benefit scheme contributions	20	31	29
Share-based payments	2,142	4,274	3,318
	6,034	9,458	8,390

The emoluments of the five highest paid individuals, are within the following bands:

	Year ended 31 December		
	2022	2023	2024
Hong Kong dollar ("HK$")2,500,001 to HK$3,000,000	1	1	–
HK$3,000,001 to HK$3,500,000	1	–	1
HK$3,500,001 to HK$4,000,000	1	–	–
HK$4,000,001 to HK$4,500,000	–	1	2
HK$4,500,001 to HK$5,000,000	–	–	2
HK$5,000,001 to HK$5,500,000	1	2	–
HK$7,000,001 to HK$7,500,000	1	–	–
HK$8,000,001 to HK$8,500,000	–	1	–
	5	5	5

During the Track Record Period, no emoluments were paid by the Group to any of the directors, supervisors, chief executive officer or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. DIVIDENDS

No dividend was declared or paid by the Company during the Track Record Period.

16. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

Earnings (loss) figures are calculated as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Earnings (loss) for the year attributable to owners of the Company for the purposes of basic earnings (loss) per share	830,057	1,672,116	(1,289,845)

Number of shares:

	Year ended 31 December		
	2022	2023	2024
	'000	*'000*	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	284,095	360,000	360,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the conversion of share premium into share capital as set out in note 32 had been effective on 1 January 2022.

No diluted earnings (loss) per share for the Track Record Period was presented as there were no potential ordinary shares in issue during the Track Record Period.

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Plant and machinery	Electronic and other equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At 1 January 2022	507,089	2,076,819	133,440	22,686	947,120	3,687,154
Additions	4,376	78,699	7,510	22,965	2,902,519	3,016,069
Transfers from construction in progress	227,462	2,122,587	40,656	–	(2,390,705)	–
Disposals/write-off	–	(169,488)	(4,201)	(51)	–	(173,740)
At 31 December 2022	738,927	4,108,617	177,405	45,600	1,458,934	6,529,483
Exchange adjustments	37	1,578	9	27	–	1,651
Additions	–	61,460	15,555	25,527	6,028,339	6,130,881
Transfers from construction in progress	583,498	4,621,519	259,992	–	(5,465,009)	–
Disposals/write-off	(1,418)	(766)	(1,090)	(514)	–	(3,788)

	Buildings	Plant and machinery	Electronic and other equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023	1,321,044	8,792,408	451,871	70,640	2,022,264	12,658,227
Exchange adjustments	6,585	34,980	1,481	98	9,085	52,229
Additions	88,930	4,742	80,864	9,084	1,190,039	1,373,659
Transfers from construction in progress	252,634	2,407,779	138,783	–	(2,799,196)	–
Transfers to construction in progress	–	(1,399,688)	–	–	1,217,994	(181,694)
Disposals/write-off	–	(265)	(266)	(182)	–	(713)
At 31 December 2024	1,669,193	9,839,956	672,733	79,640	1,640,186	13,901,708
DEPRECIATION AND IMPAIRMENT						
At 1 January 2022	88,702	801,895	46,182	5,628	–	942,407
Provided for the year	32,147	239,268	29,237	8,054	–	308,706
Impairment loss recognised in profit or loss	1,787	157,484	65	–	–	159,336
Eliminated on disposals/ write-off	–	(164,626)	(2,715)	(50)	–	(167,391)
At 31 December 2022	122,636	1,034,021	72,769	13,632	–	1,243,058
Exchange adjustments	16	151	5	2	–	174
Provided for the year	47,638	551,468	54,926	13,651	–	667,683
Eliminated on disposals/ write-off	(344)	(737)	(290)	(307)	–	(1,678)
At 31 December 2023	169,946	1,584,903	127,410	26,978	–	1,909,237
Exchange adjustments	239	2,125	144	20	–	2,528
Provided for the year	71,035	816,733	69,052	16,438	–	973,258
Impairment loss recognised in profit or loss	62,454	556,092	19,123	–	–	637,669
Transfers to construction in progress	–	(181,694)	–	–	–	(181,694)
Eliminated on disposals/ write-off	–	(259)	(200)	(25)	–	(484)
At 31 December 2024	303,674	2,777,900	215,529	43,411	–	3,340,514
CARRYING VALUES						
At 31 December 2022	616,291	3,074,596	104,636	31,968	1,458,934	5,286,425
At 31 December 2023	1,151,098	7,207,505	324,461	43,662	2,022,264	10,748,990
At 31 December 2024	1,365,519	7,062,056	457,204	36,229	1,640,186	10,561,194

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis, after taking into account of the residual values, over the following periods:

Buildings	20 years
Plant and machinery	5-10 years
Electronic and other equipment	3-6 years
Motor vehicles	4 years

The Group obtained the property ownership certificates for all buildings except for buildings with carrying amount of RMB109,145,000, RMB577,583,000 and RMB876,243,000 at 31 December 2022, 2023 and 2024, respectively.

Included in above buildings without property ownership certificates, the Group had not obtained the property ownership certificates for buildings located in The Lao People's Democratic Republic with carrying amount of nil, RMB242,606,000 and RMB552,582,000 at 31 December 2022, 2023 and 2024, respectively as these buildings were constructed on leased land, and property ownership certificates are not allowed to be issued to lessees in accordance with local rules and regulations.

Impairment assessment

For the year ended 31 December 2022

In 2022, with the decreasing needs for polycrystalline photovoltaic cells products in the market, the management concluded that there was indication for impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment in respect of polycrystalline photovoltaic cells products with carrying amounts of RMB196,533,000. The recoverable amounts of these property, plant and equipment have been determined based on their fair value less costs of disposal. The Group uses direct comparison approach to estimate the fair value less costs of disposal which is based on the recent transaction prices for similar property, plant and equipment adjusted for nature, location and conditions. The fair value measurement is categorised into Level 3 fair value hierarchy. The relevant assets were impaired to their recoverable amount of RMB37,197,000, which is their carrying values at 31 December 2022 and the impairment of RMB159,336,000 has been recognised in profit or loss in the cost of sales line item during the year ended 31 December 2022.

For the year ended 31 December 2024

In 2024, due to the over-supply of photovoltaic cell products and decrease in the unit sale price of photovoltaic cell products in the market, the management concluded that there was indication for impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment. In such circumstances, the management tests such assets for impairment first. The recoverable amounts of these property, plant and equipment have been determined based on their fair value less costs of disposal or a value in use calculation.

For property, plant and equipment amounting to RMB337,698,000, the Group uses direct comparison approach to estimate the fair value less costs of disposal which is based on the recent transaction prices for similar property, plant and equipment adjusted for nature, location and conditions. The fair value measurement is categorised into Level 3 fair value hierarchy. The relevant assets were impaired to their recoverable amount of RMB36,661,000, which is their carrying values at 31 December 2024 and the impairment of RMB301,037,000 has been recognised in profit or loss in the cost of sales line item during the year ended 31 December 2024.

For property, plant and equipment amounting to RMB2,011,806,000 which belongs to the cash-generating unit representing the Group's manufacturing plant, the recoverable amount has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate of 14.23% as at 31 December 2024. The management of the Group did not assume any growth to the cash flows subsequent to the 5-year period. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the cash-generating unit's past performance and management expectations for the market development. Apart from pre-tax discount rate and gross margin, the management consider there is no other key assumptions to the value in use calculation.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the cash-generating unit is lower than the carrying amount. The impairment amount has been allocated to each category of property, plant and equipment, such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, impairment loss of RMB336,632,000 has been recognised against the carrying amount of property, plant and equipment, within cost of sales.

17A. INVESTMENT PROPERTIES

The Company

	Leasehold lands	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At 1 January 2022, 31 December 2022, 31 December 2023 and 31 December 2024	35,009	71,071	106,080
DEPRECIATION			
At 1 January 2022	6,068	32,352	38,420
Provided for the year	700	3,376	4,076
At 31 December 2022	6,768	35,728	42,496
Provided for the year	694	3,376	4,070
At 31 December 2023	7,462	39,104	46,566
Provided for the year	700	3,775	4,475
At 31 December 2024	8,162	42,879	51,041
CARRYING VALUES			
At 31 December 2022	28,241	35,343	63,584
At 31 December 2023	27,547	31,967	59,514
At 31 December 2024	26,847	28,192	55,039

The above items of investment properties are depreciated on a straight-line basis, after taking into account of the residual values, over the following periods:

Leasehold lands	50 years
Buildings	20 years

18. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Leased properties	Machinery	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022				
Carrying amounts	178,588	313,957	227,570	720,115
At 31 December 2023				
Carrying amounts	227,182	606,665	493,445	1,327,292
At 31 December 2024				
Carrying amounts	221,423	576,003	423,236	1,220,662
For the year ended 31 December 2022				
Depreciation charge	2,581	393	6,589	9,563
For the year ended 31 December 2023				
Depreciation charge	5,133	31,622	37,416	74,171
For the year ended 31 December 2024				
Depreciation charge	6,337	32,382	55,893	94,612

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Expense relating to short-term leases	809	898	683
Total cash outflow for leases	33,530	37,166	27,149
Additions to right-of-use assets	575,652	681,371	–

Throughout the Track Record Period, the Group leases various properties and machineries for its operating activities. Lease agreements are typically made for fixed periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the Track Record Period, the Group's interests in leasehold land represent prepaid lease payments for the lands located in the PRC with fixed lease terms of 50 years. The remaining lease term is 37 years to 48 years as at 31 December 2024.

The Group obtained the land use right certificates for all such leasehold lands except for leasehold lands with carrying amount of RMB13,424,000, RMB13,145,000 and RMB12,866,000 at 31 December 2022, 2023 and 2024, respectively.

The Group regularly entered into short-term leases for staff apartments or vehicles. As at 31 December 2022, 2023 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

As at 31 December 2022, 2023 and 2024, lease liabilities of RMB618,333,000, RMB1,314,075,000 and RMB1,332,491,000 are recognised with related right-of-use assets of RMB612,226,000, RMB1,221,580,000 and RMB1,117,558,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Sale and leaseback transactions — seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfers do not satisfy the requirements of IFRS 15 to be accounted for as a sale of the machinery. During the years ended 31 December 2022, 2023 and 2024, the Group raised RMB388,494,000, nil and RMB300,000,000 borrowings in respect of such sale and leaseback arrangements, respectively.

Details of the lease maturity analysis of lease liabilities are set out in notes 28 and 38b.

19. DEFERRED TAXATION

The Group

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	41,853	90,994	163,053
Deferred tax liabilities	(92,380)	(244,177)	(30,962)
	(50,527)	(153,183)	132,091

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

	Asset-related government grants	Tax losses	Provision for inventories, trade and other receivables	Impairment losses on property, plant and equipment	Right-of-use assets/lease liabilities	Accelerated tax depreciation	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	227,277	12,667	11,660	18,008	–	(191,171)	2,107	80,548
Credit (charge) to profit or loss	5,714	56,364	4,412	(1,486)	–	(201,924)	1,188	(135,732)
Effect of a change in applicable tax rate	(89,169)	7,595	(1,508)	–	–	87,739	–	4,657
At 31 December 2022	143,822	76,626	14,564	16,522	–	(305,356)	3,295	(50,527)
Credit (charge) to profit or loss	63,636	(834)	31,907	–	17,959	(225,388)	(377)	(113,097)
Effect of a change in applicable tax rate	–	5,397	2,304	7,357	–	(4,617)	–	10,441
At 31 December 2023	207,458	81,189	48,775	23,879	17,959	(535,361)	2,918	(153,183)
Credit (charge) to profit or loss	11,116	158,980	(14,937)	32,679	22,351	55,663	1,056	266,908
Effect of a change in applicable tax rate	(26,169)	(26,561)	(7,593)	–	(7,153)	85,842	–	18,366
At 31 December 2024	192,405	213,608	26,245	56,558	33,157	(393,856)	3,974	132,091

As at 31 December 2022, 2023 and 2024, the Group had unused tax losses of approximately RMB614,368,000, RMB642,337,000 and RMB1,867,207,000, respectively, available for offset against future profits. A deferred tax asset has been recognised, in respect of approximately RMB328,095,000, RMB360,010,000 and RMB1,421,090,000, of such losses, and no deferred tax asset has been recognised in respect of the remaining tax losses of approximately RMB286,273,000, RMB282,327,000 and RMB446,117,000, due to the unpredictable of future profit streams.

The unrecognised tax losses of the Group will be carried forward and expire in years as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
2024	3,773	5	–
2025	20,848	20,838	20,838
2026	143,394	61,514	55,580
2027	118,258	81,842	81,842
2028	–	118,128	19,203
2029	–	–	268,654
	286,273	282,327	446,117

As at 31 December 2022, 2023 and 2024, the Group has deductible temporary differences of RMB2,001,662,000, RMB3,182,920,000 and RMB4,079,563,000, respectively. As at 31 December 2022, 2023 and 2024, deferred tax assets of RMB178,203,000, RMB478,192,000 and RMB457,245,000, respectively, have been recognised in respect of such deductible temporary differences. No deferred tax asset has been recognised in relation to the remaining deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

20. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Cost of investments	2,015,510	3,944,294	4,478,578

21. INVENTORIES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	278,841	647,955	748,514
Work in progress	37,274	37,909	90,522
Finished goods	621,467	1,551,517	1,564,235
	937,582	2,237,381	2,403,271

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	37,760	38,687	4,760

22. BILLS, TRADE AND OTHER RECEIVABLES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables *(note 24)*	1,832,751	2,322,954	1,086,143	125,616	416,368	12,278
Trade receivables – third parties	471,405	762,647	470,563	214,896	396,962	42,829
Trade receivables – subsidiaries	–	–	–	167,888	753,746	392,976
Less: allowance for credit losses	(25,696)	(44,872)	(28,777)	(10,745)	(19,848)	(2,350)
	445,709	717,775	441,786	372,039	1,130,860	433,455
Other receivables	4,800	4,928	28,502	2,069	2,084	6,032
Less: allowance for credit losses	(745)	(1,009)	(1,286)	(103)	(120)	(624)
	4,055	3,919	27,216	1,966	1,964	5,408
Advances to suppliers	538,631	391,755	119,546	3,833	28,908	4,924
VAT and other tax recoverables	215,489	456,043	650,216	8,125	14,331	2,543

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deposits paid for sales and leaseback arrangement	20,231	18,257	32,165	–	–	–
Amounts due from subsidiaries	–	–	–	1,814,076	447,198	465,985
	3,056,866	3,910,703	2,357,072	2,325,655	2,039,629	924,593
Analysed as:						
Current	3,036,045	3,906,642	2,323,723	2,325,655	2,039,629	924,593
Non-current	20,821	4,061	33,349	–	–	–
	3,056,866	3,910,703	2,357,072	2,325,655	2,039,629	924,593

As at 1 January 2022, the Group's and the Company's trade receivables from contracts with customers, net of allowance for credit losses, amounted to RMB431,451,000 and RMB77,000, respectively.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on revenue recognition dates:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
0-90 days	412,096	697,721	377,601	200,165	435,946	45,398
91-180 days	16,907	13,318	50,125	13,898	171,310	2,807
181-365 days	15,774	537	3,294	157,976	518,850	97,443
1-2 years	932	6,145	10,488	–	4,754	283,053
2-3 years	–	54	278	–	–	4,754
	445,709	717,775	441,786	372,039	1,130,860	433,455

As at 31 December 2022, 2023 and 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB33,613,000, RMB20,054,000 and RMB64,185,000, respectively, which are past due as at the reporting date. Out of the past due balances, RMB16,706,000, RMB6,736,000 and RMB14,060,000, respectively, has been past due 90 days or more and is not considered as in default as the management of the Group believed that the amounts will be settled by the customers based on the customers' good business relationship and historical experience.

Details of impairment assessment of trade and other receivables are set out in note 38.

23. DEBT INSTRUMENTS AT FVTOCI

As at 31 December 2022, 2023 and 2024, the balance represents bills receivables held by the Group which is measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's and the Company's debt instruments at FVTOCI were bills receivables with the following maturity:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
0 to 180 days.	60,298	245,008	179,252	–	169,539	608

24. TRANSFERS OF FINANCIAL ASSETS

As at 31 December 2022, 2023 and 2024, included in the Group's bills receivables amounted to RMB1,810,251,000, RMB1,764,694,000 and RMB1,010,151,000, respectively, being endorsed to certain suppliers for settlement of trade payables or being discounted to certain banks to obtain bank loans on a full recourse basis. If the bills are not paid on maturity, the suppliers and banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the bills receivables to its suppliers upon endorsement or to banks upon discounting, it continues to recognise the full carrying amount of bills receivables and has recognised the payables from the endorsement of the bills with full recourse or the bank and other borrowings for the discounted amounts received.

As at 31 December 2022, 2023 and 2024, the Group had derecognised bills discounted to banks or endorsed to certain suppliers on a full recourse basis amounting to RMB4,036,418,000, RMB8,754,630,000 and RMB1,546,360,000, respectively. These bills were issued or guaranteed by reputable PRC banks with high credit ratings, therefore the directors of the Company considered the substantial risks in relation to these bills were interest risk as the credit risk arising from these bills were minimal, the Group had transferred substantially all the risks of these bills to relevant banks or suppliers. As a result, the relevant assets and liabilities were derecognised on the consolidated statements of financial position.

25. PLEDGED/RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

The Group's and the Company's pledged/restricted bank deposits are deposited to banks for the issue of bank borrowings, bills payables and letter of credit by the Group and the Company and are therefore classified as current assets. The pledged/restricted bank deposits will be released upon the settlement of relevant bank borrowings, bills payables and letter of credit.

Bank balances and pledged/restricted bank deposits carry interest at market rates ranging from 0.00% to 1.95%, 0.00% to 2.15% and 0.00% to 2.15% per annum at 31 December 2022, 2023 and 2024, respectively.

Details of impairment assessment of bank balances are set out in note 38.

26. BILLS, TRADE AND OTHER PAYABLES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bills payables	2,267,868	4,135,419	2,195,256	117,446	1,284,515	288,893
Trade payables – third parties	2,605,265	3,502,559	2,407,174	28,890	24,712	27,834
Trade payables – subsidiaries	–	–	–	1,310,415	2,358,565	631,233
Trade payables – other related parties	12,430	53,670	36,158	–	–	–
	2,617,695	3,556,229	2,443,332	1,339,305	2,383,277	659,067
Payables for acquisition of property, plant and equipment	1,253,033	3,362,740	2,932,753	–	5,629	3,604
Payroll payables	81,452	128,186	80,424	6,054	9,622	4,854
VAT and other tax payables	154,548	97,519	54,414	79,940	24,927	1,032
Deposits payables	3,398	8,612	2,926	2,460	460	460
Consideration payables for acquisition of subsidiaries *(note i)*	24,763	–	–	24,763	–	–
Amounts due to subsidiaries	–	–	–	998,737	336,887	1,746,034
Other payables	19,076	4,045	12,327	857	2,108	1,328
	6,421,833	11,292,750	7,721,432	2,569,562	4,047,425	2,705,272

Note i: The amount represents the consideration payables to the Ultimate Shareholders resulted from the Group's acquisition of businesses under common control. Refer to note 2 for details.

The credit period of trade payables is generally 0 to 180 days. The following is an aged analysis of trade payables presented based on the invoice dates:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
0-90 days	1,712,898	2,040,704	1,345,527	1,339,075	2,076,571	45,515
91-180 days	799,833	1,320,048	727,652	180	36,187	63,001
181-365 days	66,474	176,489	269,721	50	270,519	203,796
1-2 years	24,841	11,009	93,228	–	–	346,755
2-3 years	9,051	2,958	1,402	–	–	–
Over 3 years	4,598	5,021	5,802	–	–	–
	2,617,695	3,556,229	2,443,332	1,339,305	2,383,277	659,067

27. BANK AND OTHER BORROWINGS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Secured *(note i, ii, iii)*	1,930,630	2,368,607	2,084,187
Unsecured *(note ii)*	342,810	1,993,922	3,686,373
	2,273,440	4,362,529	5,770,560
The carrying amounts of the above borrowings are repayable:			
Within one year	953,942	2,456,587	2,647,255
Within a period of more than one year but not exceeding two years	686,903	181,688	1,243,075
Within a period of more than two years but not exceeding five years	632,595	765,936	1,232,170
Over five years	–	958,318	648,060
	2,273,440	4,362,529	5,770,560
Less: Amounts due within one year shown under current liabilities	(953,942)	(2,456,587)	(2,647,255)
Amounts shown under non-current liabilities	1,319,498	1,905,942	3,123,305

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Secured *(note i)*	104,948	27,939	–
Unsecured	–	–	300,000
	104,948	27,939	300,000
The carrying amounts of the above borrowings are repayable within one year shown under current liabilities	104,948	27,939	300,000

Notes:

i. These loans were secured by certain of the Group's 25% equity interests in Solarspace Chuzhou, buildings, leasehold land, bills receivables, bills receivables at FVTOCI or restricted bank deposits.

As at 31 December 2022 and 2023 and 2024, amounts RMB569,388,000, RMB252,375,000 and RMB263,431,000, respectively, represented for the transfer proceeds received from sale and leaseback transactions and carried interest 4.75% to 7.97%, 4.75% to 7.47% and 4.75% to 7.15%, respectively.

Amounts included RMB203,014,000, RMB539,643,000 and RMB505,000,000 which carried interest at 8% per annum at 31 December 2022 and 2023 and 2024, respectively, payable to an non-controlling shareholder of the Company (the "Non-controlling Shareholder"). Pursuant to the relevant investment agreements (the "Investment Agreements"), the Non-controlling Shareholder acquired 25% equity interest of Solarspace Chuzhou, while the non-controlling shareholder has no right to direct operating decision of Solarspace Chuzhou and has no right to any variable returns in Solarspace Chuzhou. The Group is required to repurchase these 25% equity interest at the original investment amount plus a yield at 8.00% per annum from the non-controlling shareholder after 4 years since the date of consideration paid. Therefore, the investment in Solarspace Chuzhou by the non-controlling shareholder and the accrued interest was recorded as a financing liability.

ii. Certain loans were guaranteed by the Ultimate Shareholders or their controlled entities. Refer to note 40 for details.

iii. In 2022, the Group entered into certain bill transfer arrangements that involved the transfer of bank issued bills without underlying transactions, which were used for the funding purpose of the Group. As of December 31 2022, the Group ceased to conduct such bill transfer arrangements. After seeking legal advice, the directors of the Company have the view that bills transfer arrangements will have no material financial impact to the Group. Details are set out in the section headed "Business — Legal Proceedings and Compliance" in the document.

The exposure of the Group's and the Company's borrowings are as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Fixed-rate borrowings	1,257,087	1,295,408	1,267,370
Variable-rate borrowings	1,016,353	3,067,121	4,503,190
	2,273,440	4,362,529	5,770,560

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Variable-rate borrowings	104,948	27,939	300,000

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's and the Company's borrowings are as follows:

The Group

	As at 31 December		
	2022	2023	2024
Fixed-rate borrowings	4.75%-8.00%	4.75%-8.00%	4.75%-8.00%
Variable-rate borrowings	1.33%-6.50%	1.08%-5.22%	1.65%-4.95%

The Company

	As at 31 December		
	2022	2023	2024
Variable-rate borrowings	1.33%-1.45%	1.08%-1.21%	2.59%

28. LEASE LIABILITIES

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable:			
Within one year	38,253	66,646	69,331
Within a period of more than one year but not exceeding two years	38,253	67,994	62,097
Within a period of more than two years but not exceeding five years	91,250	169,990	160,310
Within a period of more than five years	450,577	1,009,445	1,040,753
	618,333	1,314,075	1,332,491
Less: Amount due for settlement within 12 months shown under current liabilities	(38,253)	(66,646)	(69,331)
Amount due for settlement after 12 months shown under non-current liabilities	580,080	1,247,429	1,263,160

For the years ended 31 December 2022, 2023 and 2024, the Group's incremental borrowing rates applied to lease liabilities is at 4.90%, ranged from 4.20% to 4.90% and 4.20% to 4.90% per annum, respectively.

29. CONTRACT LIABILITIES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Sales of photovoltaic cells	434,504	670,989	852,871	276,584	163,567	27,898

Contract liabilities that are expected to be settled within the Group's and the Company's normal operating cycle are classified as current liabilities based on the Group's and the Company's earliest obligation to transfer goods to the customers.

As at 1 January 2022, the Group's and the Company's contract liabilities amounted to RMB223,785,000 and RMB1,597,000, respectively.

As at 1 January 2022, 2023 and 2024, the Group's contract liabilities of RMB223,785,000, RMB434,504,000 and RMB670,989,000 were recognised as revenue during the years ended 31 December 2022, 2023 and 2024, respectively.

As at 1 January 2022, 2023 and 2024, the Company's contract liabilities of RMB1,597,000, RMB276,584,000 and RMB163,567,000 were recognised as revenue during the years ended 31 December 2022, 2023 and 2024, respectively.

The significant increase in contract liabilities for the year ended 31 December 2023 and 2024 was mainly due to the expansion of the photovoltaic cells business and advances received from new contracts obtained.

30. PROVISION

The Group

	Year ended 31 December		
	2022	**2023**	**2024**
At 1 January	2,586	12,687	24,528
Provision in the year	10,101	11,841	18,988
At 31 December	12,687	24,528	43,516

The warranty provision represents management's best estimate of the Group's liability under 25-year or 30-year assurance-type warranty granted on photovoltaic modules products, based on prior experience and industry averages for defective products.

31. DEFERRED INCOME

The Group

	As at 31 December		
	2022	**2023**	**2024**
At 1 January	1,087,760	1,162,323	1,394,844
Additions	169,925	376,636	202,109
Released to other income *(note 8)*	(95,362)	(144,115)	(170,970)
At 31 December	1,162,323	1,394,844	1,425,983

The Group received grants from the local government related to the acquisition of property, plant and equipment. The amounts are deferred and amortised over the useful lives of the relevant assets.

32. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

Paid-in Capital

	Paid-in capital
	RMB'000
Issued and paid	
At 1 January 2022	102,857
Capital injection *(note i)*	23,371
Conversion into a joint stock company *(note ii)*	(126,228)
At 31 December 2022	–

Share Capital

	Number of ordinary shares	Nominal value of shares
	'000	*RMB'000*
Ordinary shares of RMB1 each		
Authorised and issued		
At 1 January 2022	–	–
Issue of ordinary shares upon conversion into a joint stock company *(note ii)*	126,228	126,228
Issue of ordinary shares *(note iii)*	28,390	28,390
Conversion of share premium into share capital *(note iv)*	205,382	205,382
At 31 December 2022, 2023 and 2024	360,000	360,000

Notes:

i. In March and May 2022, several independent investors subscribed paid-in capital of RMB23,371,000 with consideration of RMB818,000,000, the difference between total capital injection and paid-in capital issued was credited as capital reserve.

ii. In September 2022, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion date, including paid-in capital, capital reserves and retained profits, amounting to approximately RMB935,259,000 were converted into 126,228,000 ordinary shares at RMB1.00 each. The excess of net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium.

iii. In November and December 2022, the Company entered into investment agreements with several independent investors, respectively and issued a total of 28,390,000 ordinary shares at the consideration of RMB1,446,000,000 to them. RMB28,390,000 was credited to the Company's share capital and the remaining balance was credited as share premium.

iv. In December 2022, the Company issued 205,382,000 ordinary shares to all the existing shareholders of the Company in proportion to their then respective shareholdings in the Company by converting the Company's share premium into share capital of the Company.

33. SHARE-BASED PAYMENT TRANSACTIONS

Restricted shares scheme

To provide incentives to eligible employees and directors of the Group, two employee stock ownership platforms (the "Employee Stock Ownership Platforms") were established and directly held paid-in capital of RMB7,000,000 of the Company (before conversion into a joint stock company and conversion of share premium into share capital).

In July 2021, an employee share incentive plan (the "2021 RS Scheme") was adopted. Eligible employees and directors subscribed for partnership interest of the Employee Stock Ownership Platforms at a price of RMB1 for RMB1 partnership interest and RMB10 partnership interest of the Employee Stock Ownership Platforms represented 1 ordinary share of the Company.

In May 2022, an employee share incentive plan (the "2022 RS Scheme") was adopted. Eligible employees and directors subscribed for partnership interest of the Employee Stock Ownership Platforms at a price of RMB1 for RMB1 partnership interest and RMB18 or RMB10 partnership interest of the Employee Stock Ownership Platforms represented 1 ordinary share of the Company.

In 2023, an employee share incentive plan (the "2023 RS Scheme") was adopted. Eligible employees and directors subscribed for partnership interest of the Employee Stock Ownership Platforms at a price of RMB1 for RMB1 partnership interest and RMB18 partnership interest of the Employee Stock Ownership Platforms represented 1 ordinary share of the Company.

These granted shares are restricted for sale within 5 years after the subscription of partnership interest of the Employee Stock Ownership Platforms or 36 months after the initial public offering of the Company, whichever period is longer. If the grantees voluntarily or involuntarily terminate the labor relationship with the Group before the expiry of restriction of the awarded shares, the general partner of the Employee Stock Ownership Platforms has the right to repurchase the granted shares from the grantees at the original subscribed price.

The following table summarized the movement of the unvested restricted shares granted:

Category	Outstanding at 1/1/2022	Granted during the year	Forfeited during the year	Outstanding at 31/12/2022
2021 RS Scheme	2,900,000	–	(580,000)	2,320,000
2022 RS Scheme	–	2,300,000	–	2,300,000
	2,900,000	2,300,000	(580,000)	4,620,000
Weighted average grant date fair value per share	25.00	18.98	25.00	22.00

Category	Outstanding at 1/1/2023	Granted during the year	Forfeited during the year	Outstanding at 31/12/2023
2021 RS Scheme	2,320,000	–	–	2,320,000
2022 RS Scheme	2,300,000	–	(500,000)	1,800,000
2023 RS Scheme	–	1,740,000	(10,000)	1,730,000
	4,620,000	1,740,000	(510,000)	5,850,000
Weighted average grant date fair value per share	22.00	33.26	17.32	25.76

Category	Outstanding at 1/1/2024	Granted during the year	Forfeited during the year	Outstanding at 31/12/2024
2021 RS Scheme	2,320,000	–	(20,000)	2,300,000
2022 RS Scheme	1,800,000	–	(600,000)	1,200,000
2023 RS Scheme	1,730,000	–	(30,000)	1,700,000
	5,850,000	–	(650,000)	5,200,000
Weighted average grant date fair value per share	25.76	N/A	18.00	26.73

The fair value of the restricted shares granted under 2021 RS Scheme, 2022 RS Scheme and 2023 RS Scheme amounted to approximately RMB72,500,000, RMB43,660,000 and RMB57,872,000, which was determined by referenced to the recent transaction price of the shares of the Company.

During the year ended 31 December 2022, 2023 and 2024, an expense of approximately RMB13,382,000, RMB23,858,000 and RMB12,054,000 was recognised by the Group in relation to the restricted shares granted.

34. RETIREMENT BENEFIT SCHEMES

The employees of the Group's entities in the PRC are members of a state-managed defined contribution retirement scheme operated by the PRC government. The PRC entities are required to contribute a certain percentage of the payroll costs of their employees to the retirement benefit scheme, subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The total expenses charged to profit or loss, amounting to RMB26,914,000, RMB70,361,000 and RMB52,344,000 for the years ended 31 December 2022, 2023 and 2024, respectively, represent contributions payable or paid to the retirement benefits scheme by the Group.

35. PLEDGE OF ASSETS

The following assets have been pledged to various banks for obtaining line of credit and securing of the Group's banking facilities or the issue of bills payables at the end of each reporting period:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	1,284,209	1,390,395	965,982
Right-of-use assets	60,178	86,468	57,663
Debt instruments at FVTOCI	–	14,978	7,000
Bills receivables	–	397,991	–
Pledged/restricted bank deposits	2,291,701	3,432,715	2,492,986
	3,636,088	5,322,547	3,523,631

36. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure in respect of acquisition of property, and equipment contracted for but not provided in the consolidated financial statements	2,382,009	557,707	290,358

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt balance, which includes borrowings disclosed in note 27 and lease liabilities disclosed in note 28, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves as disclosed in the consolidated statements of changes in equity.

The management of the Group reviews the capital structure on an on-going annual basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through new share issues as well as the issue of new debt.

38. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Derivative financial instruments	–	7,163	–
Amortised cost	5,830,184	8,410,604	5,194,025
Debt instruments at FVTOCI	60,298	245,008	179,252
Financial liabilities			
Derivative financial instruments	1,268	–	–
Amortised cost	8,459,273	15,429,574	13,357,154

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Derivative financial instruments	–	3,688	–
Amortised cost	2,390,550	3,263,200	1,622,793
Debt instruments at FVTOCI	–	169,539	608
Financial liabilities			
Derivative financial instruments	1,038	–	–
Amortised cost	2,588,516	4,040,815	2,999,386

b. Financial risk management objectives and policies

The Group's major financial instruments include derivative financial instruments, bills, trade and other receivables, pledged/restricted bank deposits, cash and cash equivalents, debt instruments at FVTOCI, bills, trade and other payables and bank and other borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group collects a majority of its revenue in RMB and a majority of the expenditures as well as capital expenditures are also denominated in RMB, which is the functional currency of the relevant subsidiaries. Several subsidiaries of the Company have purchases denominated in RMB other than the functional currency of these subsidiaries which expose these subsidiaries to foreign currency risk. The Group's exposure to foreign currency risk is arising mainly from certain bank balances, certain trade receivables and certain trade payables which are denominated in foreign currencies. Except for the above items denominated in foreign currencies, the group entities did not have any other monetary assets or liabilities denominated in foreign currencies as at the end of the reporting period.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of reporting date are as follows:

	Assets			Liabilities		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
US dollar ("US$")	423,225	688,157	758,899	169	232,256	565,247
Euro ("EUR")	44,120	8,324	59,385	–	573	2,573
RMB	–	–	–	–	1,083,834	831,496

Foreign currency forward contracts can be used to eliminate the currency exposures. During the Track Record Period, the Group has entered into certain foreign currency forward contracts and closely monitored the movement of foreign currency rate.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting date for a 5% change in foreign currency rates. The analysis illustrates the impact for a 5% strengthening of RMB against the relevant currency. A negative number below indicates a decrease in post-tax profit where RMB strengthen 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit for the year.

	US$ impact			EUR impact		
	2022	2023	2024	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impact on profit or loss	(15,865)	(17,096)	(7,262)	(1,655)	(291)	(2,130)

The following table details the Group's sensitivity to a 5% increase and decrease in US$ against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting date for a 5% change in foreign currency rates. The analysis illustrates the impact for a 5% strengthening of US$ against the relevant currency. A positive number below indicates an increase in post-tax profit and a negative number below indicates a decrease in other comprehensive income where US$ strengthen 5% against the relevant currency. For a 5% weakening of US$ against the relevant currency, there would be an equal and opposite impact on the profit and other comprehensive income for the year.

	RMB impact		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Impact on profit or loss	–	54,192	41,575
Impact on other comprehensive income	–	(54,192)	(41,575)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to pledged/restricted bank deposits (see note 25 for details), fixed-rate bank and other borrowings (see note 27 for details) and lease liabilities (see note 28 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 25 for details) and variable-rate borrowings (see note 27 for details). The directors of the Company monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in variable-rate bank borrowings are used represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If the interest rate on variable-rate borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2022, 2023 and 2024 would decrease/increase by RMB3,811,000, RMB11,502,000 and RMB16,484,000, respectively.

Credit risk and impairment assessment

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statements of financial position.

The Group's credit risk exposures are primarily attributable to bills, trade and other receivables, debt instruments at FVTOCI, pledged/restricted bank deposits and bank balances.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivables at the end of each reporting period to ensure that adequate impairment losses allowance are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

In addition to the credit risk limit management and other mitigation measures as described above, the Group monitors all financial assets other than trade receivables which applied the simplified approach to measure the ECL as explained below, that are subjected to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the impairment loss allowance based on lifetime ECL rather than 12m ECL.

Pledged/restricted bank deposits, bank balances, bills receivables and debt instruments at FVTOCI

The pledged/restricted bank deposits and bank balances are determined to have low credit risk at the end of each reporting period because the counterparties are reputable banks with high credit ratings assigned by credit-rating agencies.

The credit risk on bills receivables and debt instruments at FVTOCI is limited because the counterparties are reputable banks and the management of the Group considered the credit risk of these bank issued bills is insignificant and no impairment was provided on them at the year end.

Trade receivables

The Group has concentration of credit risk as 35.31%, 31.95% and 19.97% of the total trade receivables was due from the Group's largest customer at 31 December 2022, 2023 and 2024, respectively. The Group has concentration of credit risk as 72.60%, 82.20% and 59.73% of the total trade receivables was due from the Group's five largest customers at 31 December 2022, 2023 and 2024, respectively.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the impairment loss allowance at lifetime ECL. The Group performs impairment assessment under ECL model on credit-impaired trade receivables individually. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped based on aging of outstanding balances. Reversal of impairment of RMB723,000, impairment of RMB19,152,000 and reversal of impairment of RMB15,367,000, respectively, is recognised during the years ended 31 December 2022, 2023 and 2024. Details of the quantitative disclosures are set out below in this note.

Other receivables

For other receivables, management makes periodic assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there was no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL.

Reversal of impairment of RMB26,586,000, impairment of RMB264,000 and RMB277,000, respectively, is recognised during the years ended 31 December 2022, 2023 and 2024. Details of the quantitative disclosures are set out below in this note.

Financial guarantee contracts

For financial guarantee contracts, the aggregate amount of outstanding financial guarantees issued to banks in respect of bank facilities granted to related parties that the Group could be required to pay amounted to RMB12,960,000, nil and nil as at 31 December 2022, 2023 and 2024, respectively, of the outstanding financial guarantees has been utilised by the related parties. The fair value of these financial guarantee, as at dates of initial recognition, were considered insignificant. No loss allowance was recognised in the profit or loss as the amount of the loss allowance was not significant.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount		
				31/12/2022	31/12/2023	31/12/2024
				RMB'000	*RMB'000*	*RMB'000*
Debt instruments at FVTOCI						
Bills receivables	*23*	Low risk	12m ECL	60,298	245,008	179,252
Financial assets at amortised cost						
Deposits paid for sales and leaseback arrangement	*22*	Low risk	12m ECL	20,231	18,257	32,165
Bills receivables	*22*	Low risk	12m ECL	1,832,751	2,322,954	1,086,143
Trade receivables	*22*	*(note i)*	Lifetime ECL (collective assessment)	471,405	755,964	466,637
			Lifetime ECL (credit-impaired)	–	6,683	3,926
				471,405	762,647	470,563
Other receivables	*22*	Low risk	12m ECL	4,440	4,568	28,142
		Loss	Lifetime ECL (credit-impaired)	360	360	360
				4,800	4,928	28,502
Pledged/restricted bank deposits	*25*	N/A	12m ECL	2,291,701	3,432,715	2,492,986
Bank balances	*25*	N/A	12m ECL	1,235,737	1,914,984	1,113,729

Note i: For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items on a collective basis, based on their historical credit loss experience according to the past due status adjusted, as appropriate, to reflect current conditions and estimates of future economic conditions.

Provision matrix — Debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). Credit-impaired debtors with gross carrying amounts of nil, RMB6,683,000 and RMB3,926,000 respectively as at 31 December, 2022, 2023 and 2024 were assessed individually.

	2022			2023			2024		
	Average loss rate	Gross amount of trade receivables	ECL amount	Average loss rate	Gross amount of trade receivables	ECL amount	Average loss rate	Gross amount of trade receivables	ECL amount
		RMB'000	*RMB'000*		*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*
Within 1 year	5%	468,186	23,409	5%	749,027	37,451	5%	454,326	23,306
1 to 2 years	10%	1,036	104	10%	6,828	683	10%	11,653	1,165
2 to 3 years	–	–	–	50%	109	55	50%	556	278
Over 3 years	100%	2,183	2,183	–	–	–	100%	102	102
		471,405	25,696		755,964	38,189		466,637	24,851

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the years ended 31 December 2022, 2023 and 2024, the Group reversed the impairment allowance of of RMB723,000, recognised impairment allowance of RMB12,469,000 and reversed the impairment allowance of RMB12,610,000 for trade receivables, respectively, based on collective assessment. Impairment allowance of nil, RMB6,683,000 and reversal of RMB2,757,000 were made on credit-impaired debtors, respectively, during the years ended 31 December 2022, 2023 and 2024.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach using provision matrix:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Beginning balance	26,419	25,696	38,189
Loss allowance (reversed) recognised, net	(723)	12,469	(12,610)
Foreign exchange gains or losses	–	24	(728)
Closing balance	25,696	38,189	24,851

As at 31 December 2022, 2023 and 2024, no amount was included in the above balance related to the loss allowance recognised for credit-impaired trade receivables.

The following tables show reconciliation of loss allowance that has been recognised for other receivables.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Beginning balance	27,331	745	1,009
Loss allowance (reversed) recognised, net	(26,586)	264	277
Closing balance	745	1,009	1,286

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

The Group

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted balances	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022							
Bills, trade and other payables	–	6,185,833	–	–	–	6,185,833	6,185,833
Bank and other borrowings	5.31	1,067,452	769,926	669,555	–	2,506,933	2,273,440
Lease liabilities	4.90	39,787	41,380	107,684	1,361,254	1,550,105	618,333
		7,293,072	811,306	777,239	1,361,254	10,242,871	9,077,606
Derivatives – net settlement							
Foreign exchange forward contracts	–	1,268	–	–	–	1,268	1,268

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted balances	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023							
Bills, trade and other payables	–	11,067,045	–	–	–	11,067,045	11,067,045
Bank and other borrowings	5.33	2,612,100	299,597	943,424	1,003,542	4,858,663	4,362,529
Lease liabilities	4.75	80,156	86,621	205,057	2,649,312	3,021,146	1,314,075
		13,759,301	386,218	1,148,481	3,652,854	18,946,854	16,743,649

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted balances	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2024							
Bills, trade and other payables	–	7,586,594	–	–	–	7,586,594	7,586,594
Bank and other borrowings	3.96	2,769,091	1,338,446	1,370,961	671,322	6,149,820	5,770,560
Lease liabilities	4.75	84,164	67,779	192,437	2,547,764	2,892,144	1,332,491
		10,439,849	1,406,225	1,563,398	3,219,086	16,628,558	14,689,645

The Company

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted balances	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022							
Bills, trade and other payables	–	2,483,568	–	–	–	2,483,568	2,483,568
Bank and other borrowings	1.40	105,315	–	–	–	105,315	104,948
		2,588,883	–	–	–	2,588,883	2,588,516
Derivatives – net settlement							
Foreign exchange forward Contracts. . .	–	1,038	–	–	–	1,038	1,038

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted balances	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023							
Bills, trade and other payables	–	4,012,876	–	–	–	4,012,876	4,012,876
Bank and other borrowings	1.20	28,023	–	–	–	28,023	27,939
		4,040,899	–	–	–	4,040,899	4,040,815

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted balances	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2024							
Bills, trade and other payables	–	2,699,386	–	–	–	2,699,386	2,699,386
Bank and other borrowings	2.59	303,129	–	–	–	303,129	300,000
		3,002,515	–	–	–	3,002,515	2,999,386

c. Fair value measurement of financial instruments

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at			Fair value hierarchy	Valuation technique and key input
	31/12/2022	31/12/2023	31/12/2024		
	RMB'000	*RMB'000*	*RMB'000*		
Debt instruments at FVTOCI	60,298	245,008	179,252	Level 2	Discounted cash flow is estimated based on discount rate observed in the available market
Foreign currency forward contracts	liabilities: 1,268	assets: 7,163	–	Level 2	Discounted cash flow is estimated based on discount rate observed in the available market

There were no transfers between level 1 and 2 during the Track Record Period.

(ii) Fair value of financial assets and financial liabilities that are recorded at amortised cost

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities which are carried at amortised cost in the Historical Financial Information approximate their fair values.

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Borrowings	Lease liabilities	Other payables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	1,197,237	45,965	17,422	1,260,624
Financing cash flows	555,038	(32,721)	(454,501)	67,816
Non-cash changes				
– Interest expenses	65,908	29,437	48	95,393
– New lease entered	–	575,652	–	575,652
– Additions of property, plant and equipment	455,257	–	–	455,257
– Business combination under common control	–	–	479,784	479,784
At 31 December 2022	2,273,440	618,333	42,753	2,934,526
Financing cash flows	1,903,658	(36,268)	(42,753)	1,824,637
Non-cash changes				
– Interest expenses	185,431	50,639	–	236,070
– New lease entered	–	681,371	–	681,371
At 31 December 2023	4,362,529	1,314,075	–	5,676,604
Financing cash flows	1,288,164	(26,466)	–	1,261,698
Non-cash changes				
– Interest expenses	119,867	58,443	–	178,310
– Termination of lease	–	(15,776)	–	(15,776)
– Exchange adjustments	–	2,215	–	2,215
At 31 December 2024	5,770,560	1,332,491	–	7,103,051

40. RELATED PARTY TRANSACTIONS AND BALANCES

(i) The relationships between the Group and related parties are as follow:

Name of the related parties	Relationships
Xuzhou Xinyishun Packaging Materials Co., Ltd. (徐州鑫亦順包裝材料有限公司) ("Xinyishun Packaging Materials")	*note i*
Xuzhou Zhicheng Packaging Materials Co., Ltd. (徐州致誠包裝材料有限公司) ("Zhicheng Packaging Materials")	*note i*
Xuzhou Yicheng Trading Co., Ltd. 徐州亦騁商貿有限公司 ("Yicheng Trading")	*note i*
Xuzhou Huilihao Metallurgical Materials Co., Ltd. (徐州輝利浩冶金材料有限公司) ("Huilihao Metallurgical Materials")	*note ii*
Xuzhou Zhonglun Environmental Protection Technology Co., Ltd. (徐州中倫環保科技有限公司) ("Zhonglun Environmental Protection")	*note ii*
Xuzhou Lianfufu Trading Co., Ltd. 徐州聯福富貿易有限公司 ("Lianfufu Trading")	*note ii*
Jiangsu Xinding Artificial Environment Engineering Co., Ltd. 江蘇昕鼎人工環境工程有限公司 ("Xinding Environment")	*note ii*

Notes:

(i) These entities are beneficially owned by Mr. Meng Baishun (孟百順), who is a key management personnel of the Group.

(ii) These entities are beneficially owned by Mr. Long Ning (龍寧), who is the brother of Mr. Long, the beneficial owner and the director of the Company.

(ii) The Group has the following transactions and balances with the related parties during the Track Record Period.

(a) Related party transactions

Purchase of materials

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Xinyishun Packaging Materials	33,693	75,174	85,453
Huilihao Metallurgical Materials	9,452	37,829	21,669
Zhonglun Environmental Protection	7,722	22,798	12,693
Zhicheng Packaging Materials	894	2,918	–
Yicheng Trading	254	–	–
	52,015	138,719	119,815

Interest income

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Ultimate shareholders and their controlled entities	9,829	–	–
Lianfufu Trading	1,083	–	–
	10,912	–	–

Interest expense

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Xinding Environment	48	–	–

Rental expense of vehicles

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Ms. Meng	180	–	–

Purchase of equipment

During the year ended 31 December 2022, the Group purchased two vehicles with cash consideration of RMB185,000 from Ms. Meng.

Guarantees

As at 31 December 2022, 2023 and 2024, the Group's bank and other borrowings amounting to RMB1,080,833,000, RMB1,050,987,000 and RMB543,306,000, respectively, were guaranteed by the Ultimate Shareholders or their controlled entities.

During the year ended 31 December 2022, the Group has made guarantees for entities controlled by Mr. Long on bank borrowings amounting to RMB12,960,000. The bank borrowings were settled during the year ended 31 December 2023 and the guarantees made by the Group were released accordingly.

(b) Related party balances

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties included in trade payables – trade nature			
Xinyishun Packaging Materials	4,260	28,142	19,703
Zhonglun Environmental Protection	5,002	13,286	16,455
Huilihao Metallurgical Materials	2,216	12,242	–
Xinding Environment	59	–	–
Zhicheng Packaging Materials	893	–	–
	12,430	53,670	36,158

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties included in other payables – non-trade nature			
Mr. Long	24,763	–	–

(c) Compensation of key management personnel

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other benefits	14,075	16,159	16,243
Retirement benefit scheme contributions	111	208	308
Share-based payments	4,977	9,526	6,196
	19,163	25,893	22,747

41. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company during the Track Record Period and as at the date of this report are set out below:

Name of subsidiaries	Place and date of establishment/ incorporation and operation	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company as at 31 December 2022	2023	2024	the date of this report	Principal activities	Notes
			%	%	%	%		
Directly held								
Longheng New Energy	PRC, 10 December 2019	RMB1,179,000,000 RMB1,500,000,000	100	100	100	[100]	Manufacture and sales of photovoltaic cells	(a)(b)(i)
Solarspace Technology (Suqian) Co., Ltd. (中潤光能科技(宿遷)有限公司)	PRC, 26 February 2020	RMB60,000,000 RMB1,000,000,000	100	100	100	[100]	Manufacture and sales of photovoltaic modules	(j)
Solarspace Chuzhou	PRC, 1 June 2022	RMB400,000,000 RMB400,000,000	100	100	100	[100]	Manufacture and sales of photovoltaic cells	(c)(i)
Solarspace Xuzhou	PRC, 18 February 2022	RMB200,000,000 RMB200,000,000	100	100	100	[100]	Manufacture and sales of photovoltaic cells	(d)(i)
Zhongyu Photovoltaic	PRC, 24 May 2010	RMB200,000,000 RMB200,000,000	100	100	100	[100]	Manufacture and sales of photovoltaic cells	(j)
Zhonghui Photovoltaic	PRC, 5 November 2015	RMB150,000,000 RMB150,000,000	88.33	88.33	88.33	[88.33]	Manufacture and sales of photovoltaic cells	(a)(h)(i)
Jiangsu Huaheng New Energy Co., Ltd. (江蘇華恒新能源有限公司)	PRC, 24 October 2017	RMB126,800,000 RMB126,800,000	100	100	100	[100]	Manufacture and sales of photovoltaic cells	(a)(h)(i)
Zhongrun Xuzhou	PRC, 21 September 2020	RMB40,000,000 RMB50,000,000	100	100	100	[100]	Manufacture and sales of photovoltaic modules	(a)(b)(i)
Zhongrun New Materials (Chuzhou) Co., Ltd. (中潤新材料(滁州)有限公司)	PRC, 28 October 2023	– RMB50,000,000	N/A	100	100	[100]	Trading	(h)(i)(k)
Xinqi Material	PRC, 13 June 2011	RMB20,000,000 RMB20,000,000	100	100	100	[100]	Trading	(j)
Yujun Solar (Shanghai) Co., Ltd. (峪君光能(上海)有限公司)	PRC, 15 December 2020	– RMB10,000,000	100	100	100	[100]	Trading	(j)
Jiangsu Jieyuan Photovoltaic Power Generation Co., Ltd. (江蘇潔源光伏發電有限公司)	PRC, 25 June 2014	RMB6,000,000 RMB10,000,000	100	100	100	[100]	Operation of photovoltaic power station	(j)

Name of subsidiaries	Place and date of establishment/ incorporation and operation	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company as at 31 December 2022	2023	2024	the date of this report	Principal activities	Notes
			%	%	%	%		
Jiangsu Longhui New Energy Co., Ltd. (江蘇龍輝新能源有限公司).	PRC, 10 December 2019	– RMB500,000,000	100	100	N/A	[N/A]	Manufacture and sales of photovoltaic cells	(g)(h)(m)
Ningbo Sunrise Electronic Technology Co., Ltd. (寧波晧日電子科技有限公司)	PRC, 25 February 2016	RMB10,000,000 RMB10,000,000	100	N/A	N/A	[N/A]	Trading	(g)(l)
Solarspace (Shanghai) Co., Ltd. (中潤光能(上海)有限公司)	PRC, 19 December 2024	RMB100,000,000 RMB100,000,000	N/A	N/A	100	[100]	Trading	(n)(i)
Indirectly held								
Solarspace Technology (Laos) Sole Co., Ltd.	Laos, 17 February 2023	US$1,000,000 US$1,000,000	N/A	100	100	[100]	Manufacture and sales of photovoltaic cells	(h)(i)(k)
L-Q New Energy Co., Ltd.	Cambodia, 19 January 2022	US$15,000,000 US$15,000,000	80	80	80	[80]	Manufacture and sales of photovoltaic cells	(e)(i)
Solarspace Technology (Hong Kong) Limited	Hong Kong, 30 January 2023	– HK$1,000,000	N/A	100	100	[100]	Trading	(f)(i)(k)
Solarspace International Holding Limited	Hong Kong, 3 November 2022	– HK$1,000,000	100	100	100	[100]	Trading and investment holding	(f)(i)
Solarspace Technology GmbH	Germany, 26 May 2023	EUR25,000 EUR25,000	N/A	100	100	[100]	Trading	(h)(i)(k)
Solarspace Technology (Delaware) Co., Ltd.	USA, 25 February 2022	US$18,000 US$100,000	100	100	100	[100]	Trading	(j)
Jiangsu Shanke Electric Power Engineering Technology Co., Ltd. (江蘇山科電力工程科技有限公司)	PRC, 2 February 2021	RMB12,900,000 RMB50,000,000	100	100	100	[100]	Construction	(a)(h)(i)
Chuzhou Jieyuan New Energy Co., Ltd. (滁州潔源新能源有限公司)	PRC, 23 April 2023	RMB10,000,000 RMB10,000,000	N/A	100	100	[100]	Operation of photovoltaic power station	(h)(i)(k)
Suqian Zhuoyue Photovoltaic Power Generation Co., Ltd. (宿遷卓越光伏發電有限公司)	PRC, 28 July 2021	RMB1,000,000 RMB3,000,000	100	100	100	[100]	Operation of photovoltaic power station	(j)
Xuzhou Weihong Photovoltaic Power Generation Co., Ltd. (徐州威宏光伏發電有限公司)	PRC, 8 July 2021	RMB1,000,000 RMB1,000,000	100	100	100	[100]	Operation of photovoltaic power station	(j)

Notes:

(a) The statutory financial statements of these subsidiaries were prepared in accordance with the ASBE and were audited by Zhong Hui Certified Public Accountants LLP (中匯會計師事務所(特殊普通合夥)), certified public accountant registered in the PRC, for the year ended 31 December 2022.

(b) The statutory financial statements of these subsidiaries were prepared in accordance with the ASBE and were audited by Xuzhou Baixin Certified Public Accountants LLP (徐州百信會計師事務所(普通合夥)), certified public accountant registered in the PRC, for the year ended 31 December 2023.

(c) The statutory financial statements of this subsidiary were prepared in accordance with the ASBE and were audited by Shenzhen Wanguo Certified Public Accountants LLP (深圳萬國會計師事務所(普通合夥)), certified public accountant registered in the PRC, for the years ended 31 December 2022 and 2023.

(d) The statutory financial statements of this subsidiary were prepared in accordance with the ASBE and were audited by Pengsheng Certified Public Accountants LLP (鵬盛會計師事務所(特殊普通合夥)), certified public accountant registered in the PRC, for the years ended 31 December 2022 and 2023.

(e) The statutory financial statements of this subsidiary were prepared in accordance with the Cambodian IFRSs and were audited by New Shine Consulting Co., Ltd., certified public accountant registered in the Kingdom of Cambodia, for the years ended 31 December 2022 and 2023.

(f) The statutory financial statements of these subsidiaries were prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities issued by the HKICPA and were audited by Conpak CPA Limited, certified public accountant registered in Hong Kong, for the period from incorporation date to 31 December 2023.

(g) No statutory financial statements have been prepared for these subsidiaries for the year ended 31 December 2022 as there are no statutory audit requirements.

(h) No statutory financial statements have been prepared for these subsidiaries for the year ended 31 December 2023 as there are no statutory audit requirements.

(i) No statutory financial statements have been prepared for these subsidiaries for the year ended 31 December 2024 as there are no statutory audit requirements.

(j) No statutory financial statements have been prepared for these subsidiaries for the years ended 31 December 2022, 2023 and 2024 as there are no statutory audit requirements.

(k) These subsidiaries were established by the Company during the year ended 31 December 2023.

(l) Ningbo Sunrise Electronic Technology Co., Ltd. was dissolved by the Company in April 2023.

(m) Jiangsu Longhui New Energy Co., Ltd. was dissolved by the Company in April 2024.

(n) Solarspace (Shanghai) Co., Ltd. was established by the Company in December 2024.

All subsidiaries now comprising the Group are limited liability companies and have adopted 31 December as their financial year end date.

None of the subsidiaries had issued any debt securities during the Track Record Period.

42. RESERVES OF THE COMPANY

Movement in reserves

	Capital reserve	Share premium	Share-based payments reserve	Merger reserve	Statutory surplus reserve	(Accumulated losses)/ retained profits	Subtotal
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	97,143	–	4,707	(214)	–	(78,779)	22,857
Profit and total comprehensive income for the year	–	–	–	–	–	38,851	38,851
Capital injection	794,629	–	–	–	–	–	794,629
Conversion into a joint stock company	(891,772)	809,031	(13,292)	–	–	96,033	–
Issue of ordinary shares	–	1,417,610	–	–	–	–	1,417,610
Conversion of share premium into share capital	–	(205,382)	–	–	–	–	(205,382)
Business combination under common control	–	–	–	(149,643)	–	–	(149,643)
Recognition of equity-settled share based payment	–	–	13,382	–	–	–	13,382
Transfer	–	–	–	–	3,885	(3,885)	–
At 31 December 2022	–	2,021,259	4,797	(149,857)	3,885	52,220	1,932,304
Profit and total comprehensive income for the year	–	–	–	–	–	969,792	969,792
Recognition of equity-settled share based payment	–	–	23,858	–	–	–	23,858
Transfer	–	–	–	–	96,980	(96,980)	–
At 31 December 2023	–	2,021,259	28,655	(149,857)	100,865	925,032	2,925,954
Loss and total comprehensive expense for the year	–	–	–	–	–	(160,345)	(160,345)
Recognition of equity-settled share based payment	–	–	12,054	–	–	–	12,054
At 31 December 2024	–	2,021,259	40,709	(149,857)	100,865	764,687	2,777,663

43. SUBSEQUENT EVENTS

Save as elsewhere disclosed in this Historical Financial Information, there are no other material subsequent events undertaken by the Group after 31 December 2024 and up to the date of issuance of this Historical Financial Information.

44. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2024 and up to the date of this report.

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[REDACTED]

1. TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, is subject to change and does not constitute legal or tax advice. The discussion does not deal with all possible tax consequences relating to an investment in the H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, all of which are subject to change and may have retrospective effect.

This discussion does not address any aspects of the PRC or Hong Kong taxation other than income tax, capital tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

A. The PRC Taxation

Taxation on Dividends

Individual Investors

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was latest amended on August 31, 2018 and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was latest amended on December 18, 2018 and came into effect on January 1, 2019 (collectively referred to as the "**IIT Law**"), dividends distributed by PRC enterprises are subject to a PRC withholding tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to a withholding tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

According to the Announcement of the SAT on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發佈<非居民納稅人享受協定待遇管理辦法>的公告》), which came into effect on 1 January 2020, non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming benefits, retention of the relevant materials for future inspection". Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and accept follow-up administration by the tax authorities. For withholding at source and designated withholding, a non-resident taxpayer asserting that it satisfies the criteria for claiming treaty benefits and need to claim such benefits shall complete an "Information Report on Non-resident Taxpayers Claiming Treaty Benefits" truthfully, submit to the withholding agent voluntarily, gather and retain the relevant materials pursuant to the relevant provisions.

Pursuant to the Notice of the SAT on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of the Document Guo Shui Fa [1993] No. 045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the SAT on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends, withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates lower than 10%, the non-foreign-invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for enjoying the lower preferential tax treatments, and, upon approval by the tax authorities, the amount which is over withheld will be refunded. For the individual holders of H shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates higher than 10% but lower than 20%, the non-foreign-invested enterprise is required to withhold the tax at the agreed rate under the treaties, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or otherwise, the non-foreign invested enterprise is required to withhold the tax at a rate of 20%.

Enterprise Investors

In accordance with the EIT Law (《企業所得稅法》) effective as at December 29, 2018 and the Regulations on the Implementation of EIT Law (《企業所得稅法實施條例》) amended and came into effect on April 23, 2019, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if such non-resident enterprise does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place in the PRC. The withholding tax may be reduced pursuant to applicable treaties for the avoidance of double taxation. Such income tax for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897), which was issued by the SAT on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate of 10% on dividends paid to non-PRC resident enterprise shareholders of H Shares with respect to the dividends of 2008 and onwards.

In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) (Guo Shui Han [2009] No. 394) which was issued by the SAT on July 24, 2009 and effective on the same date, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the total dividends payable by the PRC company. Pursuant to the Fourth Protocol of the SAT to the Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《國家稅務總局關於<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第四議定書》) effective as at December 29, 2015, the abovementioned provisions are not applicable to any arrangement which is primarily made for the purpose of obtaining the above taxation benefits.

Additionally, the application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Investors who are not PRC residents and reside in countries which have entered into avoidance of double taxation treaties with the PRC are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC has entered into arrangements for the avoidance of double taxation with a number of countries and regions including but not limited to Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States.

Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements are required to apply to the PRC tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the PRC tax authorities.

Taxation on Share Transfer

Value-added Tax ("VAT") and Local Additional Tax

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to VAT (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36) (hereinafter referred to as "**Circular 36**"), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT.

According to these regulations, if the holder is a nonresident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a nonresident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, in view of no clear regulations, whether the non-PRC resident enterprises are required to pay the PRC VAT for the disposal of H shares, there is still uncertainty in the interpretation and application of the above provisions.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as "**Local Additional Tax**"), which shall usually equal to 12% of the VAT payable (if any).

Income tax

Individual Investors

According to the IIT Law, gains realised on the sale of equity interests in PRC resident enterprises are subject to the income tax at a rate of 20%.

Pursuant to the Circular of the Ministry of Finance (the "**MOF**") and SAT on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and SAT on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended IIT Law.

However, on December 31, 2009, the MOF, SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167), which provides that individuals' income from transferring listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for certain shares which are subject to sales limitations as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As at the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the transfer of shares of PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the transfer of shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and its implementation provisions, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place. Such income tax for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) issued on June 10, 2021 and effective on July 1, 2022, PRC stamp duty only applies to documents executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

B. Hong Kong Taxation

Tax on dividends

No tax is payable in Hong Kong in respect of dividends paid by us.

Capital gains and profit tax

No tax is imposed in Hong Kong in respect of capital gains from the sales of H Shares. However, trading gains from the sales of H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for, or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If stamp duty is not paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable, and no estate duty clearance papers are needed for the application of a grant of representation in respect of holders of H Shares whose deaths occur on or after 11 February 2006.

2. PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as "enterprises") within the territory of the PRC are the taxpayers of enterprise income tax and shall pay enterprise income tax in accordance with the provisions of the EIT Law. The Enterprise Income Tax rate is 25%.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax on its income within the PRC and withhold at source, where the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

VAT

According to the Provisional Regulations on Value-Added Tax (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on December 13, 1993, and latest amended on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the MOF on December 25, 1993 and latest amended on October 28, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax. The tax rate for taxpayers engaging in sale of services shall be 6% and the tax rate for taxpayers engaging in sale of goods shall be 17%, unless otherwise stipulated. With the VAT reforms in the PRC, the rate of VAT has been changed several times.

On December 25, 2024, the SCNPC promulgated the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), which will become effective on January 1, 2026, and the Provisional Regulations on Value-Added Tax will be abolished.

Pursuant to the Implementation Rules of Pilot Reform for Transition from Business Tax to VAT (《營業稅改徵增值稅試點實施辦法》) which was promulgated on March 23, 2016, and latest amended on March 20, 2019, unless otherwise provided in the implementation rules, taxpayers incurring taxable activities are generally subject to a 6% VAT. The Notice on the Adjustment to VAT Rates (《關於調整增值稅稅率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and SAT on April 4, 2018 and became effective as of May 1, 2018 adjusted the applicative rate of VAT, and the deduction rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively. According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) (Announcement [2019] No. 39 of the MOF, SAT and General Administration of Customs), promulgated by MOF, SAT and General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the VAT rates of 16% and 10% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 13% and 9%, respectively.

3. FOREIGN EXCHANGE

On January 29, 1996, the State Council promulgated the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Administration Regulations**"), which last amended on August 5, 2008. The latest Foreign Exchange Administration Regulations clearly states that the State will not impose any restriction on international payments and transfers under the current account items.

On June 20, 1996, People's Bank of China (the "**PBOC**") promulgated the Provision on the Settlement and Sale of and Payment in Foreign Exchange (《結匯、售匯及付匯管理規定》) (the "**Settlement Regulations**") which became effective on July 1, 1996. The Settlement Regulations abolished all other restrictions on convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi (《關於完善人民幣匯率形成機制改革的公告》) (PBOC Announcement [2005] No. 16), issued by PBOC on July 21, 2005, from the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. The Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of foreign currencies such as U.S. dollar against Renminbi in the interbank foreign exchange market after the closing of the market on each working day, which will be used as the central parity for the transactions of such foreign currency against Renminbi exchange rate on the following working day.

Starting from January 4, 2006, PBOC introduced over-the-counter transactions into the interbank spot foreign exchange market for the purpose of improving the formation mechanism of the central parity of Renminbi exchange rates, and the practice of matching was kept at the same time. In addition to the above, PBOC introduced the market-maker rule to provide liquidity to the foreign exchange market. On July 1, 2014, PBOC further improved the formation mechanism of the RMB exchange rate by authorizing the China Foreign Exchange Trade System to make inquiries with the market makers before the interbank foreign exchange market opens every day for their offered quotations which are used as samples to calculate the central parity of the RMB against the USD of the current day, which shall be finally decided on the weighted average of the prices of all market makers after excluding the highest and lowest quotations, and announce it at 9:15 a.m. on each working day. On August 11, 2015, PBOC announced to improve the central parity quotations of RMB against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trading Center with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates.

According to relevant PRC laws, PRC enterprises (including foreign-invested enterprises) which need foreign exchange for transactions relating to current account items may, without the approval of SAFE, effect payment for their foreign exchange accounts at the designated foreign exchange banks with the support of valid receipts and proof. Foreign-invested enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as the Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting approving the distribution of profits, effect payment from their foreign exchange accounts or convert and pay dividends at the designated foreign exchange banks.

On October 23, 2014, the State Council promulgated the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50), which canceled the approval requirement by the SAFE and its branches for the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

On December 26, 2014, the SAFE issued the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (Hui Fa [2014] No. 54), pursuant to which a domestic company shall, within 15 working days from the date of the end of its overseas listing issuance, register the overseas listing with the SAFE's local branch at the place of its incorporation; and the proceeds from an overseas listing maybe remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

On February 13, 2015, the SAFE issued the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (Hui Fa [2015] No. 13), which came into effect on June 1, 2015. The Notice cancels the foreign exchange registration approval under domestic direct investment and foreign exchange registration approval under overseas direct investment, and requires the banks to review and carry out foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment directly. SAFE and its branches shall implement indirect supervision over foreign exchange registration of direct investment via the banks.

According to the Notice of the SAFE on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (Hui Fa [2016] No. 16) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

On January 26, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (Hui Fa [2017] No. 3) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading; allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization; allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones; and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Notice on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (Hui Fa [2019] No. 28), which stipulated that on the basis that investing foreign-funded enterprises may make domestic equity investments with their capital funds in accordance with laws and regulations, non-investing foreign-funded enterprises are permitted to legally make domestic equity investments with their capital funds under the premise that the existing Special Administrative Measures for Access of Foreign Investment (Negative List) are not violated and domestic invested projects are true and compliant.

This Appendix sets forth summaries of certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Taxation and Foreign Exchange" in Appendix III to this document. This Appendix also contains a summary of certain Hong Kong legal and regulatory provisions, including summaries of certain requirements of the Listing Rules and additional provisions required by the Hong Kong Stock Exchange for inclusion in the articles of association of the PRC issuers.

PRC LAWS AND REGULATIONS

PRC Legal System

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 Amendment) (《中華人民共和國立法法(2023修正)》) (the "**Legislation Law**"), the NPC and SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, PBOC, the State Audit Administration as well as the other organs endowed with administrative functions directly under the State Council may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, environmental protection, and historical culture protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such regulations and rules.

PRC Judicial System

Under the Constitution and the Law on the Organisation of the People's Courts of the PRC (2018 Revision) (《中華人民共和國人民法院組織法(2018修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial organ in the PRC. It supervises the judicial administration of the people's courts at all levels.

Under the Constitution and the Law of Organization of the People's Procuratorate of the PRC (2018 revision) (《中華人民共和國人民檢察院組織法(2018修訂)》), the PRC People's Procuratorates are divided into the Supreme People's Procuratorate, local people's procuratorates at various levels, and specialized people's procuratorates such as the Military Procuratorate. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate directs the work of the local people's procuratorates and specialized people's procuratorates at all levels, and the people's procuratorates at higher levels direct the work of the people's procuratorates at lower levels.

The PRC Civil Procedure Law (2023 Amendment) (《中華人民共和國民事訴訟法(2023修正)》) (the "**Civil Procedure Law**"), which was adopted in 1991 and last amended in 2023, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the principle of reciprocity to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgement or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgement made by the court within the stipulated time, the court will, upon application by either party, enforce the judgement in accordance with the law.

A party seeking to enforce a judgement or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgement or ruling. Where a judgment or ruling made by a foreign court which has come into legal effect requires recognition and enforcement by a people's court, a party may apply directly to the intermediate people's court which has jurisdiction for recognition and enforcement, or the foreign court may, pursuant to the provisions of the international treaty concluded or acceded to by the country of the foreign country and the People's Republic of China or under the principle of reciprocity, request for recognition and enforcement by the people's court.

The Company Law, Trial Measures and Guidance for Articles of Association of Listed Companies

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Stock Exchange is mainly subject to or refer to the following laws and regulations in the PRC:

- The Company Law which was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023 respectively and the latest amendment of which was implemented on July 1, 2024.

- The Trial Measures and five relevant guidelines which were promulgated by the CSRC on February 17, 2023 pursuant to Securities Law of the PRC (《中華人民共和國證券法》) (the "**Securities Law**"), came into effect on March 31, 2023, and were applicable to the direct and indirect overseas share subscription and listing of domestic companies; and

- The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidance for Articles of Association**") which was latest amended and came into effect on December 15, 2023 by the CSRC. The related Guidance for Articles of Association are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled "Appendix V — Summary of the Articles of Association" in this document.

Below sets out a summary of the major provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association:

General

A joint stock limited company refers to an enterprise legal person incorporated under the Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its debts for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. If it is provided by law that the joint stock limited company shall not be a contributor that undertakes joint and several liabilities for the debts of the invested companies, such provisions shall apply accordingly.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC. The promoters must convene an inaugural meeting within 30 days after the full payment of the shares to be issued at the time of the establishment of the company, and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of subscribers holding a majority of the voting rights. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must authorize a representative to apply to the registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority.

If a promoter does not contribute in accordance with the shares subscribed for by it or if the actual value of the non-monetary property contributed as capital is significantly less than the shares subscribed for, the other promoters shall be jointly and severally liable with it to the extent of the shortfall in the capital contribution.

Share Capital

The promoters of a company can make capital contributions in cash or in non-monetary assets which can be valued in currency and transferable according to law, such as physical items, intellectual property rights, land use rights, equity interests, creditor's rights and so on, except for properties that are prohibited from being used as capital contributions under the provisions of laws and administrative regulations.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

The shares issued by a company shall be registered shares.

The Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or RMB.

Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorise the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

The share offering price may be equal to or greater than nominal value, but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations.

Shares issued by a company prior to the public offering of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall declare to the company their holdings of the company's shares and the status of changes therein, and shall not transfer over 25% of the shares held by each of them in the company each year during the term of office determined at the time of assumption of office or transfer any share of the company held by each of them within one year after the listing date.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' general meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with the Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Registered Shares

Under the Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with valuated non-monetary property that may be valued in monetary term and may be transferred in accordance with the law, such as physical items, intellectual property rights, land-use rights, equity interests, creditor's rights and so on, except for properties that are prohibited from being used as capital contributions under the provisions of laws and administrative regulations. Pursuant to the Trial Measures, domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or RMB.

Under the Company Law, the shares issued by a company shall be registered shares. A joint stock company shall maintain a register of shareholders to be kept at the company, stating the following matters:

- the name and domicile of each shareholder;
- the type of shares subscribed by each shareholder and the number of shares;
- the serial numbers of the share certificate, if issued in paper form; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. In the case of the issue of shares without par value, more than half of the proceeds of issue of the new shares is to be included in the registered capital.

When a company offers shares to the public, it shall be registered by the securities regulatory authority under the State Council and announce a document. When the shares issued by the company are fully paid up, a public announcement shall be made accordingly.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper or the National Enterprise Credit Information Publicity System within 30 days from the date of the resolution on the reduction;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts.

Repurchase of Shares

According to the Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who request and are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) use of shares for conversion of convertible corporate bonds issued by the company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' equity.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' general meeting.

Following the purchase of shares in accordance with (i), such shares shall be cancelled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total outstanding shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If a listed company purchases its shares under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralised trading shall be adopted publicly.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Pursuant to the Trial Measures, for a domestic company directly offering and listing overseas, the shareholders of its domestic unlisted shares applying to convert its domestic unlisted shares into overseas listed shares and listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and appoint the domestic company to file with the CSRC.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law.

Under the Company Law, the shareholders' general meeting exercises the following principal functions:

- to elect and change directors and supervisors, and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the Company's profit distribution plan and loss recovery plan;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and change of company form;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;

- when the board of supervisors proposes; or

- other circumstances as provided for in the articles of associations.

Under the Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the Company Law, notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting. Under the Guidance for Articles of Association, after the notice of the general meeting of shareholders is issued, the general meeting of shareholders shall not be postponed or cancelled without justifiable reasons, and the proposals listed in the notice of general meeting of shareholders shall not be cancelled. In the event of postponement or cancellation, the convener shall make an announcement and explain the reasons at least two working days before the original meeting date.

There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting. Pursuant to the Guidance for Articles of Association, the board of directors and the Secretary of the board of directors will cooperate with the general meeting of shareholders convened by the board of supervisors or shareholders. The board of directors will provide the register of shareholders on the date of equity registration. Moreover, when a general meeting of shareholders is held, all directors, supervisors and the secretary of the board of directors of the company shall attend the meeting, and managers and other senior management personnel shall attend the meeting as nonvoting delegates.

Pursuant to the Company Law, shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the general meeting of shareholders. The convener shall issue a supplementary notice of the general meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, except the shareholders of classified shares, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law and the Guidance for Articles of Association, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) equity incentive plan; (iv) the company purchases or sells major assets within one year or any guaranty provided to others by the company within one year exceeds 30% of the company's total audited assets in the latest period; (v) the merger, division, dissolution, liquidation or change in the form of the company; (vi) other matters stipulated by laws, administrative regulations or the Articles of Association, as well as other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

Under the Company Law, a joint stock limited company is required to establish a board of directors. A joint stock limited company that is of small size or has a small number of shareholders may not have a board of directors and may have one director who exercises the powers and functions of the board of directors as provided for in the Company Law. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;
- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's profit distribution proposals and loss recovery proposals;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to decide on the setup of the company's internal management organisation;
- to appoint or dismiss the company's manager and decide on his remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy manager and financial officer of the company and to decide on their remunerations;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorisation to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempted from that liability.

Chairman of the Board

Under the Company Law, the board of directors shall appoint a chairman. The chairman is elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. In the event that the chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;

- a person who has been convicted of an offence of corruption, bribery, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;

If he/she has been pronounced on a suspended sentence, the period of two years has not elapsed since the expiration of the suspension of sentence;

- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of revocation of business license and the order for closure; or

- a person who is listed as a dishonest person subject to enforcement by the people's court due to his failure to pay off a relatively large amount of due debts.

Other circumstances under which a person is disqualified from acting as a director are set out in the Guidance for Articles of Association.

Board of Supervisors

Under the Company Law, a joint stock limited company may, in accordance with the provisions of its articles of association, establish an audit committee under the board of directors comprising directors to exercise the powers and functions of the supervisory board, in place of a supervisory board or supervisors. Otherwise, a joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors. Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise. The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman. The chairman of the board of supervisors is elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors of a company shall hold at least one meeting every six months. According to the Company Law, a resolution of the board of supervisors shall be passed by more than half of all the supervisors.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' general meeting;

- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;

- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;

- to initiate proposals for resolutions to shareholders' general meeting;

- to initiate proceedings against directors and senior management;

- other powers specified in the articles of association; and

- Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the Company Law, a company shall have a manager who shall be appointed or removed by the board of directors.

The manager shall exercise his powers in accordance with provisions of the articles of association or as authorised by the board of directors. The manager attends board meetings.

According to the Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association. Directors, supervisors and senior management have fiduciary and diligent duties to the company and should take measures to avoid any conflict between their own interests and the interests of the company and not make use of their powers to obtain improper benefits. Directors, supervisors and senior management have a duty of diligence to the company and should exercise reasonable care in performing their duties in the best interests of the company, as would normally be expected of a manager.

Directors, supervisors and senior management are prohibited from:

- misappropriating company property or funds;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- giving bribes or accepting any other illegal proceeds by taking advantage of his power;
- taking commissions from the transactions between the company and any other person into his own pocket;
- unauthorized divulgence of confidential business information of the company; or
- other acts in violation of their fiduciary duty to the company.

Directors, Supervisors and senior management, who directly or indirectly enter into contracts or conduct transactions with the company, shall report to the board of directors or the shareholders' general meeting on matters relating to the entering into of such contracts or the conduct of such transactions, which shall be approved by a resolution of the board of directors or the shareholders' general meeting in accordance with the provisions of the articles of association of the company.

Directors, supervisors and senior management shall not use the convenience of their positions to seek business opportunities belonging to the company for themselves or others, except in the following circumstances: (i) after reporting to the board of directors or the shareholders' general meeting and a resolution by the board of directors or the shareholders' general meeting in accordance with the articles of association of the company has been passed; or (ii) the company is unable to take advantage of the business opportunity in accordance with the provisions of the laws, administrative regulations or the articles of association of the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable for the damages to the company.

Finance and Accounting

Under the Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the Company Law, a joint stock limited company shall prepare and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. A joint stock limited company which has issued shares to the public must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association. Shares held by the company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

After a company reduces its registered capital in accordance with the provisions of the PRC Company Law, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

The company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting, board of directors or board of supervisors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting, board of directors or the board of supervisors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Guidance for Articles of Association provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the general meeting of shareholders.

Distribution of Profits

According to the Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved by reason of the following:

(i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association occurred; (ii) the shareholders' general meeting has resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked, or the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders. If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

In the event of (i) or (ii) above, a company may carry on its existence by amending its articles of association or by a resolution of the shareholders' general meeting if it has not distributed its assets to its shareholders yet. The amendment of the articles of association or resolution of a shareholders' general meeting in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established. The directors shall be the liquidation obligors of the company and form a liquidation group to carry out liquidation within 15 days after the occurrence of an event of dissolution.

The members of the company's liquidation group shall be composed of its directors except where the articles of association provide otherwise or the shareholders resolve to elect another person. If a liquidation group is not established within the stipulated period or fails to carry out the liquidation after its formation, any interested party may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to liquidate the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to distribute the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance with the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to apply for deregistration.

The members of the liquidation group are obliged to perform their liquidation duties with fidelity and diligence. The members of the liquidation group shall be liable for damages caused to the company if they are negligent in performing their liquidation duties. A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

According to the Trial Measures, where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall be filed in accordance with the provisions of the first paragraph of this article. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

If a share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The Securities Law has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

Remedies of Company

According to the Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages.

Securities Law and Regulations

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) deals with the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

The Securities Law took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council to list its shares outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (2017 Amendment) (《中華人民共和國仲裁法(2017修正)》) (the "**Arbitration Law**") was passed by the SCNPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognised and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the SCNPC simultaneously with the accession of the PRC that (i) the PRC will only recognise and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangements of the Supreme People's Court on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000 and was amended by the Supplemental Arrangement of the Supreme People's Court for the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (2021) (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排(2021)》). In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC. Where a court of the mainland China finds that enforcement in the mainland China of the ruling made by the Hong Kong arbitral authority will violate public interests of the mainland China, execution of the ruling may be ignored.

Judicial judgement and its enforcement

According to the Arrangement of the Supreme People's Court between the Mainland and the Hong Kong Special Administrative Region (the "**HKSAR**") on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**") promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgement, defined with payment amount and enforcement power, made between the court of PRC and the court of the HKSAR in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of Mainland China or the court of the HKSAR for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of Mainland China or the court of the HKSAR in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of Mainland China or the court of the HKSAR to recognised and enforce the final judgement made in Mainland China or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 18, 2019, the PRC Supreme Court and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement came into effect on January 29, 2024.

SHARES AND REGISTERED CAPITAL

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank pari passu with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by any subscriber.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase and Decrease of Shares

According to the operation and development needs of the Company, subject to the laws, regulations and the Articles of Association, the Company may increase the capital by the following ways upon approval of special resolutions at the Shareholders' general meeting:

(1) public issuance of shares;

(2) non-public issuance of shares;

(3) distribution of bonus shares to existing shareholders;

(4) capitalization of common reverse fund;

(5) other means stipulated by laws and administrative regulations or approved by the Securities regulatory authorities, stock exchanges and other relevant regulatory agencies of the place where the Company's shares are listed.

The Shareholders' general meeting may authorize the Board of Directors to decide to within three years issue not exceeding 50% of the issued shares. However, a resolution of the shareholders' general meeting shall be required in the case of capital contributions in the form of non-monetary property.

If the Articles of Association or the Shareholders' general meeting authorises the Board of Directors to decide on the issuance of new shares, the resolution of the Board of Directors shall be adopted by at least two thirds of all the directors.

Repurchase of Shares

Company shall not repurchase its own shares, unless otherwise under the circumstances:

(1) reducing the Company's registered capital;

(2) merging with other companies holding our shares;

(3) using the shares as an employee stock ownership plan or equity incentive plan;

(4) purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders' general meeting upon their request;

(5) use of shares for conversion of convertible corporate bonds issued by the Company;

(6) necessary for the Company to maintain its value and protect the interests of the shareholders;

(7) other circumstances permitted by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed.

A resolution shall be passed at the Shareholders' general meeting when the Company is to repurchase its own shares under the circumstances (1) and (2) set out above. In case of the circumstances stipulated in (3), (5), and (6) above, a resolution of the Company's Board shall be passed by at least two-thirds of the Directors attending the Board meeting subject to the Articles of Association or the authorization of the Shareholders' general meeting. After the Company has repurchased its own shares in accordance with the circumstances (1) to (6) set out above, the shares so repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (1) above), or shall be transferred or canceled within six months (under the circumstances set out in (2) and (4) above). If the Company repurchases its shares under the circumstances set out in (3), (5) and (6) above, the total number of shares held by the Company shall not exceed ten percent of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

Subject to the approval by the relevant competent authorities of the State, the Company may repurchase its shares in one of the following ways:

(1) open centralized trading;

(2) other ways recognized by laws, administrative regulations, the CSRC and other stock exchanges of the place where the Company's shares are listed, and shall comply with the provisions of applicable laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed.

In case of the circumstances stipulated in (3), (5), and (6) above, the Company shall repurchase its shares in open centralized trading.

After the acquisition of the Company's shares, the Company shall fulfill its disclosure obligations in accordance with laws, administrative regulations, rules, normative documents, the Listing Rules and other relevant provisions.

Transfer of Shares

Shares of the Company that were issued before the public offering shall not be transferred within one year from the date on which shares of the Company are listed on the stock exchange.

The Directors, Supervisors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The annual transfer of shares during the term of office as determined at the time of their assumption of office shall not exceed 25% of their total holdings of shares of the same class of the Company. The shares of the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed on the stock exchange. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. Where the listing rules of the place where the Company's shares are listed provide otherwise in respect of the restrictions on the transfer of overseas listed shares, such rules shall prevail. If the shares are pledged within the restricted transfer period stipulated by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted transfer period.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

Shareholders

The Company shall establish a register of Shareholders based on the certificates provided by the securities registration authority and the register of Shareholders is sufficient evidence to prove that the Shareholders hold the shares of the Company. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

Shareholders of the Company enjoy the following rights:

(1) to receive dividends and other forms of interest distributions in proportion to the shares they hold;

(2) to file a petition of, to convene, hold and attend the Shareholders' general meetings either in person or by proxy and exercise their corresponding voting rights according to laws, unless individual shareholders are required by the Listing Rules to waive their voting rights in respect of individual matters;

(3) to supervise, present suggestions on or make inquiries about the business operations of the Company;

(4) to transfer, donate or pledge their shares in accordance with laws, administrative regulations and the Articles of Association;

(5) to inspect and copy the Articles of Association, register of Shareholders, minutes of Shareholders' general meetings, resolutions of the Board meetings, resolutions of the meetings of Board of Supervisors, financial and accounting reports;

(6) to participate in the distribution of the remaining properties of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;

(7) to request the Company to purchase their shares for the Shareholders who object to the Company's resolution on merger or division made by the Shareholders' general meetings; and

(8) the shareholders who individually or collectively hold 3% or more of the Company's Shares for 180 consecutive days or more may inspect the accounting books and vouchers of the Company;

(9) to enjoy other rights stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

In the event that any resolution of the Shareholders' general meeting or resolution of the Board of Directors violates laws or administrative regulations, the Shareholder is entitled to request the People's Court to deem it as invalid. In the event that the convening procedure or voting method of the Shareholders' general meeting or the Board meeting violates any of laws, administrative regulations or the Articles of Association, or any resolution of which violates the Articles of Association, the Shareholder is entitled to request the People's Court to overturn the resolution within 60 days upon the resolution was adopted, except where there are only some minor defects in the convening procedures or the voting method of the Shareholders' general meeting or the Board of Directors, which do not materially affect the resolution.

Any shareholders who have not been notified to attend the Shareholders' general meeting may, within 60 days as of the date when they know or ought to know that the resolution of the Shareholders' general meeting had been made, request the people's court to overturn the resolution. If the right has not been exercised within one year as of the date when the resolution was made, it shall be extinguished.

Shareholders of the Company shall assume the following obligations:

(1) to abide by the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(2) to pay subscription monies according to the shares subscribed and the method of subscription;

(3) not to withdraw the shares unless required by the laws and administrative regulations;

(4) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders, and not to abuse the status of the Company as an independent legal entity and the limited liability of shareholders to jeopardize the interests of any creditors of the Company; Where any shareholder of the Company abuses the shareholders' rights and incur losses to the Company or other shareholders, such shareholder shall be liable for the damages according to laws. Where shareholders of the Company abuse the Company's status as an independent legal entity and the limited liability of shareholders for the purposes of evading debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company;

(5) other obligations imposed by the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed and the Articles of Association.

General Provisions for Shareholders' General Meetings

The Shareholders' general meeting is the organ of authority of the Company, which exercises the following powers in accordance with applicable laws and regulations:

(1) to elect or remove the Directors and Supervisors (other than the employee representatives) and to decide on matters relating to the remuneration of Directors and Supervisors;

(2) to examine and approve reports of the Board of Directors;

(3) to examine and approve reports of the Board of Supervisors;

(4) to examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

(5) to decide on any increase or decrease of the Company's registered capital;

(6) to decide on the issue of corporate bonds by the Company;

(7) to decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(8) to amend the Articles of Association;

(9) to decide on the appointment and dismissal of an accounting firm, and the remuneration matters of the accounting firm by the Company;

(10) to examine and approve the provision of guarantees stipulated in Article 44;

(11) to examine the Company's transactions that meet one of the following criteria (other than providing guarantees and financial assistance):

1) the total assets involved in the transaction (if there are both book value and appraised value, whichever is higher) account for more than 50% of the Company's audited total assets in the latest period;

2) the transaction amount accounts for more than 50% of the Company's audited net assets in the latest period, and exceeds 50 million yuan;

3) the business income related to the transaction object (such as equity) in the most recent fiscal year accounts for more than 50% of the audited business income of the Company in the most recent fiscal year, and exceeds 50 million yuan;

4) the profit generated by the transaction accounts for more than 50% of the Company's audited net profit in the most recent fiscal year, and exceeds 10 million yuan;

5) the net profit related to the subject matter of the transaction (such as equity) in the most recent fiscal year accounts for more than 50% of the audited net profit of the Company in the most recent fiscal year and exceeds 10 million yuan.

If the data involved in the calculation of the above criteria is negative, its absolute value is calculated.

However, transactions in which the Company obtains benefits unilaterally, including receiving cash assets, obtaining debt relief, receiving guarantees and funding, may be exempted from the review procedure of the shareholders' meeting in accordance with the above provisions.

In addition to the provision of guarantees, financial assistance and entrusted financial management and other matters otherwise provided for in the Articles of Association or relevant laws, administrative regulations and government rules, when the Company carries out the same type of transactions related to the subject matter, it shall be calculated in a continuous 12 months, and the transactions that have been reviewed by the Shareholders' general meeting shall no longer be included in the relevant cumulative calculation scope.

(12) to examine matters relating to the purchases and disposals of the Company's material assets or the amount of guarantees provided to others by the Company within one year, which exceed 30% of the Company's latest audited total assets;

(13) to examine and approve transactions between the Company and related parties that meet the requirements of the Listing Rules and are subject to approval by the Shareholders' general meeting (unless exempted by the Hong Kong Stock Exchange);

(14) to examine and approve matters relating to changes in the use of proceeds;

(15) to examine and approve the equity incentive plans and employee stock ownership plans;

(16) to examine the following matters concerning the Company's provision of external financial assistance:

1) the asset-liability ratio of the funded object in the latest period exceeds 70%;

2) the amount of single financial assistance or the cumulative amount of financial assistance provided within 12 consecutive months exceeds 10% of the Company's latest audited net assets;

3) other circumstances of providing financial assistance that should be examined and approved by the Shareholders' general meeting as provided by laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

(17) to examine other matters as required by laws, administrative regulations, departmental rules, the Listing Rules and the Articles of Association of the Company or the securities regulatory rules of the place where the Company's shares are listed, which shall be decided by the Shareholders' general meeting.

The following provision of guarantees to third parties by the Company are subject to the consideration and approval by the Shareholders' general meeting:

(1) any guarantee provided after the total amount of guarantee to third parties provided by the Company and its controlled subsidiaries has exceeded 50% of the Company's latest audited net assets;

(2) any guarantee provided after the total amount of guarantee to third parties provided by the Company has exceeded 30% of the Company's latest audited total assets;

(3) the cumulative guarantee amount in the last 12 months has exceeded 30% of the Company's latest audited total assets;

(4) a guarantee provided to a party with an asset-liability ratio of over 70%;

(5) a single guarantee that exceeds 10% of the Company's latest audited net assets;

(6) the guarantee to be provided to shareholders, beneficial controllers and their related parties;

(7) other circumstances required by laws, administrative regulations, normative documents, the Listing Rules and securities regulatory rules of the place where the Company's shares are listed or other regulatory documents or the Articles of Association of the Company.

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting is convened once a year and shall be held within six months after the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(1) where the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;

(2) where the losses of the Company that have not been made up reach one-third of its total capital stock;

(3) where it is requested by a shareholder alone or shareholders together holding more than 10 percent of the Company's shares;

(4) the Board of Directors considers it necessary;

(5) the Board of Supervisors proposes that such a meeting shall be held;

(6) other circumstances conferred by the laws, administrative regulations, departmental rules, the Listing Rules and securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If an extraordinary general meeting is convened in accordance with the provisions of the securities regulatory rules for the Company's stock listing, the actual convening date of the extraordinary general meeting may be adjusted based on the approval progress of the securities exchange where the Company's shares are listed.

Convening of Shareholders' General Meetings

The board of directors is responsible for convening the Shareholders' general meeting.

Shareholders who individually or collectively hold more than 10% of the shares of the Company and independent director shall have the right to request the Board of Directors to convene an extraordinary general meeting, and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Listing Rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, provide written feedback on whether or not to convene the extraordinary general meeting within 10 days after receiving the request.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after the resolution of the Board of Directors is made, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Board of Supervisors to hold an extraordinary general meeting, and shall make a written request to the Board of Supervisors.

Where the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Supervisors fails to issue a notice of the general meeting within the prescribed time limit, it shall be deemed that the Board of Supervisors has not convened and presided over the general meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over it on their own.

Where the Board of Supervisors or shareholders decide to convene a Shareholders' general meeting by themselves, they shall notify the Board of Directors in writing and file with the Shenzhen Stock Exchange at the same time. Prior to the announcement of the resolution of the Shareholders' general meeting, the shareholding ratio of the convening shareholders shall not be less than 10%. The Board of Supervisors or the convening shareholders shall submit relevant supporting materials to the Shenzhen Stock Exchange when issuing the notice of the general meeting and the announcement of the resolutions of the Shareholders' general meeting.

The expenses necessary for the Shareholders' general meeting convened by the Board of Supervisors or the shareholders themselves shall be borne by the Company.

The Shareholders' general meeting shall be chaired by the chairman. When the chairman is unable to perform his duties or fails to perform his duties, the chairman shall be presided over by a director jointly elected by more than half of the directors.

Notice of Shareholders' General Meeting

The convener shall notify all Shareholders by way of announcement 21 days prior to the convening of the annual general meeting, and each Shareholder shall be notified by way of announcement 15 days prior to the convening of the extraordinary general meeting. The date of the meeting shall not be included in the calculation of the commencement period.

The notice of a Shareholders' general meeting shall include the following:

(1) the time, place and duration of the meeting;

(2) matters and proposals submitted to the meeting for consideration;

(3) in plain language: all Shareholders have the right to attend the general meeting of shareholders, and may entrust a proxy in writing to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company;

(4) the shareholding registration date of the Shareholders entitled to attend the general meeting;

(5) name and telephone number of the permanent contact person for conference affairs;

(6) voting time and voting procedures on the Internet or in other ways;

(7) other circumstances required by laws, administrative regulations, departmental rules, the Listing Rules and securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The notice and supplementary notice of the Shareholders' general meeting shall fully and completely disclose all the specific contents of all proposals. Where an independent director is required to express opinions on matters to be discussed, the opinions and reasons of the independent directors shall be disclosed at the same time when the notice of Shareholders' general meeting and the supplementary notice are issued.

Proposals at Shareholders' General Meetings

The Board of Directors, the Board of Supervisors and Shareholders who individually or jointly hold more than 1% of the shares of the Company shall have the right to put forward proposals to the Company at the Shareholders' general meeting. Shareholders who individually or collectively hold more than 1% of the shares of the Company may submit an interim proposal in writing to the convener 10 days prior to the convening of the Shareholders' general meeting. The convener shall issue a supplementary notice of the Shareholders' general meeting within 2 days after receiving the proposal, and announce the contents of the interim proposal.

Proxy for the Shareholders' General Meeting

A shareholder may attend and vote at the shareholders' general meeting in person or by proxy.

Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents or proof of shareholding. Proxies attending the meeting shall present their personal identity cards and the proxy statements from the shareholder and exercise voting rights within the authorized scope.

Corporate shareholders shall be represented by its legal representative or proxies authorized by the legal representative. Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative. Proxies authorized to attend the meeting shall present their personal identity cards or the written proxy statement legally issued by the legal representative of the legal person shareholder, except for shareholders who are a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed (hereinafter referred to as the "Recognized Clearing House") or its proxy.

If the shareholder is a Recognized Clearing House, the shareholder may authorize one or more persons it deems fit to act as its proxy at any general meeting or any meeting of creditors; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may act on behalf of the Recognized Clearing House as if such person were an individual shareholder of the Company (without presenting shareholding certificates, notarized authorization and/or further evidence of its duly authorization).

If the power of attorney is signed by another person authorized by the principal, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document, together with the instrument appointing the voting proxy, shall be deposited at the domicile of the Company or at such other place as specified in the notice of the meeting twenty-four hours prior to the convening of the relevant meeting or twenty-four hours prior to the designated time for voting.

If the principal is a legal person, its legal representative or the person authorized by a resolution of the Board or other decision-making body shall attend the shareholders' general meeting of the Company as the representative of such legal person.

The power of attorney issued by a shareholder to appoint another person to attend a general meeting shall contain the following particulars:

(I) name of the proxy and the number of shares represented by the proxy;

(II) with or without voting rights;

(III) instructions to vote for, against or abstain from voting on each matter to be considered that are included on the agenda of the shareholders' general meeting, respectively;

(IV) date of issuance and date of expiry of the power of attorney;

(V) signature (or seal) of the principal. If the principal is a corporate shareholder, the seal of the corporate shall be affixed.

The power of attorney should state whether the proxy may vote as he/she wishes if the shareholder does not give specific instructions. If no such instruction is given, it is deemed that the proxy of the shareholder may vote as he/she wishes.

Voting at the Shareholders' General Meeting

Resolutions at shareholders' general meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution at a shareholders' general meeting shall be passed by more than half of the voting rights held by the shareholders present at the shareholders' general meeting (including proxies). A special resolution at a shareholders' general meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting (including proxies).

Shareholders (including their proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote.

Shareholders (including proxies) with two or more votes are not bound to cast all their votes in favor or against. Where material issues affecting the interests of minority shareholders are considered at the shareholders' general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the shareholders' general meeting.

If any shareholder, under applicable laws and regulations and Listing Rules, is required to abstain from voting on any particular matter being considered or is restricted to voting only for or only against any particular matter being considered, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

If a shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the shareholders' general meeting for thirty-six months after the purchase.

The Board of Directors, independent Directors, shareholders holding more than one per cent of the shares with voting rights or investor protection agencies established in accordance with laws, administrative regulations or the provisions of the CSRC may publicly solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall provide full disclosure of information such as specific voting intentions to the solicited person.

The solicitation of shareholders' voting rights by way of remuneration or disguised remuneration is prohibited. Except for statutory conditions, the Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

Where a related party transaction is considered at a shareholders' general meeting, the interested shareholder(s) shall abstain from voting, and the voting shares held by the interested shareholder(s) shall not be counted in the total number of voting shares. The announcement on the resolutions of the shareholders' general meeting shall fully disclose the voting of the non-interested shareholders.

The following matters shall be passed by ordinary resolutions at the shareholders' general meeting:

(I) work reports of the Board of Directors and the Board of Supervisors;

(II) plans for the distribution of profits and for recovery of losses proposed by the Board;

(III) the election and removal of the members of the Board of Directors and the Board of Supervisors and their remuneration and payment method;

(IV) the annual report of the Company;

(V) resolution on appointment and dismissal of an accounting firm and the audit fees of the accounting firm by the Company;

(VI) Any other matters other than those shall be passed by special resolutions as required by laws, administrative regulations, the Listing Rules and the listing rules of the place where the shares of the Company are listed, or the Articles of Association.

The following matters shall be passed as special resolutions of a shareholders' general meeting:

(I) the increase or reduction of the registered capital of the Company;

(II) the division, spin-off, merger, dissolution and liquidation of the Company or voluntary winding-up;

(III) any amendment to the Articles of Association;

(IV) purchase or sale of significant assets within a year or guarantee to others, the amount of which exceeds 30% of the Company's audited total assets for the latest period;

(V) share option incentive plan and employee stock ownership plan;

(VI) any other matters stipulated by laws, administrative regulations, the Listing Rules and securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, which have a significant impact on the Company if to be passed by an ordinary resolution of a shareholders' general meeting and which are deemed necessary to be passed as a special resolution.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors of the Company may include executive Directors, non-executive Directors and independent Directors.

Directors shall be elected or replaced at a shareholders' general meeting, and can be removed by a shareholders' general meeting before the expiry of the term of office. Directors' term of office shall be three years, and upon expiry of the term of office, the Director may be re-elected.

The term of office of a Director shall be from the date of appointment to the expiry of term of office of the current Board. Where re-election is not promptly carried out upon expiry of the term of office of a Director, prior to appointment of a new Director, the original Director shall continue to carry out director duties pursuant to the provisions of laws, administrative regulations, ministry rules and the Articles of Association.

A Director may resign prior to expiry of his/her term of office. A resigning Director shall submit a written resignation report to the Board of Directors. Where the resignation of the Director will render the number of Directors to fall below the statutory quorum, or if the resignation of an independent director will lead to the proportion of independent directors in the company's board of directors or its special committees not complying with legal regulations or absence of accounting professional among the independent Directors, the original Director shall continue to perform director duties pursuant to the provisions of laws, administrative regulations, ministry rules and the Articles of Association prior to appointment of his/her replacement.

Except as set out in the preceding paragraph, the resignation of a director shall take effect on the date of receipt of the written resignation by the Company.

Chairman

The Board of Directors shall appoint a Chairman. The Chairman shall be elected by more than one half of all Directors.

The Chairman shall exercise the following functions and powers:

(I) to preside over shareholders' general meetings and to convene and to preside over Board meetings;

(II) to supervise and inspect the implementation of Board resolutions;

(III) to ensure that directors receive adequate and timely information, which is accurate, clear, complete and reliable;

(IV) to ensure that appropriate steps are taken to maintain effective contact with shareholders and that shareholder views are communicated to the Board of Directors as a whole;

(V) to ensure good corporate governance practices are in place;

(VI) to examine and approve other matters other than the functions and powers of the shareholders' meeting, the board of directors and the general manager as prescribed by laws, regulations or the Articles of Association; and

(VII) to exercise other functions and powers conferred by the Board.

Board of Directors

The Board of Directors consist of nine Directors.

The Board of Directors shall be accountable to the Shareholders' general meetings and shall exercise the following functions and powers:

(I) to convene Shareholders' general meetings, and submit work reports to the Shareholders' general meeting;

(II) to implement the resolutions of Shareholders' general meetings;

(III) to resolve on the Company's business plans and investment plans;

(IV) to formulate the Company's profit distribution plan and plan for making up of losses;

(V) to formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plan;

(VI) to formulate the Company's plans for significant acquisition, acquisition of the Company's shares or merger, division, dissolution and change of company form;

(VII) to decide, within the scope of the mandate granted by the Shareholders' general meeting, on the Company's external investments, acquisition and sale of assets, mortgage of assets, external guarantees, entrusted wealth management, related party transactions, external donations, etc;

(VIII) to decide on the establishment of the Company's internal management organisations;

(IX) to decide on the appointment or dismissal of the general manager, secretary to the Board and other senior management members of the Company, and to decide on their remunerations, incentives and penalties; to decide on the appointment or dismissal of senior management members such as the deputy general manager or person-in-charge of finance of the Company based on the nominations by the general manager, and to decide on their remunerations, incentives and penalties;

(X) to formulate and amend the basic management system of the Company;

(XI) to formulate the proposals for any amendment to the Articles of Association;

(XII) to manage information disclosure of the Company;

(XIII) to propose to the Shareholders' general meeting on appointment or change of the accounting firms which provide audit services to the Company;

(XIV) to listen to work reports of the general manager of the Company and inspect his/her work; and

(XV) any other functions and powers stipulated by laws, administrative regulations, ministry rules, the Articles of Association or conferred by the Shareholders' general meeting.

Meetings of the Board of Directors shall be classified into regular meetings and extraordinary meetings. The Board of Directors shall convene at least four meetings every year and the Chairman shall convene the Board meetings. A written notice of a regular meeting of the Board of Directors shall be served 14 days before the meeting on all Directors and Supervisors.

Any shareholder(s) holding 1/10 or more of the voting rights, one-third or more of the Directors or the Board of Supervisors may propose the holding of an extraordinary meeting of the Board. The Chairman shall convene and preside over a Board meeting within 10 days from receipt of such proposal.

The notice of an extraordinary meeting of the Board shall be served by telephone and written notice (including personal delivery, fax and e-mail). Notice of the meeting shall be served on all Directors three days before the date of the meeting. In case of an emergency, with the unanimous consent of all Directors, the convening of an extraordinary meeting of the Board may not be limited by the aforementioned notice period, but this shall be recorded in the minutes of the Board meeting.

The Board meeting shall be held upon the attendance of more than half of Directors.

Resolutions made by the Board of Directors must be passed by more than half of all Directors of the Company. Voting on the resolutions of the Board of Directors shall be conducted on a one-person-one-vote basis.

If any Director has connection with the enterprise or individual involved in the resolution made at a Board meeting, such director shall submit a written report to the Board of Directors in a timely manner. The said Director shall not vote on the said resolution for himself/herself or on behalf of another Director. The Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the issue shall be submitted to the shareholders' general meeting for consideration. If there are any additional restrictions on Directors' participation in and voting at Board meetings in accordance with laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

Directors shall attend Board meetings in person. If any Director cannot attend the meeting for any reason, he/she may authorize in writing another Director to act on his/her behalf. The power of attorney shall set out the name of the proxy, the matters represented, scope of authorization and validity period, and shall be signed or sealed by the appointing Director. The appointed Director who attends the meeting shall exercise the Director's duties within the scope of authorization. If a Director does not attend a Board meeting in person and does not appoint a proxy to attend the meeting, he/she shall be deemed to have waived the voting rights at the meeting.

Special Committees under the Board

The Company has established the audit committee, the remuneration and appraisal committee, the nomination committee and the strategy and sustainable development committee under the Board of Directors according to the actual situation and needs.

The special committees shall be responsible to the Board of Directors, and perform their duties according to the Articles of Association and the authorization granted by the Board of Directors. The proposals shall be submitted to the Board of Directors for consideration and approval. All members of the special committees are composed of Directors, among which the number of independent Directors shall be over half of the audit committee, remuneration and appraisal committee and nomination committee, and they shall act as the chairman of the committees. The chairman of the audit committee shall be an accounting professional. A majority of the members of the Audit Committee shall not hold positions in the Company other than as directors and shall not have any relationship with the Company that may affect their independent and objective judgement. The Board of Directors is responsible for formulating the working procedures of the special committees and regulating their operations.

Secretary to the Board

The Company shall have a secretary to the Board, and shall be responsible for the preparation of the shareholders' general meeting and Board meeting, document keeping and management of information regarding the shareholders of the Company and other matters, and shall deal with information disclosure and other matters. The secretary to the Board shall comply with the relevant provisions of the laws, administrative regulations, departmental rules, the Listing Rules, securities regulatory rules of the place where the Company's shares are listed or other regulatory documents and the Articles of Association.

General Manager and Other Senior Management Members

The Company establishes one General Manager, several Deputy General Manager, all of whom are appointed or dismissed by the Board of Directors.

The General Manager, Deputy General Managers, Chief Financial Officer, and Secretary to the Board of Directors are senior executives of the Company.

The term of office of the general manager shall be three (3) years, renewable upon re-appointment.

The general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

(I) to be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the Board of Directors and report on works to the Board of Directors;

(II) to organize and implement the Company's annual business plan and investment proposals;

(III) to draft plans for the establishment of the Company's internal management organizations;

(IV) to draft the Company's basic management system;

(V) to formulate specific rules and regulations for the Company;

(VI) to propose to the Board of Directors on the appointment or dismissal of deputy general manager and Chief Financial Officer of the Company;

(VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(VIII) other functions and powers stipulated in the Articles of Association or conferred by the Board of Directors.

The general manager shall attend meetings of the Board of Directors.

Senior management members shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If any senior management member causes damage to the interests of the Company and its public shareholders due to failure in faithfully performing their duties or violation of his/her fiduciary duties, he/she shall be liable for compensation in accordance with laws.

SUPERVISORS AND BOARD OF SUPERVISORS

Supervisors

The Board of Supervisors shall include shareholder representatives and employee representatives, the ratio of employee representatives shall not be less than one-third of all Supervisors. The employee representatives sitting on the Board of Supervisors shall be elected by the employees through the employee representative congress, employee congress or any other democratic form.

Each Supervisor shall serve for a term of three years. Upon expiry of the term, the Supervisor may be re-appointed upon re-election. The Directors, general manager and other senior management members shall not act concurrently as Supervisors. Spouses, parents and children of directors and senior managers shall not act as company supervisors during their tenure.

Supervisors may be in attendance at Board meetings, and raise questions or suggestions pertaining to Board resolutions.

Supervisors shall comply with laws, administrative regulations and the Articles of Association and bear fiduciary obligations and diligence obligations towards the Company.

They shall not abuse their authority to accept bribes or other illegal income and shall not misappropriate the properties of the Company.

Board of Supervisors

The Company shall have a Board of Supervisors. The Board of Supervisors shall consist of three Supervisors including a chairman. The chairman of the Board of Supervisors shall be elected by a simple majority of all Supervisors. The meetings of the Board of Supervisors shall be presided over and chaired by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, such meeting shall be convened and presided over by a Supervisor nominated by more than half of the Supervisors.

The Board of Supervisors shall exercise the following functions and powers:

(I) to examine regular reports prepared by the Board of Directors and propose written examination suggestions;

(II) to review the Company's financial position;

(III) to supervise the Directors and senior management members' acts in performing their duties in the Company, and to propose a removal of any Director or senior management member in violation of any laws, administrative regulations, the Articles of Association or resolutions adopted at the shareholders' general meeting;

(IV) to demand any Director or senior management member who acts in a manner which is harmful to the Company's interest to rectify such behaviour;

(V) to propose to convene an extraordinary general meeting, and to convene and preside over shareholders' general meetings where the Board of Directors fails to perform its duty to do so as required by the Company Law;

(VI) to submit proposals to shareholders' general meetings;

(VII) to initiate legal proceedings against any Director or senior management member according to the Company Law;

(VIII) to investigate into unusual operation of the Company and if necessary, to engage an accounting firm, a law firm or other professional institutions to assist in its work at the expenses of the Company;

(IX) to require the Directors or senior management member to submit reports on the performance of their duties;

(X) any other functions and powers stipulated by laws, administrative regulations, ministry rules, the Articles of Association or conferred by shareholders' general meetings.

Meetings of the Board of Supervisors

The Board of Supervisors shall convene a meeting at least once every six months.

Supervisors may propose to convene extraordinary meetings of the Board of Supervisors.

Resolutions of the Board of Supervisors shall be passed by more than half of the members of the Board of Supervisors.

QUALIFICATIONS AND RESPONSIBILITIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

A person may not serve as a Director, Supervisor, general manager or other member of senior management of the Company in any of the following circumstances:

(I) a person who has no or restricted capacity for civil conduct;

(II) a person who has committed an offense of corruption, bribery, infringement of property, misappropriation of property or disruption of the socialism economic order and has been punished because of committing such offense, or who has been deprived of his/her political rights for committing an offense where less than five years have lapsed following the completion of the implementation of the punishment or in the case of being pronounced for suspended sentence, a two-year period has not elapsed since the expiration of the suspended sentence;

(III) a person who is a former director, factory manager or president of a company or enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where less than three years have lapsed following the date of the completion of the insolvency and liquidation of such company or enterprise;

(IV) a person who is a former legal representative of a company or enterprise which had its business license revoked or had been ordered to close down due to violation of the laws and has incurred personal liability, where less than three years have lapsed since the date of the revocation of such business license or the order for closure;

(V) a person who has been listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debt;

(VI) a person who is currently being prohibited from participating in the securities market as a director, supervisor, or senior executive of a listed company by the CSRC and such barring period has not elapsed;

(VII) a person who is currently being publicly deemed by the securities exchange as unsuitable for serving as a director, supervisor, or senior executive of the company, and the term of such disqualification has not expired;

(VIII) any other circumstances stipulated by laws, administrative regulations, departmental rules, the Listing Rules, securities regulatory rules of the place where the Company's shares are listed.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant authorities of the PRC.

The Company shall disclose the preliminary announcement of annual results within 3 months from the end of each fiscal year, and disclose the annual report within 4 months from the end of each fiscal year and at least 21 days before the shareholder's annual general meeting is held.

The company shall, within two months from the end of the first six months of the first half of each fiscal year, make a preliminary announcement of its interim results, and within three months from the end of the first six months of the first half of each fiscal year, prepare an interim report and disclose it.

The Company will not establish account books other than the statutory account books.

The assets of the Company shall not be deposited in any personal account.

The Company is required to allocate 10% of its profits into its statutory reserve fund when distributing each year's after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required. Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph.

Subject to a resolution of the shareholders' general meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund. After making up of losses and appropriation to reserve funds, balance of the profit after tax shall be distributed to shareholders in proportion to their shareholdings, unless otherwise stipulated in the Articles of Association.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

Reserve funds of the Company are used for recovering losses of the Company and expanding scale of operation of the Company or conversion into its capital. Where the reserve fund of the Company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve funds are converted to increase the registered capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

INTERNAL AUDIT

The Company has implemented an internal audit system and equipped with full-time auditors to conduct internal audit and supervision on the Company's financial revenues and expenditures and economic activities.

The internal audit system of the Company and the duties of the auditors shall be implemented upon approval by the Board. The person in charge of audit shall be accountable and report to the Board.

APPOINTMENT OF ACCOUNTING FIRM

The Company shall appoint such accounting firm, which has complied with the Securities Law, the Listing Rules and securities regulatory rules of the place where the Company's shares are listed, for carrying out the audit for the accounting statements, net asset verification and other relevant consultancy services. The term of appointment is one (1) year and can be re-appointed.

The appointment of accounting firm by the Company shall be subject to the approval of the shareholders' general meetings. The Board of Directors may not appoint accounting firm before the approval of the shareholders' general meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The audit fees of an accounting firm shall be determined at the shareholders' general meeting.

If the Company removes or no longer re-appoints the accounting firm, it shall notify such accounting firm ten (10) days in advance. When shareholders vote for the removal of such accounting firm, such accounting firm shall be entitled to state its opinions at the shareholders' general meeting.

Where the accounting firm resigns its office, it shall make clear to the shareholders' general meeting whether or not there are irregularities in the Company.

MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION OF THE COMPANY

Merger of the Company may take the form of absorption or establishment of a new company.

In the case of merger by absorption, a company absorbs any other company and the absorbed company shall be dissolved. Merger by establishment of a new company shall refer to the establishment of a new company as a result of merger of two or more companies and dissolution of the merger parties.

In the event of a merger, the merger parties shall enter into a merger agreement, and formulate a balance sheet and an inventory list for assets. The Company shall notify its creditors within 10 days from passing of the resolution on merger, and make an announcement within 30 days in newspaper or on the National Enterprise Credit Information Publicity System. Creditors may require the Company to repay the debts or to provide the corresponding guarantee within 30 days from receipt of notification or within 45 days from the date of announcement if they do not receive notification.

At the time of merger, the claims and debts of the merger parties shall be succeeded by the company which subsists after the merger or the newly-established company.

When the Company undergoes a division, its assets shall be divided accordingly. In the event of a division, a balance sheet and an inventory list for assets shall be prepared. The Company shall notify its creditors within 10 days from passing of the resolution on division, and make an announcement within 30 days in newspaper or on the National Enterprise Credit Information Publicity System.

The debts of the Company prior to the division shall be assumed jointly and severally by the companies arising from the division, unless provided otherwise in a written agreement reached by the Company and the creditors in respect of repayment of the debts prior to the division.

Where the Company needs to reduce its registered capital, it shall formulate a balance sheet and an inventory list for assets.

The Company shall notify its creditors within 10 days from passing of the resolution on reduction of registered capital, and make an announcement within 30 days in newspaper or on the National Enterprise Credit Information Publicity System. The creditors shall have the right to require the Company to repay the debts or to provide the corresponding guarantee within 30 days from receipt of notification or within 45 days from the date of announcement if they do not receive notification.

The reduced registered capital of the Company shall not be lower than the minimum statutory amount.

In the event of change in registration matters due to merger or division, the Company shall complete change registration formalities with the company registration authority pursuant to the law; where the Company is dissolved, the Company shall apply for deregistration pursuant to the law; where a new company is established, company establishment formalities shall be completed pursuant to the law.

If the Company increase or reduce its registered capital, the Company shall complete change registration formalities with the company registration authority pursuant to the law.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved for the following reasons:

(I) expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;

(II) A shareholders' general meeting has resolved on dissolution of the Company;

(III) dissolution is required due to the merger or division of the Company;

(IV) the Company's business licence is cancelled or the Company is ordered to be closed down or deregistered pursuant to the law; or

(V) where the Company has serious difficulties in its business management that cannot be resolved through any other means, and its subsistence will cause serious damages to the interests of its shareholders, the shareholders who hold 10% or more of the total voting rights of the Company may apply to the people's court for dissolution of the Company.

If any of the situations as mentioned in the preceding paragraph arises, the Company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the Company is dissolved pursuant to items (I), (II), (IV) or (V) above, it shall establish a liquidation committee for liquidation within 15 days after the dissolution circumstance arises. Directors are the liquidation obligors of the Company and the members of the liquidation committee shall be Directors or determined by the Shareholders' general meeting. If the liquidation committee is not duly set up within the specified period or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate related persons to form a liquidation committee to carry out liquidation. If the liquidation obligor fails to fulfil its liquidation obligations in a timely manner and causes losses to the company or creditors, it shall be liable for compensation.

The liquidation committee shall exercise the following functions and powers during the period of liquidation:

(I) to liquidate the Company's assets and compile a balance sheet and a property inventory separately;

(II) to inform creditors by notice or announcement;

(III) to deal with the outstanding businesses of the Company relating to liquidation;

(IV) to pay off the taxes owed and the taxes arising during liquidation;

(V) to clear credits and debts;

(VI) to distribute of the remaining assets of the Company after all the debts are paid off;

(VII) to participate in civil proceedings on behalf of the Company.

The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors haven't received the notice.

The creditors shall explain matters relating to their rights and provide relevant evidential documents.

The liquidation committee shall register the creditor's rights. The liquidation committee shall not pay off any debts to any creditors during the period of declaration of creditor's rights.

After the liquidation committee has liquidated the assets of the Company and has compiled a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the shareholders' general meeting or the People's Court for confirmation. The Company's assets shall be used respectively for payment of liquidation expenses, employees' wages, social security premiums and statutory compensation, and payment of tax in arrears and the Company's debts; the residual assets thereafter shall be distributed in accordance with the shareholding type and percentage of the shareholders.

During the liquidation period, the Company shall subsist but shall not engage in business activities unrelated to liquidation. The Company's assets shall not be distributed to shareholders prior to making repayment pursuant to the provisions of the preceding paragraph.

After the liquidation committee has liquidated the assets of the Company and compiled a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the people's court for bankruptcy and liquidation of the Company in accordance with the law.

After the people's court accepts the application for bankruptcy, the liquidation committee shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Following the completion of the liquidation of the Company, the liquidation committee shall formulate a liquidation report, submit it to the shareholders' general meeting or the People's Court for confirmation, deliver it to the company registry, apply for the cancellation of the Company's registration and publicly announce the Company's termination.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

(I) Following the revision of the Company Law or relevant laws, administrative regulations and the Listing Rules, the matters stipulated in the Articles of Association contradict the provisions of the revised laws, administrative regulations and the Listing Rules;

(II) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association; or

(III) The Shareholders' General Meeting has decided on making amendments to the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the shareholders' general meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of the changes shall be made with the company registration authority in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established as a limited liability company in the PRC on January 11, 2011 and was converted into a joint stock limited company on September 21, 2022 under the laws of the PRC. As of the Latest Practicable Date, the registered capital of the Company was RMB360,000,000.

Our principal place of business in Hong Kong is at 31/F., Tower Two, Times Square 1 Matheson Street, Causeway Bay Hong Kong. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●]. Ms. Chu Cheuk Ting has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is 31/F., Tower Two, Times Square 1 Matheson Street, Causeway Bay Hong Kong.

As our Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendices IV and V, respectively.

2. Changes in Share Capital

There has been no changes in the share capital of our Company during the two years immediately preceding the date of this Document.

3. Changes in Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 41 to the Accountants' Report as set out in Appendix I to this Document.

The following subsidiaries have been incorporated within two years immediately preceding the date of this document:

Name of subsidiary	Place of incorporation	Date of incorporation	Registered capital
Solarspace New Materials (Chuzhou) Co., Ltd. (中潤新材料(滁州)有限公司) . . .	PRC	October 28, 2023	RMB50 million
Xuzhou Handa New Energy Co., Ltd. (徐州市瀚達新能源有限公司)	PRC	August 15, 2023	RMB10 million

Name of subsidiary	Place of incorporation	Date of incorporation	Registered capital
Peixian Zhuolun New Energy Co., Ltd. (沛縣卓綸新能源有限公司)	PRC	October 11, 2023	RMB10 million
Solarspace Photovoltaic (Shanghai) Co., Ltd. (中潤光能(上海)有限公司)	PRC	December 19, 2024	RMB100 million
Solarspace (US), Inc.	United States	May 21, 2024	USD100,000
SolarSpace Technology (Rotterdam) B.V.	the Netherlands	February 27, 2025	EUR5,000

Save as disclosed above, there has been no changes in the share capital of our Subsidiaries during the two years immediately preceding the date of this Document.

4. Resolutions of our Shareholders

On March 6, 2025, resolutions of our Company were passed by the Shareholders that, among other things, conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in "[**REDACTED**]" and pursuant to the terms set out therein:

(a) the [**REDACTED**] with a nominal value of RMB1.00 each and such [**REDACTED**] on the Hong Kong Stock Exchange;

(b) the number of [**REDACTED**] shall not be more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**] before the exercise of the [**REDACTED**], and the grant to the [**REDACTED**] (or their representatives) of the [**REDACTED**] of not more than [**REDACTED**]% of the number of [**REDACTED**];

(c) subject to the filing with CSRC is completed, upon completion of the [**REDACTED**] on a one-for-one basis;

(d) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [**REDACTED**], the [**REDACTED**] on the Hong Kong Stock Exchange; and

(e) subject to the completion of the [**REDACTED**], the conditional adoption of the revised Articles of Association, which shall become effective on the [**REDACTED**].

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

(a) [**REDACTED**]

(b) the [**REDACTED**]

2. Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (yyyy.mm.dd)
1. . .	中润光能	PRC	Our Company	1	72252242	2035.02.06
2. . .	中润光能	PRC	Our Company	7	63515617	2032.12.13
3. . .	中润光能	PRC	Our Company	1	63470832	2032.12.06
4. . .	中润光能	PRC	Our Company	7	72249389	2035.01.13
5. . .	中润光能	PRC	Our Company	19	72238863	2034.12.27
6. . .		PRC	Our Company	35	74355699	2034.04.06
7. . .	中润万家	PRC	Our Company	17	76760216	2034.10.27
8. . .	中润万家	PRC	Our Company	40	76761228	2034.08.13
9. . .	SolarSpace	PRC	Our Company	35	64786284	2033.02.06
10.. .	SolarSpace	PRC	Our Company	35	64782322	2033.02.13
11. .	SolarSpace	Hong Kong	Our Company	9	306275665	2033.06.19
12.. .	SolarSpace	European Union	Our Company	9	018860100	2033.04.10

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (yyyy.mm.dd)
13.	SolarSpace	Turkey	Our Company	9	1634823	2031.10.11
14.	SolarSpace	Cambodia	Our Company	9	1676330	2029.01.17
15.	SolarSpace	Jordan	Our Company	9	186243	2032.08.21
16.	SolarSpace	United States	Our Company	9	7566165	2034.11.12
17.	SolarSpace	Turkey	Our Company	9	2023081227	2033.06.20
18.	SolarSpace	Japan	Our Company	9	6774920	2034.01.30
19.	SolarSpace	United Arab Emirates	Our Company	9	401872	2033.07.15
20.	SolarSpace	Singapore	Our Company	9	40202313445R	2033.06.20
21.	SolarSpace	Taiwan	Our Company	9	02357295	2034.02.15
22.	SolarSpace	Indonesia	Our Company	9	IDM001166306	2033.06.16
23.	SolarSpace	Cambodia	Our Company	35	KH/94774/24cc	2033.06.19
24.	SolarSpace	PRC	Zhongyu Photovoltaic	9	10372339	2033.03.06
25.	SolarSpace	PRC	Zhongyu Photovoltaic	9	10372292	2033.03.06
26.	SolarSpace	PRC	Zhongyu Photovoltaic	37	63516038	2032.10.20
27.	SolarSpace	PRC	Zhongyu Photovoltaic	7	63517155	2032.10.13
28.	SolarSpace	PRC	Zhongyu Photovoltaic	42	63500306	2032.10.13
29.	SolarSpace	PRC	Zhongyu Photovoltaic	7	63499794	2032.09.20
30.	SolarSpace	PRC	Zhongyu Photovoltaic	11	63525014	2032.12.13
31.	SolarSpace	PRC	Zhongyu Photovoltaic	37	63498767	2032.09.20
32.	SolarSpace	PRC	Zhongyu Photovoltaic	42	63506455	2032.09.20
33.	SolarSpace	PRC	Zhongyu Photovoltaic	38	63505002	2032.09.20
34.	SolarSpace	PRC	Zhongyu Photovoltaic	11	63503428	2032.09.20

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (yyyy.mm.dd)
35.	SolarSpace	PRC	Zhongyu Photovoltaic	19	63511876	2032.09.20
36.	SolarSpace	PRC	Zhongyu Photovoltaic	1	63506407	2032.12.13
37.	SolarSpace	PRC	Zhongyu Photovoltaic	1	63503387	2032.09.20
38.	SolarSpace	PRC	Zhongyu Photovoltaic	19	63519075	2033.10.06
39.	SolarSpace	PRC	Zhongyu Photovoltaic	35	63504955	2034.01.20
40.	SolarSpace	PRC	Zhongyu Photovoltaic	35	63504966	2034.02.06
41.	宇辉	PRC	Jiangsu Yuhui Photovoltaic Technology Co., Ltd.	9	56557630	2032.02.13
42.	宇辉	PRC	Jiangsu Yuhui Photovoltaic Technology Co., Ltd.	9	63525205	2032.10.06
43.	洁源	PRC	Jiangsu Jieyuan Photovoltaic Power Generation Co., Ltd.	9	63513074	2032.09.13
44.	峪君	PRC	Yujun Solar Energy (Shanghai) Co., Ltd.	9	63974446	2032.10.20
45.	华恒	PRC	Jiangsu Huaheng	9	63525257	2033.09.27
46.	东方华恒	PRC	Jiangsu Huaheng	9	36409604	2030.12.20
47.	龙嘉	PRC	Jiangsu Longjia New Energy Co., Ltd.	9	63525175	2033.06.27

Copyrights

As at the Latest Practicable Date, we had applied for the following software copyright which we consider to be material to our business:

No.	Copyright	Place of Application	Registered Owner	Registration Number	Registration Date (yyyy.mm.dd)
1. .	Huaheng Screen Printing Wet Weight Online Monitoring System (華恒絲網印刷濕重在線監控系統)	PRC	Jiangsu Huaheng	2019SR0581671	2019.06.06
2. .	Huaheng Crystalline Silicon Cell Sorting and Detection System (華恒晶硅電池片分選檢測系統)	PRC	Jiangsu Huaheng	2019SR0581659	2019.06.06
3. .	Huaheng Solar Cell Cleaning Equipment Monitoring Software (華恒太陽能電池片清洗設備監控軟件)	PRC	Jiangsu Huaheng	2019SR0581642	2019.06.06
4. .	Huaheng Polysilicon Production Process Monitoring System (華恒多晶硅生產流程監控系統)	PRC	Jiangsu Huaheng	2019SR0581625	2019.06.06

Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be or may be material to our business:

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
1. . . .	R&D device for efficiency improvement of N-layer films on the back of crystalline silicon cells (晶硅電池背面N層膜提效研發裝置)	Zhonghui Photovoltaic	PRC	2021105454725	2021.05.19	2041.05.18
2. . . .	Precise liquid dispensing equipment for graphite boat cleaning (用於石墨舟清洗的精準配液設備)	Zhonghui Photovoltaic	PRC	2021108725470	2021.07.30	2041.07.29
3. . . .	An optimized structure for segmented laying of crystalline silicon gate lines (一種晶體硅柵線分段鋪設優化結構)	Zhonghui Photovoltaic	PRC	2022219640419	2022.07.28	2032.07.27
4. . . .	A PERC cell back film offset adjustment device (一種PERC電池背膜偏移調節裝置)	Zhonghui Photovoltaic	PRC	2022219846464	2022.07.29	2032.07.28
5. . . .	A crystalline silicon cell printing device that can detect printed crystalline silicon cells (一種可對印刷後的晶硅電池檢測的晶硅電池印刷裝置)	Zhonghui Photovoltaic	PRC	2021101013475	2021.01.26	2041.01.25

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
6. . . .	A step-by-step printing device for photovoltaic crystalline silicon cells (一種光伏晶硅電池的分步印刷裝置)	Zhonghui Photovoltaic	PRC	2021100871106	2021.01.22	2041.01.21
7. . . .	A new roller processing method in solar cell texturing equipment (一種太陽能電池製絨設備中的新型滾輪加工方法)	Jiangsu Huaheng	PRC	201910261699X	2019.04.02	2039.04.01
8. . . .	A printing device for battery cell production and its printing process (一種電池片生產印刷設備及其印刷工藝)	Zhongyu Photovoltaic	PRC	2018114667201	2018.12.03	2038.12.02
9. . . .	An automatic adding device for screen printing paste (一種絲網印刷漿料自動添加裝置)	Zhonghui Photovoltaic	PRC	2021200287280	2021.01.07	2031.01.06
10. . .	A screen printing grid breakage improvement device (一種絲網用改善印刷斷柵裝置)	Jiangsu Longheng	PRC	2020228618307	2020.12.02	2030.12.01
11. . .	A screen pattern structure to improve offset (一種改善偏移的絲網圖形結構)	Jiangsu Longheng	PRC	2020228520972	2020.12.02	2030.12.01
12. . .	A new laser heavily doped pattern structure (一種新型激光重摻雜圖形結構)	Jiangsu Longheng	PRC	202022852134X	2020.12.02	2030.12.01

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
13. . .	Graphite boat page structure (石墨舟舟頁結構)	Jiangsu Longheng	PRC	2020227005368	2020.11.20	2030.11.19
14. . .	A baffle plate for graphite boat (一種石墨舟用阻擋板)	Jiangsu Longheng	PRC	2020226716004	2020.11.18	2030.11.17
15. . .	A tubular auxiliary heating device to improve color uniformity (一種改善顏色均勻性的管式輔助加熱裝置)	Jiangsu Longheng	PRC	2020226716131	2020.11.18	2030.11.17
16. . .	A solar photovoltaic etching device with good heat dissipation performance (一種散熱性能好的太陽能光伏刻蝕裝置)	Zhonghui Photovoltaic	PRC	2021100934340	2021.01.22	2041.01.21
17. . .	A crystalline silicon cell back N-layer film bonding device (一種晶硅電池背面N層膜貼合設備)	Zhonghui Photovoltaic	PRC	2021100934497	2021.01.22	2041.01.21
18. . .	A real-time monitoring digital system for solar cell production (太陽電池生產實時監控數字系統)	Jiangsu Huaheng	PRC	201811090392X	2018.09.18	2038.09.17
19. . .	An etching device for manufacturing solar cell pieces and its usage method (一種製作太陽能電池片的刻蝕裝置及其使用方法)	Zhongyu Photovoltaic	PRC	2018114671175	2018.12.03	2038.12.02

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
20. . .	An etching edge removal process for silicon wafers in solar cell production (一種太陽能電池片生產中硅片的刻蝕去邊工藝)	Zhongyu Photovoltaic	PRC	2018114683153	2018.12.03	2038.12.02
21. . .	A silicon wafer for solar cells and its coating process and coating equipment (一種太陽能電池用硅片及其鍍膜工藝與鍍膜設備)	Zhonghui Photovoltaic	PRC	2017104360103	2017.06.12	2037.06.11
22. . .	A high-efficiency impregnation device for fiber cloth used in battery cell production pressure testing (一種電池片生產試壓用纖維布高效浸漬設備)	Jiangsu Huaheng	PRC	2016110074208	2016.11.16	2036.11.15
23. . .	A high-throughput sequencing positioning device for crystalline silicon cells (一種晶硅電池高通量的測序定位設備)	Jiangsu Huaheng	PRC	202121654837X	2021.07.21	2031.07.20
24. . .	An exhaust device for diffusion furnace (一種擴散爐用排氣裝置)	Jiangsu Huaheng	PRC	2022112698930	2022.10.18	2042.10.17
25. . .	A composite printing mesh plate (一種複合型印刷網版)	Zhonghui Photovoltaic	PRC	2021200286818	2021.01.07	2031.01.06

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
26. . .	A screen pattern structure to improve the tensile strength of solar cell electrodes (一種改善太陽能電池電極拉力的印刷網圖形結構)	Jiangsu Longheng	PRC	2020228521354	2020.12.02	2030.12.01
27. . .	A calibration screen device (一種校準網版裝置)	Jiangsu Longheng	PRC	2020227005226	2020.11.20	2030.11.19
28. . .	A Carrier Plate for Solar Cell Coating Equipment (一種用於太陽能電池鍍膜設備的載板)	Solarspace Xuzhou	PRC	2023102928447	2023.03.24	2043.03.23
29. . .	A Silicon Wafer Handling Device for Graphite Boat Equipment (用於石墨舟設備的硅片取放裝置)	Solarspace Xuzhou	PRC	2023103600406	2023.04.06	2043.04.05
30. . .	A Leakage Detection Analyzer for Crystalline Silicon Batteries (一種晶硅電池漏電檢測分析儀)	Solarspace Xuzhou	PRC	2023221063611	2023.08.07	2033.08.06
31. . .	A Phosphorus Source Supply and Insulation System for the Diffusion Process of Photovoltaic Cell Production Line (一種光伏電池片生產線擴散工序的磷源供給保溫系統)	Solarspace Xuzhou	PRC	2023223275164	2023.08.29	2033.08.28
32. . .	A Graphite Boat for Solar Cell Silicon Wafer Coating (一種太陽能電池硅片鍍膜用石墨舟)	Solarspace Xuzhou	PRC	2023228715067	2023.10.25	2033.10.24

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
33. . .	A Structure for Improving Silicon Wafer Cleanliness in ALD Process (一種提高ALD工序中硅片潔淨度的結構)	Solarspace Xuzhou	PRC	202323229415X	2023.11.29	2033.11.28
34. . .	A High-Efficiency Cleaning Device for Silicon Wafer Texturing Process (一種用於硅片製絨工藝的高效清洗裝置)	Solarspace Xuzhou	PRC	2023232314971	2023.11.29	2033.11.28
35. . .	A Vertical Testing Machine for Battery Testing (一種電池片測試用立式試驗機)	Solarspace Xuzhou	PRC	2024105585369	2024.05.08	2044.05.07
36. . .	A Coating Equipment and Coating Method for TOPCon Batteries (一種TOPCon電池用鍍膜設備及鍍膜方法)	Solarspace Xuzhou	PRC	2024107897083	2024.06.19	2044.06.18
37. . .	A TOPCon Battery and Its Preparation Process (一種TOPCon電池及其製備工藝)	Solarspace Xuzhou Solarspace Chuzhou	PRC	202410908386X	2024.07.08	2044.07.07
38. . .	A TOPCon Battery Testing and Sorting Equipment (一種TOPCon電池測試分選設備)	Solarspace Xuzhou Solarspace Chuzhou	PRC	2024109475353	2024.07.16	2044.07.15

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
39.	A PECVD polysilicon integrated coating impurity adsorption device (development and application of PECVD polysilicon coating technology) (一種PECVD多晶硅一體式鍍膜雜質吸附裝置(PECVD多晶硅鍍膜技術開發與應用))	Solarspace Chuzhou	PRC	2022235750855	2022.12.30	2032.12.29
40.	High-Stability Lightweight Silicon Wafer Conveyor Rack Equipment (高穩定性輕量化硅片輸送架設備)	Solarspace Chuzhou	PRC	202310047941X	2023.01.31	2043.01.30
41.	A Cyclic Temperature Control Device for PECVD Polysilicon Coating Chamber (一種PECVD多晶硅鍍膜腔體循環溫控裝置)	Solarspace Chuzhou	PRC	2023202834765	2023.02.22	2033.02.21
42.	A Beating Mechanism for Graphite Boats (一種用於石墨舟的拍打機構)	Solarspace Chuzhou	PRC	2023210151110	2023.04.30	2033.04.29
43.	A Novel TOPCon Battery Structure (一種新型TOPCon電池結構)	Solarspace Chuzhou	PRC	2023213497089	2023.05.31	2033.05.30

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
44. . .	A Thermal Insulation Device for Diffusion Furnace Top Lines in Solar Cell Production (一種太陽能電池擴散爐機頂線路隔熱裝置)	Solarspace Chuzhou	PRC	2023222837075	2023.08.24	2033.08.23
45. . .	A Texturing Process and Device for TOPCon Solar Cells (一種TOPCon太陽能電池片製絨工藝及裝置)	Solarspace Chuzhou	PRC	2023111240347	2023.09.01	2043.08.31
46. . .	A Flow Equalization Plate for ALD Aluminum Boats (一種ALD鋁舟勻流板)	Solarspace Chuzhou	PRC	2023231118521	2023.11.17	2033.11.16
47. . .	A TOPCon Solar Battery (一種TOPCon太陽能電池)	Solarspace Chuzhou	PRC	202311623609X	2023.11.30	2043.11.29
48. . .	A Anti-Clogging Structure for Primary Boron Diffusion Acid Drainage Pipes in Solar Cell Processing (用於太陽能電池片加工的一次硼擴酸排管道防堵塞結構)	Solarspace Chuzhou	PRC	202323588357X	2023.12.27	2033.12.26
49. . .	Heterojunction Battery Without TCO Layer on the Front Side and Its Preparation Method and Photovoltaic Module (正面無TCO層的異質結電池及其製備方法和光伏組件)	Solarspace Chuzhou	PRC	202411179609X	2024.08.27	2044.08.27

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
50. . .	Heterojunction Battery and Its Manufacturing Method and Photovoltaic Module (異質結電池及其製作方法和光伏組件)	Solarspace Chuzhou	PRC	2024113667411	2024.09.29	2044.09.29
51. . .	An Intelligent Marking System and Method for Pre-Cutting Areas of Solar Cells (一種太陽能電池預切割區域智能化標記系統及方法)	Solarspace Technology (Xuzhou) Co., Ltd.	PRC	2021116517910	2021.12.31	2041.12.30
52. . .	A Laser Slicing Device for Solar Cells (一種太陽電池激光切片裝置)	Solarspace Technology (Xuzhou) Co., Ltd.	PRC	2022103630163	2022.04.08	2042.04.07
53. . .	A Surface Cleaning Structure for Photovoltaic Modules (一種光伏組件表面清潔結構)	Solarspace Technology (Xuzhou) Co., Ltd.	PRC	2022105215254	2022.05.13	2042.05.12
54. . .	A Cleaning Equipment for Photovoltaic Modules Used in Luminescence Testing (發光測試用光伏組件清理設備)	Solarspace Technology (Xuzhou) Co., Ltd.	PRC	2023103117872	2023.03.28	2043.03.27
55. . .	A String Welding Method and Device for Solar Cell Modules (一種太陽能電池組件串焊方法及裝置)	Solarspace Technology (Xuzhou) Co., Ltd.	PRC	2023116453180	2023.12.04	2043.12.03

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
56.	A Processing Device and Method for Solar Cells (一種太陽能電池加工裝置及加工方法)	Solarspace Technology (Xuzhou) Co., Ltd.	PRC	202410992409X	2024.07.23	2044.07.22
57.	Texturing Device for Batteries with Low Surface Reflectivity (低表面反射率電池製絨裝置)	Jiangsu Longheng	PRC	2021110973799	2021.09.18	2041.09.17
58.	Variable Temperature Diffusion Furnace for Crystalline Silicon Solar Cells (晶硅太陽能電池變溫擴散爐)	Jiangsu Longheng	PRC	2021111650338	2021.09.30	2041.09.29
59.	Chain Etching and Alkali Back Polishing Device for Battery Cells (電池片鏈式刻蝕鹼背拋光裝置)	Jiangsu Longheng	PRC	2021112800690	2021.11.01	2041.10.31
60.	Laser Ablation Device for Selective Emitters (選擇性發射極用激光消融裝置)	Jiangsu Longheng	PRC	2021112801852	2021.11.01	2041.10.31
61.	Production Equipment for Passivation Films on Photovoltaic Cell Surfaces (光伏電池表面鈍化膜生產設備)	Jiangsu Longheng	PRC	2021115312684	2021.12.15	2041.12.14
62.	A Diffusion Furnace for Solar Cells (一種太陽能電池擴散爐)	Jiangsu Longheng	PRC	2022105769787	2022.05.25	2042.05.24
63.	A Multi-Busbar Solar Cell (一種多主柵太陽能電池)	Jiangsu Longheng	PRC	202210691033X	2022.06.13	2042.06.12

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
64. . .	A Drying Device for Heterojunction Solar Cells (一種異質結太陽能電池烘乾裝置)	Jiangsu Longheng	PRC	2022108963948	2022.07.28	2042.07.27
65. . .	A Dense Grid Structure for Solar Cells Suitable for High-Resistance Diffusion (一種適用於高阻擴散的太陽能電池密柵結構)	Jiangsu Longheng	PRC	2022231033868	2022.11.22	2032.11.21
66. . .	A Mesh-Free Screen Inspection Device (一種無網結網版檢驗裝置)	Jiangsu Longheng	PRC	2023200488626	2023.01.09	2033.01.08
67. . .	A Printing Device for Solar Cell Silicon Wafers (一種太陽能電池硅片印刷設備)	Jiangsu Longheng	PRC	202310356899X	2023.04.06	2043.04.05
68. . .	A Silicon Wafer Carrier Frame and Silicon Wafer Coating System (一種硅片載片框及硅片鍍膜系統)	Jiangsu Longheng	PRC	202310362227X	2023.04.07	2043.04.06
69. . .	A Printing and Positioning Device for Solar Cell Silicon Wafers (一種用於太陽能電池硅片的印刷定位設備)	Jiangsu Longheng	PRC	2023103538299	2023.04.05	2043.04.04
70. . .	A Blowing Device for Solar Cell Production (一種用於太陽能電池片生產的吹片設備)	Jiangsu Longheng	PRC	2023106536079	2023.06.05	2043.06.04

No.	Patent Name	Patentee	Place of Registration	Patent Number	Application Date (yyyy.mm.dd)	Expiry Date (yyyy.mm.dd)
71. . .	Intelligent Anti-Blocking Silicon Wafer Conveying Equipment (智能防堵片硅片輸送設備)	Jiangsu Longheng	PRC	2023109508386	2023.07.31	2043.07.30
72. . .	An Integrated Coagulation and Sedimentation Device for Ammonium Sulfate Wastewater (一種硫酸銨廢水一體化混凝沉澱設備)	Jiangsu Longheng	PRC	2023225659898	2023.09.21	2033.09.20
73. . .	A Sludge Concentration Device (一種污泥濃縮設備)	Jiangsu Longheng	PRC	2023225661489	2023.09.21	2033.09.20

Domain Name

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Place of Registration	Expiry Date (yyyy.mm.dd)
1 . . .	solarspace.cn	Our Company	PRC	2029.03.29
2	solarspace.com	Our Company	PRC	2026.04.15
3	solarspacepower.com	Our Company	PRC	2032.08.12

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors and Supervisors' service contracts and appointment letters

(a) Executive Directors

Each of our executive Directors [has entered into] a service contract with us pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from the date of their appointments.

(b) Non-executive Director and Independent Non-executive Directors

Each of the non-executive Director and Independent Non-executive Directors [has entered into] an appointment letter with our Company. The initial term for their appointment letters shall be three years from the date of their appointments or until the third annual general meeting of the Company since the [**REDACTED**], whichever ends earlier, (subject always to re-election as and when required under the Memorandum and Articles of Association), until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

(c) Supervisors

Each of our Supervisors [has entered into] an appointment letter with us pursuant to which they agreed to act as Supervisors of our Company. Each appointment letter contains provisions relating to compliance with relevant laws and regulations and observation of our Articles of Association.

Details of our Company's remuneration policy is described in section headed "Directors, Supervisors and Senior Management — Remuneration of Directors, Supervisors and Senior Management."

2. Remuneration of Our Directors and Supervisors

Save as disclosed in "Directors, Supervisors and Senior Management" and "Appendix I — Accountants' Report — Notes to The Historical Financial Information — 14. Directors', Supervisors', Chief Executive's and Employees' Emoluments" for the three years ended December 31, 2024, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

3. Disclosure of Interests of Directors, Supervisors and Chief Executive of our Company

Save as disclosed below, immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] are not exercised), so far as our Directors are aware, none of our Directors, Supervisors or chief executive has any interests or short positions in our Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Interests in our Company

Name	Position	Nature of interest	Class and Number of Shares Held	Approximate percentage of shareholding in the total issued Shares immediately after the [REDACTED][(2)]	Approximate percentage of shareholding in [REDACTED] immediately after the [REDACTED][(2)]
Mr. Long[(1)] . . .	Founder, executive Director, chairman of the Board and general manager	Beneficial owner	**[REDACTED]** **[REDACTED]**	**[REDACTED]**% **[REDACTED]**%	**[REDACTED]**% **[REDACTED]**%
		Interest in controlled corporation[(3)]	**[REDACTED]** **[REDACTED]**	**[REDACTED]**% **[REDACTED]**%	**[REDACTED]**% **[REDACTED]**%
		Interest of spouse[(4)]	**[REDACTED]** **[REDACTED]**	**[REDACTED]**% **[REDACTED]**%	**[REDACTED]**% **[REDACTED]**%

Name	Position	Nature of interest	Class and Number of Shares Held	Approximate percentage of shareholding in the total issued Shares immediately after the [REDACTED](2)	Approximate percentage of shareholding in [REDACTED] immediately after the [REDACTED](2)
Ms. Meng	Co-founder, executive Director and deputy general manager	Beneficial owner	**[REDACTED]** **[REDACTED]**	**[REDACTED]**% **[REDACTED]**%	**[REDACTED]**% **[REDACTED]**%
		Interest of spouse	**[REDACTED]** **[REDACTED]**	**[REDACTED]**% **[REDACTED]**%	**[REDACTED]**% **[REDACTED]**%
Dr. Feng Ping . .	Executive Director and deputy general manager	Interest in controlled corporation(5)	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**%
Mr. Meng Baishun	Executive Director and deputy general manager	Interest in controlled corporation(6)	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**%

Notes:

(1) All interests stated are long position.

(2) The calculation is based on the total number of [**REDACTED**] in issue, [**REDACTED**] to be converted from Domestic [**REDACTED**] Shares in issue and [**REDACTED**] to be issued pursuant to the [**REDACTED**] (assuming that the [**REDACTED**] are not exercised).

(3) As of the Latest Practicable Date, Haori Electronic, Longtai Management, Henghui Management and Zhongshan New Energy held 15,134,100 Shares, 9,313,300 Shares, 6,985,000 Shares and 25,811,000 Shares in our Company. Haori Electronic is owned as to 80.0% by Mr. Long and 20.0% by Ms. Meng. Mr. Long held 21.0% of interests in Longtai Management and 32.33% interests in Henghui Management, and acted as the general partner of each Longtai Management and Henghui Management. Mr. Long held 39.88% of the interests in Zhongshan New Energy. Under the SFO, Mr. Long was deemed to be interest in the Shares held by each of Haori Electronic, Longtai Management, Henghui Management and Zhongshan New Energy.

(4) Ms. Meng is spouse of Mr. Long.

(5) Dr. Feng Ping held 33.33% interests in Henghui Management. Under the SFO, Dr. Feng Ping was deemed to be interest in the 6,985,000 Shares held by Henghui Management.

(6) Mr. Meng Baishun held 17.5% interests in Longtai Management, and he is deemed to be interested in 1,629,828 Shares held by Longtai Management.

Save as disclosed above, none of the Directors, Supervisors or the chief executive of the Company will, immediately following completion of the [**REDACTED**], has any interests and/or short positions in the Shares, underlying Shares and debentures of our Company's associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

4. Disclosure of Interests of Substantial Shareholders

(a) Interests in our Company

For information on the persons who will, immediately following the completion of the [**REDACTED**], having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, see the section headed "Substantial Shareholders."

(b) Interests of substantial shareholders of other members of our Group

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors, Supervisors or chief executive of our Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group:

No.	Name of Members of our Group	Name of Shareholder	Percentage of Shareholding
1	Zhonghui Photovoltaic(1)	SUMEC Phono Solar Technology Co., Ltd. (江蘇輝倫太陽能科技有限公司) SUMEC Corporation Limited (蘇美達股份有限公司)	11.67%
2	Solarspace Cambodia(2)	UBE Development Co., Ltd. Mr. Zhang Qirong (張啟榮)	20%

Notes:

(1) As of the Latest Practicable Date, the remaining 11.67% equity interest of Zhonghui Photovoltaic was owned by SUMEC Phono Solar Technology Co., Ltd. (江蘇輝倫太陽能科技有限公司), which is ultimately controlled by SUMEC Corporation Limited (蘇美達股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600710.SH).

(2) As of the Latest Practicable Date, the remaining 20% equity interests of Solarspace New Energy (Cambodia) Co., Ltd. is UBE Development Co., Ltd., which is wholly-owned by Mr. Zhang Qirong (張啟榮), chairman of Zhongqi Holding (being one of our [**REDACTED**] Investors and holding 1.11% of equity interests in our Company).

So far as set out above, our Directors are not aware of any persons (other than our Directors, Supervisors or chief executive) will, immediately following the completion of the [**REDACTED**], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

5. Disclaimers

Save as disclosed in this document:

(a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors, Supervisors and any member of our Group;

(b) none of our Directors, Supervisors or any of the parties listed in "— E. Other Information — 5. Consents and Qualification of Experts" below is:

(i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(c) save in connection with the [**REDACTED**] and the [**REDACTED**], none of the parties listed in "— E. Other Information — 5. Qualification of Experts" below:

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(d) none of our Directors or Supervisors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and

(e) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [**REDACTED**] on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. EMPLOYEE INCENTIVE SCHEMES

Background

Our Company has adopted three employee incentive schemes (the "**Employee Incentive Schemes**") to recognize the contribution of employees, attract and retain talents, and effectively align the interests of Shareholders, the Company and employees, for long-term development of the Company. The Employee Incentive Schemes were adopted by resolutions of our Shareholders on May 12, 2021, May 10, 2022 and August 31, 2023. The Employee Incentive Schemes have similar terms and conditions, are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards by our Company or any issuance of new Shares by our Company after the [**REDACTED**].

Administration

Our Shareholders' general meeting is responsible for reviewing and approving the Employee Incentive Schemes, including their amendment and termination. Our chairman of the Board is responsible for implementation of the Employee Incentive Schemes, including the grant, vesting, unlocking, withdrawal and disposal restrictions of the awards ("**Awards**"), determination of the eligible participants and grantees ("**Participants**"), and the amendment or adjustment of aforementioned implementation details.

Effectiveness and Duration

The Employee Incentive Schemes shall be valid and effective commencing from its adoption date, and subject to termination by our Company in accordance with the terms and conditions of the Employee Incentive Schemes.

Source and Number of Shares

The Shares underlying the Awards granted under the Employee Incentive Scheme are held by Longtai Management and Henghui Management (the "**Employee Incentive Platforms**"), which are members of our Controlling Shareholders group. Upon the grant of Awards, the Participants shall hold partnership interests in the Employee Incentive Platforms as limited partners to reflect their respective Awards. Mr. Long, our founder, executive Director, chairman of the Board and general manager, acted as the general partner of the Employee Incentive Platforms and exercise their voting rights at the shareholders' general meeting.

The number of Shares underlying the Awards held by the Employee Incentive Platforms is in aggregate 16,298,300 Shares of the Company, with par value of RMB1.00, representing in aggregate approximately 4.53% of the aggregate amount of the Shares as of the Latest Practicable Date or approximately [**REDACTED**]% of the aggregate amount of the Shares in issue immediately upon the completion of [**REDACTED**] assuming the [**REDACTED**] is not exercised. In the event of the conversion of capital reserve and/or into registered capital, of the Company, corresponding alterations (if any) shall be made to the number of Shares underlying the Awards so far as the Awards are unvested.

Eligibility

Pursuant to the terms of the Employee Incentive Schemes, the eligible participant include the mid and high level management personnel, core technological and business employees and other employees (including previous employees) that the Company deems appropriate.

Subscription Price

Pursuant to the terms of the Employee Incentive Schemes, the subscription price will be determined with reference to the valuation of the Company at the time approving the Share Incentive Schemes with certain discount.

The Participants shall pay the relevant subscription consideration within the period as stipulated in the grant notice.

Transferability and Lock-up Period

During the lock-up period, any Award made under the Employee Incentive Scheme shall be personal to the Participant to whom it is made. Except as approved in writing by the general partner, the Participants could not transfer their interests in Employee Incentive Platforms before the [**REDACTED**] of the Shares. In addition, the underlying Shares held by the Participants are subject a lock-up period of (i) 36 months after the [**REDACTED**] date of the Company, or (ii) the lock-up period prescribed applicable laws and regulations upon [**REDACTED**], whichever is longer.

Withdrawal

The Participants may be required to withdraw from the Employee Incentive Schemes due to death or termination of employment pursuant to the terms of the Employee Incentive Scheme and at the discretion of the general partner of the Employee Incentive Platforms.

Details of the Awards Granted

As of the Latest Practicable Date, all the 16,298,300 Shares underlying the Awards have been granted to a total of 61 Participants under the Employee Incentive Scheme, representing 4.53% of the total issued Shares as of the Latest Practicable Date, with Mr. Long acting as general partner of the Employee Incentive Platforms and such 61 Participants acting as the limited partners of the Employee Incentive Platforms[(1)]. Details of the grant are set out as follows:

Name	Position	Lock-up Period	Subscription price[(2)]	Number of underlying Shares held	Approximate percentage of issued Shares immediately after the [REDACTED] assuming the [REDACTED] is not exercised
Dr. Feng Ping	Executive Director and deputy general manager	(i) 36 months after the [**REDACTED**] of the Company, or (ii) the lock-up period prescribed by applicable laws and regulations upon [**REDACTED**].	RMB10	2,328,333	[**REDACTED**]%
Mr. Meng Baishun	Executive Director and deputy general manager		RMB10 and RMB18	1,629,828	[**REDACTED**]%
Mr. Dong Hui	Supervisor		RMB10	46,567	[**REDACTED**]%
Mr. Chen Jian	Supervisor		RMB10	162,983	[**REDACTED**]%
Mr. Long Yong	Vice president of Supply Chain of our Company and general manager of Solarspace Chuzhou and Solarspace Xuzhou		RMB10 and RMB18	465,665	[**REDACTED**]%
Mr. Zhang Jin	General manager of Jiangsu Longheng		RMB10	232,833	[**REDACTED**]%
Mr. Zhang Xiaogao	Chief executive of Solarspace Technology (Laos) Sole Co., Ltd		RMB18	93,133	[**REDACTED**]%
Employees other than Directors, Supervisors or connected person of the Company	/		RMB10 or RMB18	11,338,959	[**REDACTED**]%
Total	/	/	/	16,298,300	[**REDACTED**]%

(1) Under the Share Incentive Schemes, Mr. Long acts as manager of the Share Incentive Platforms and is not regarded as a Participant receiving the Awards.

(2) The subscription price refers to the subscription price per partnership interest of the Employee Incentive Platforms.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in this Document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the [**REDACTED**]. All necessary arrangements have been made to enable the securities to be admitted into [**REDACTED**].

Each of the Joint Sponsors satisfy the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

An aggregate amount of HK$6.5 million is payable by our Company as sponsor fees to the Joint Sponsors.

4. Preliminary Expenses

Our Company did not incur any material preliminary expenses.

5. Consents and Qualification of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this Document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
China Securities (International) Corporate Finance Company Limited . .	A licensed corporation to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO

Name	Qualification
CITIC Securities (Hong Kong) Limited . .	A licensed corporation to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants (Public Interest Entity Auditors registered in accordance with Accounting and Financial Reporting Council Ordinance)
Jingtian & Gongcheng	Legal Adviser to our Company as to PRC laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

Save a disclosed in this Document, as of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

6. Promoter

The promoters of our Company are set out as follows:

No.	Shareholders
1	Mr. Long
2	Zhongshan New Energy
3	Ms. Meng
4	Guolang New Energy
5	Jinsheng Changheng
6	High Tech Management
7	Haori Electronic
8	Longtai Management
9	Henghui Management
10 . . .	Guorun New Energy
11 . . .	Guotou Energy
12 . . .	Zhongqi Holding
13 . . .	Zibo Yingke
14 . . .	Qingdao Yingke
15 . . .	Wanlin Chuangfu
16 . . .	Bofu Cultural
17 . . .	Baochuang Win Win

Within the two years immediately preceding the date of this document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the [**REDACTED**] or the related transactions described in this document.

7. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

8. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

9. Compliance Adviser

Our Company has appointed Somerley Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

10. No Material Adverse Change

The Directors confirm that there has been no material change in our financial or trading position since December 31, 2024.

11. Miscellaneous

(a) Save as disclosed in this Document, within the two years immediately preceding the date of this document:

   (i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise; and

   (ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

(b) Save as disclosed in this document:

(i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(ii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) there are no arrangements under which future dividends are waived or agreed to be waived;

(iv) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(v) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(vi) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(vii) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and

(viii) our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(i) the written consents referred to under the paragraph headed "Statutory and General Information — E. Other Information — 5. Consents and Qualification of Experts" in Appendix VI to this document; and

(ii) copies of the material contracts referred to in the paragraph headed "Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts" in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.solarspace.com** during a period of 14 days from the date of this document:

(i) the Articles of Association;

(ii) the Accountants' Report of our Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;

(iii) the audited consolidated financial statements of our Group for the three years ended December 31, 2024;

(iv) the report on the unaudited [**REDACTED**] financial information of our Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this document;

(v) the service contracts referred to in "Statutory and General Information — C. Further Information about our Directors, Supervisors and Substantial Shareholders — 1. Particulars of Directors and Supervisors' service contracts and appointment letters" in Appendix VI to this document;

(vi) the material contracts referred to in "Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts" in Appendix VI to this document;

(vii) the written consents referred to under the paragraph headed "Statutory and General Information — E. Other Information — 5. Consents and Qualification of Experts" in Appendix VI to this document;

(viii) the PRC legal opinions issued by Jingtian & Gongcheng, our legal adviser on PRC law, in respect of certain aspects of our Group;

(ix) the PRC Company Law, the PRC Securities Law, the Trial Measures, together with their respective unofficial English translations; and

(x) the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed "Industry Overview" in this document.