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Application Proof of

SUNGROW POWER SUPPLY CO., LTD.*

陽光電源股份有限公司

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

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SUNGROW

SUNGROW POWER SUPPLY CO., LTD.*

陽光電源股份有限公司

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

[REDACTED]

Number of [REDACTED] under : [REDACTED] H Shares (subject to the the [REDACTED] [REDACTED] and the [REDACTED])

Number of Hong Kong [REDACTED] : [REDACTED] H Shares (subject to reallocation and the [REDACTED])

Number of International [REDACTED] : [REDACTED] H Shares (subject to reallocation, the [REDACTED] and the [REDACTED])

Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)

Nominal value : RMB1.00 per H Share

[REDACTED] : [REDACTED]

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SUMMARY

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 and is qualified in its entirety by, and should be in conjunction with, the full text of this document. You should read the entire document before you decide to [REDACTED] in the [REDACTED].

There are risks associated with any [REDACTED]. Some of the particular risks in investing in the [REDACTED] are set out in “Risk Factors.” You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

Our Mission

Clean power for all.

Our Vision

To become the global leader in clean power conversion technology.

Who We Are

We are a global leader in clean energy technology. Since our establishment in 1997, we have been focusing on the clean power sector, beginning with PV inverters and progressively expanding across five strategic areas: solar energy, wind energy, energy storage, electric vehicles and charging and hydrogen energy (“Solar — Wind — ESS — EV — Hydrogen (光風儲電氫)”). Our principal products include PV inverters, energy storage systems, wind power converter and transmission products, new energy vehicles’ electric control, power supply and charging equipment as well as hydrogen energy equipment, while we are committed to offering world-class full-lifecycle clean energy solutions.

We remain steadfast in our commitment to market-driven strategies, with technological innovation serving as our engine for development. We continuously transform our technological advantages into business competitiveness. Our major business segments, represented by PV inverters and energy storage systems, are all positioned at the forefront of the global market. According to Frost & Sullivan, our PV inverter products have maintained a leading position in terms of global shipment volumes for ten consecutive years, and the market share of our PV inverters accounted for approximately 25.2% globally in 2024 in terms of shipment volume. As of June 30, 2025, our energy storage systems had reached 70 GWh of cumulative shipments, maintaining a leading position globally. We have established a comprehensive global network, with our products and services sold to over 100 countries and regions worldwide as of June 30, 2025, underscoring our leadership in the global clean power conversion sector.

SUMMARY

Our “SUNGROW” brand is widely recognized for its first-class products and services. According to the 2025 “Top 500 Most Valuable Chinese Brands” published by World Brand Lab, our brand value reached RMB116.14 billion, securing its place among the top 100 most valuable Chinese brands, with both brand value and ranking having risen for six consecutive years. In addition, we were awarded the MSCI ESG AAA rating for 2025 and were named “China’s Best Employer 2025” by Forbes China.

Through relentless effort, we have earned broad recognition from customers around the world and received strong market endorsement, achieving remarkable results:

Power Conversion Devices Globally Leading for 10 Consecutive Years PV Inverter Market Share ⁽¹⁾ Over 870 GW Cumulative Installed Capacity of Power Conversion Devices Globally ⁽²⁾	Energy Storage Systems Globally Leading Cumulative Shipments ⁽²⁾ 11.9% Global Market Share in 2024 ⁽³⁾	New Energy Investment and Development Over 57 GW Cumulative Capacity of New Energy Power Stations Developed Globally ⁽²⁾ 15+ Countries and Regions Covered ⁽²⁾
R&D Strengths RMB 13.55 Billion Cumulative R&D Investment from 2011 to H1 2025 ⁽⁴⁾ 10,500+ Cumulative Applied Patents ⁽²⁾	Global Layout 58.4% Overseas Revenue Proportion (H1 2025) 50 GW Overseas Production Capacity for PV Inverters ⁽²⁾ 98% Local Hiring Rate ⁽²⁾	Brand Image No. 1 Globally Bankability Ranking of PV Inverters; Bankability Ranking of Energy Storage Systems and PCS ⁽⁵⁾ RMB 116.14 Billion Brand Value ⁽⁶⁾ AAA Rating 2025 MSCI ESG Rating

Notes:

- (1) “10 consecutive years” refers to 2015-2024, and the market share was based on the shipment volume, according to Frost & Sullivan.
- (2) As of June 30, 2025.
- (3) The market share was based on the shipment volume, according to Frost & Sullivan.
- (4) Based on the A-share public disclosure.
- (5) According to BNEF report in 2024.
- (6) According to the 2025 “Top 500 Most Valuable Chinese Brands” published by World Brand Lab.

Our Global Opportunities

The global consensus on low-carbon, green development has laid a solid foundation for the long-term growth of clean energy. The world’s energy system is undergoing a profound transition from fossil fuel dominance to renewable energy dominance. Improvements in the cost-effectiveness of renewable power generation are driving a continuous increase in its share of installed capacity, and the global power systems are accelerating toward next-generation power systems centered on renewable energy. For example, the LCOE for solar PV power fell by 89.7% from 2010 to 2024 according to Frost & Sullivan, making it comparable to or even

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more economical than traditional fossil fuels. The cumulative installed capacity of solar PV power and wind power as a percentage of the cumulative installed capacity of global power mix has increased from 4.4% in 2010 to 29.4% in 2024, and is expected to increase substantially to 68.0% by 2050.

At the same time, the integration of high shares of highly variable renewable energy into the grid poses unprecedented challenges to the safe and stable operation of power systems. The controllable scope of the power system is expanding from primarily generation to encompass the full generation — grid — load — storage chain (“源網荷儲”). This evolution has created a substantial market opportunity for energy storage. According to Frost & Sullivan, the global newly installed capacity of lithium battery energy storage systems grew rapidly from 11.5 GWh in 2020 to 187.2 GWh in 2024, representing a CAGR of 100.7%. This figure is projected to reach 922.0 GWh by 2030, with a CAGR of 30.4% from 2024 to 2030. Additionally, the growing need for grid stability is driving higher requirements for advanced grid-forming technologies, and market applications for full-scenario “solar PV plus energy storage” grid-forming systems are expected to further expand.

The development of next-generation power systems is also fostering emerging applications such as microgrids, off-grid systems and zero-carbon zones. There will be a significant increase in future demand across society for integrated energy solutions spanning the generation — grid — load — storage chain. As a global leader in clean power conversion technology, we are not only well positioned to benefit from the market expansion driven by the energy transition, but are also set to play a critical role in the development of each key segment — generation, grid, load and storage — within next-generation power systems. We are well poised to seize unprecedented growth opportunities.

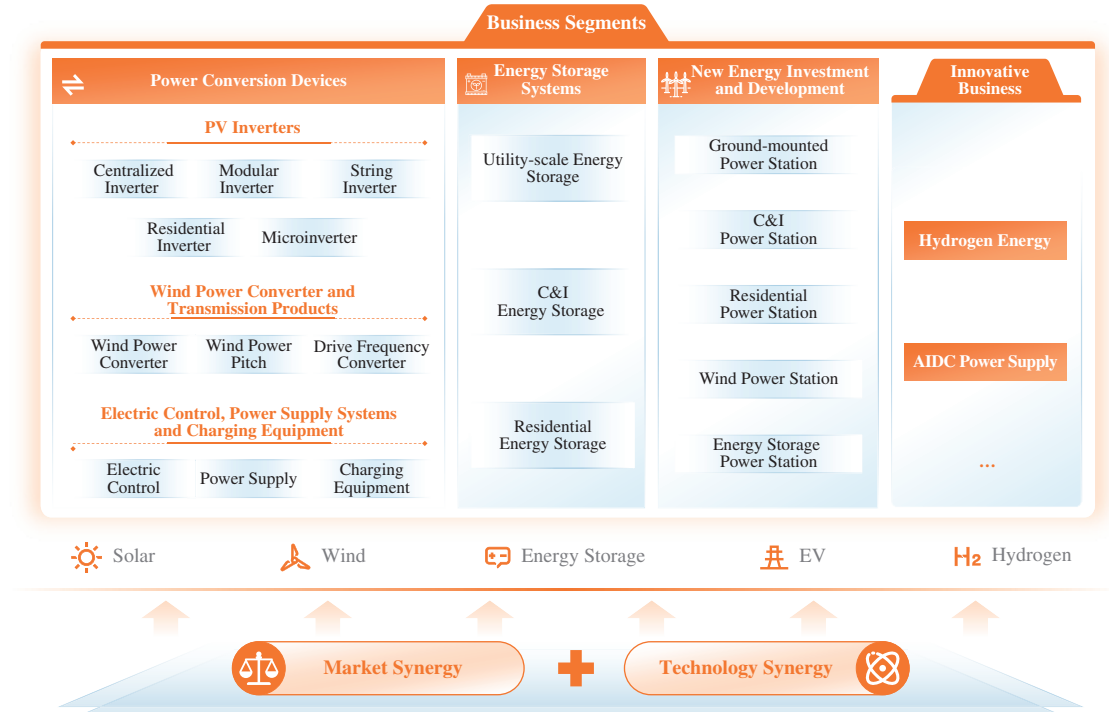
In addition, the AI-driven wave of data center construction is substantially boosting the demand for high-performance, high-reliability AIDC power systems, while key equipment such as HVDC power supplies and solid-state transformers is poised for significant market expansion. According to Frost & Sullivan, the global market for AIDC power supply is projected to grow from USD4.9 billion in 2024 to approximately USD26.2 billion by 2030, representing a CAGR of 32.2%.

Our Business Segments

We focus on clean power, with a business coverage across five strategic areas, “Solar — Wind — ESS — EV — Hydrogen (光風儲電氫).” Our principal products and services include PV inverters, energy storage systems, new energy investment and development, wind power converter and transmission products, new energy vehicles’ electric control, power supply and charging equipment, smart energy operation and maintenance services and floating PV system, while we have also strategically expanded into hydrogen energy and AIDC power supply business. During the Track Record Period, our revenue was primarily generated from PV inverters and other power conversion devices, energy storage systems and new energy investment and development.

SUMMARY

The following graph sets forth our major business segments:



Note: Our other business primarily includes power generation at new energy power stations, smart energy operation and maintenance services and floating PV system.

Power Conversion Devices

- PV inverters.** Since our establishment in 1997, we have been committed to the R&D and production of PV system equipment, centered around PV inverters. We are one of the earliest companies focusing on R&D and production of PV inverters in China. Our PV inverters portfolio covers centralized inverters, modular inverters, string inverters, residential inverters and microinverters, covering a power range from 0.45 kW to 9,600 kW, with wide applications in ground-mounted power stations, C&I power stations, as well as residential PV power stations. We were the first in the industry to introduce the “1+X” modular PV inverters, creating a new business category. Backed by deep technical expertise and sustained investment in R&D, we have consistently set the pace in technological innovation, delivering products with profound generational advantages and offering leading solutions. As of June 30, 2025, our cumulative PV inverter installed capacity was over 595 GW and we had sold our products to more than 100 countries and regions worldwide. According to Frost & Sullivan, the market share of our PV inverters accounted for approximately 25.2% globally in 2024 in terms of shipment volume, and the annual shipment volume of our PV inverters has been continuously maintaining a globally leading position since 2015.

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- ***Wind power converter and transmission products.*** We mainly offer wind power converters, wind power pitch and drive frequency converters, catering to various onshore wind site conditions, such as salt spray, extremely low temperature, high-altitude, coastal and high-humidity conditions, as well as offshore wind site conditions, such as near-shore and far-offshore conditions, compatible with principal wind turbine generators. We focus on high-power energy conversion and control technologies and have become the first in the industry to introduce the 1,800 V wind power converter. As of June 30, 2025, our cumulative global shipment of wind power converters had reached 165 GW. According to Frost & Sullivan, our market share in the wind power converter sector has maintained a leading global position for three consecutive years.
- ***New energy vehicles’ electric control, power supply and charging equipment.*** Leveraging our strong expertise in clean power electronic conversion technologies and R&D advantages, we have expanded into the automotive industry, offering drive system solutions, which primarily include high-quality electric control and power supply products, as well as charging equipment for new energy vehicles. Since 2010, we have been continuously offering products and services to passenger vehicles, commercial vehicles and construction machinery companies. As of June 30, 2025, the cumulative shipment volume of our new energy vehicles’ electric control and power supply products had exceeded 2.7 million units globally. As of June 30, 2025, our charging equipment had been sold in volume to over 30 countries and regions worldwide.

Energy Storage Systems

We are one of the earliest companies in China to enter the energy storage sector. Grounded on our globally leading “3-in-1” integration of power electronics, electrochemistry and grid support technologies, we have developed professional energy storage systems, offering solutions for new energy grid connection, frequency regulation, peak shaving, demand-side response, microgrids, C&I and residential scenarios. We highly value the safety of energy storage systems. In 2024, we successively completed the world’s first large-scale combustion test on energy storage systems, as well as the world’s largest and longest-duration real-life combustion non-spreading test, the latter of which was certified by DNV. According to Frost & Sullivan, the cumulative shipment volume of our energy storage systems had reached 70 GWh as of June 30, 2025, maintaining a leading position globally.

New Energy Investment and Development

We have engaged in new energy investment and development business globally, covering a wide range of scenarios including ground-mounted power stations, C&I PV power stations, residential PV power stations, wind power stations and energy storage power stations, committed to establishing a differentiated competitive advantage through technological innovation. The cumulative capacity of PV power stations and wind power stations we developed globally had reached 57 GW as of June 30, 2025.

SUMMARY

Hydrogen Energy Equipment

We are one of the earliest new energy companies in China to enter the hydrogen energy sector. We offer integrated and systematic hydrogen production equipment, covering PWM hydrogen power supplies, ALK and PEM electrolysis cell, electrolysis cell digital management systems, gas-liquid separation and purification equipment and smart hydrogen management systems. We have also developed hydrogen production system solutions for off-grid, grid-connected and microgrid scenarios. As of June 30, 2025, the production capacity of our hydrogen electrolysis cell had reached 3 GW. According to Frost & Sullivan, the market share of our hydrogen production equipment in terms of contract volume had achieved an industry-leading position in 2024.

AIDC Power Supply

We are committed to offering highly reliable, high-efficiency and high-power density full-stack power solutions for next-generation AI data centers. Our product portfolio covers end-to-end power products from medium-voltage grid level to chip level, with a particular focus on HVDC-related product series. Leveraging our long-established SST technology, full power range power electronics conversion technology and battery management technology, we prioritize the deployment of primary power supply systems and collaborate with leading internet and data center customers to promote the development of AI data centers. Simultaneously, to accelerate the industrialization of HVDC, we have expanded into HVDC-related products such as server internal power units.

Market and Technology Synergies Across Business Segments

Our business segments exhibit strong market and technology synergies. On the market side, our major customers are large global energy groups with diverse product and service needs, which allows us to cross-sell across different product lines and enhance customer service effectiveness and market development efficiency. On the technology side, we focus on power electronics conversion technology, which could be applied across multiple products, enabling technology sharing and collaborative development across product lines and significantly improving R&D efficiency. These enable us to provide comprehensive solutions that cover a wide range of application scenarios, meeting complex customer requirements while solidifying our sustainable growth.

Our Global Footprint

Since our inception, we have embedded “localization globally” into our corporate DNA, and we have built a worldwide business presence. We have cultivated deep and long-standing partnerships with numerous globally renowned customers. Our overseas revenue reached RMB25.4 billion in the six months ended June 30, 2025, accounting for 58.4% of our total revenue for the same period. As of June 30, 2025, our operations extended to more than 100 countries and regions, and we had established over 20 overseas branch offices and over 60 representative offices. Our global local hiring rate has reached 98%, while we had over 2,000 employees overseas, as of June 30, 2025.

SUMMARY

We provide highly responsive localized support and premium services to customers worldwide. As of June 30, 2025, our operations comprised over 520 service centers. We are able to respond to customer requests within 24 hours in China and within 48 hours in overseas markets. Leveraging our foresight into global demand trends, we had built up 50GW of overseas production capacity for PV inverters by June 30, 2025. The initiative not only provides a solid foundation for us to meet the boosting overseas market demand, but also significantly strengthens our delivery resilience and responsiveness through localized production.

Our globalization extends beyond product and service coverage. We have established research and development centers in Germany and the Netherlands, bringing together global expertise to drive continuous product innovation and solution upgrades through advanced technologies, and we remain closely attuned to local customer needs, thereby reinforcing our leadership position worldwide.

Our Brand

PV power stations and energy storage power stations are long-term assets that typically operate for over 20 years. Their reliability directly impacts the investment returns and asset security of our customers. The performance and stability of critical equipment, such as PV inverters and energy storage systems, are fundamental to safeguarding these returns. As a result, brand reputation has become a key consideration for customers when selecting their partners.

We view brand as the concentrated expression of a company’s long-term business philosophy and value proposition. Our power conversion devices and energy storage systems are not merely functional products. They encompass long-cycle service attributes including grid simulation, solution design, grid connection and delivery and ongoing operation and maintenance. Leveraging years of accumulated technical expertise, iterative product development and comprehensive services, our “SUNGROW” brand has established a significant global moat and become a preferred choice for customers worldwide. According to BNEF, our PV inverters ranked first globally in terms of bankability in 2024, and “SUNGROW” became the only renewable energy brand to achieve the top position five times. Our energy storage systems and PCS also ranked first globally in terms of bankability. Moreover, according to the 2025 “Top 500 Most Valuable Chinese Brands” published by World Brand Lab, our brand value reached RMB116.14 billion, securing its place among the top 100 most valuable Chinese brands, with both brand value and ranking having risen for six consecutive years.

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Our ESG Initiatives

ESG is not only essential for our own development, but also represents our commitment and responsibility to stakeholders, including customers, partners, employees and society at large. Guided by our sustainable development philosophy of “Green Mission, Better Life,” we consistently honor our commitments through concrete actions, systematically integrating sustainable development principles into our corporate strategy and daily operations, with a sustained focus on key areas such as governance, net-zero transition and industry chain collaboration.

In terms of environmental initiatives, we have established a clear pathway towards net zero: achieving operational carbon neutrality by 2028, supply-chain carbon neutrality by 2038 and supply-chain net-zero emissions by 2048. In terms of social initiatives, we are committed to giving back to society through charitable donations and volunteer service activities, and have established the Sungrow Public Welfare Foundation. Leveraging our professional expertise, we strive to provide broad support in areas such as ecological improvement, community development, science education and disaster relief. In terms of governance initiatives, we have established a robust corporate governance structure and we operate in a prudent and compliant manner, with a strong focus on risk prevention and timely information disclosure.

Through continuous optimization of our ESG management, we have achieved strong performance across multiple mainstream ESG ratings, including the MSCI ESG AAA rating for 2025.

OUR STRENGTHS

- Early-Mover Advantage Grounded in Nearly Three Decades of Deep Engagement in Clean Power;
- Comprehensive Product and Service Portfolio with Full-spectrum Coverage;
- Cutting-edge R&D and Pioneering Product Innovation;
- Advanced Localized Operations Worldwide; and
- Insightful Management Team with Steadfast Strategic Focus.

See “Business — Our Strengths.”

SUMMARY

OUR STRATEGIES

- Cultivate Multi-Dimensional Growth Trajectories through Focusing on the Core Sectors of “Solar — Wind — ESS — EV — Hydrogen (光風儲電氫)”;
- Further Enhance R&D Innovation to Sustain Technological Leadership;
- Advance Localization Strategy Globally to Solidify Market Leadership;
- Accelerate Comprehensive Digital and Intelligent Upgrades to Enhance Operational Quality and Efficiency; and
- Continuously Elevate the “SUNGROW” Brand Image.

See “Business — Our Strategies.”

OUR PRODUCTS AND SOLUTIONS

Our principal products and services include PV inverters, energy storage systems, new energy investment and development, wind power converter and transmission products, new energy vehicles’ electric control, power supply and charging equipment, smart energy operation and maintenance services and floating PV system, while we have also strategically expanded into hydrogen energy and AIDC power supply business. Our major business segments, represented by PV inverters and energy storage systems, are all positioned at the forefront of the global market.

We have achieved robust business growth since our inception, as demonstrated by the increases in our product shipment volume and revenue. The following table sets forth the shipment volume of certain of our major products as of the dates indicated:

	Year Ended December 31,			Six months Ended June 30,	
	2022	2023	2024	2024	2025
PV inverters (GW)	77	130	147	65	76
Energy storage systems (GWh)	7.7	10.5	28.0	7.8	19.5

The cumulative capacity of PV power stations and wind power stations we developed globally had reached 31 GW, 40 GW, 54 GW and 57 GW as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively.

See “Business — Our Products and Solutions.”

SUMMARY

RESEARCH AND DEVELOPMENT

We have adopted a rigorous R&D framework, continuously strengthening our talent base and IP portfolio, while committing substantial resources to innovation to maintain our technological leadership. Our R&D expenses were RMB1,692.2 million, RMB2,447.4 million, RMB3,163.5 million, RMB1,486.2 million and RMB2,037.2 million in 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, respectively. As of June 30, 2025, our R&D team comprised over 7,000 employees, representing approximately 40% of our total workforce.

Consistently guided by market demand, and with technological innovation as the engine of our growth, we strive to achieve cost-efficient innovation. Across each segment of our business chain, we enhance R&D efficiency and continuously reduce product costs through technology innovation and streamlined operations. We maintain a strong competitive edge in the cost-effectiveness of our products and services.

See “Business — Research and Development.”

SALES COVERAGE

As of June 30, 2025, we had established over 20 overseas branch offices and over 60 representative offices, over 520 global service outlets and hundreds of key channel partners. As of June 30, 2025, we had sold our products and services to over 100 countries and regions worldwide.

The following table sets forth our revenue by geographic regions for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousand except for percentages)										
(Unaudited)										
Mainland China	21,050,661	52.5	38,801,908	53.8	41,417,615	53.3	17,487,195	56.5	18,058,621	41.6
Other countries/regions . .	19,058,456	47.5	33,357,345	46.2	36,286,519	46.7	13,473,316	43.5	25,378,480	58.4
Total	40,109,117	100.0	72,159,253	100.0	77,704,134	100.0	30,960,511	100.0	43,437,101	100.0

See “Business — Sales, Marketing and Customer Service.”

SUMMARY

PRODUCTION

We have established production footprint both in China and overseas. The following table sets forth our design production capacity condition as of June 30, 2025:

Geographical locations	Products	Design Production Capacity ⁽¹⁾
China	PV inverters	119 GW
	Energy storage systems	28 GWh
Overseas	PV inverters	50 GW

Note:

- (1) Registered capacity or planned capacity. Our actual capacity can be flexibly increased through measures such as adding shifts and optimizing scheduling.

See “Business — Production.”

OUR CUSTOMERS

We offer our products and services globally. The downstream customers of PV inverters and other power conversion devices and energy storage system businesses are primarily EPC contractors, project owners and project investors. The customers of our new energy investment and development business are primarily project owners and project investors. In 2022, 2023, 2024 and the six months ended June 30, 2025, our revenue from our five largest customers amounted to RMB11,382.3 million, RMB24,840.1 million, RMB15,405.9 million and RMB10,232.0 million, which accounted for 28.4%, 34.4%, 19.8% and 23.6%, respectively, of our total sales in the respective period.

See “Business — Our Customers.”

OUR SUPPLIERS

We source our raw materials from suppliers globally. During the Track Record Period, we primarily procured (i) transformers, IGBTs, inductive magnetic components, resistors and other electronic components and structural parts for production of our PV inverters; (ii) battery cells, structural components and electrical parts for production of our energy storage systems; and (iii) equipment (such as PV modules), materials and construction service for new energy investment and development. In 2022, 2023, 2024 and the six months ended June 30, 2025, our purchase from our five largest suppliers amounted to RMB9,986.6 million, RMB8,462.3 million, RMB11,891.6 million and RMB6,642.8 million, which accounted for 27.4%, 16.8%, 22.0% and 28.3%, respectively, of our total purchases in the respective period.

See “Business — Our Suppliers.”

SUMMARY

COMPETITION

We operate in a rapidly changing industry resulting from technological innovation. The industry is becoming increasingly competitive as more competitors are enhancing their international penetration and competitiveness. Moreover, as the application scenarios for clean energy technologies become more extended, we may face competition from competitors across different industries. We have invested substantially in building up our R&D capabilities, supply chain management capabilities, production capabilities, sales and service capabilities, as well as financial management capabilities. We believe that our robust operating capabilities and extensive industry experience and expertise could solidify our current competitive edge and sustain our long-term development.

See “Business — Competition” and “Industry Overview.”

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors” in this Document. You should carefully read that section in its entirety before you decide to [REDACTED] in our [REDACTED]. Some of the risk factors are listed as the following:

- The demand in the downstream market of our industry is evolving and subject to factors beyond our control. If we are unable to adapt to changes and compete effectively to the competitive landscape, our business will be adversely affected;
- Our industry is characterized by rapid technology and product iteration. If our research and development efforts fail to achieve the expected results, our ability to attract new customers and retain existing ones may be compromised, which in turn could adversely affect our financial performance;
- Our international business may be subject to complexities inherent in international operations, including operational risks, compliance and regulatory requirements, such as uncertainties associated with tariffs, international trade policies, trade protection measures, economic or trade sanctions, export control measures and outbound investment restrictions as well as uncertainties associated with geopolitical tensions;
- We are actively expanding into new business segments and regions. Failure to deliver high-quality products and services could adversely harm our business and growth prospects;
- Any shortage in key supplies or disruptions to our supply chain may have an adverse effect on our business, financial condition and results of operations;

SUMMARY

- Failure to maintain stable relationships with key customers could adversely affect our business, financial condition and results of operations;
- Certain projects under our new energy investment and development business may require substantial upfront investment and involve long construction periods. Without prudent project selection and effective risk management, our business, financial condition and results of operations may be adversely affected;
- We may not be able to efficiently utilize both domestic and overseas production bases or meet compliance requirements across diverse regions, which may adversely affect our production and business operations;
- Any errors or misuse during our production procedures may result in workplace accidents, injuries or fatalities, thus adversely affecting our operations, reputation and financial condition; and
- Defects or unsatisfactory performance of our products, or failure to maintain effective quality control, could result in returns, recalls, reputational damage, loss of customers and product liability claims, and may adversely affect our business, financial condition and results of operations.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary of historical financial information for the periods or as of the dates indicated. This summary has been derived from our historical financial information set forth in the Accountant’s Report in Appendix I to this Document. The summary historical financial data set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountant’s Report in Appendix I to this Document, including the accompanying notes, and the information set forth in “Financial Information.” Our historical financial information was prepared in accordance with IFRS.

SUMMARY

Selected Results of Operation Data

The following table sets forth a summary of our results of operations in absolute amounts and as percentages of our revenue for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>										
							<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Revenue	40,109,117	100.0	72,159,253	100.0	77,704,134	100.0	30,960,511	100.0	43,437,101	100.0
Cost of sales	(31,913,812)	(79.6)	(53,790,366)	(74.5)	(55,203,014)	(71.0)	(21,031,785)	(67.9)	(29,148,533)	(67.1)
Gross profit	8,195,305	20.4	18,368,887	25.5	22,501,120	29.0	9,928,726	32.1	14,288,568	32.9
Other income	319,352	0.8	534,893	0.7	739,647	1.0	369,647	1.2	484,114	1.1
Other gains, net	669,330	1.7	293,250	0.4	441,777	0.6	169,834	0.5	619,297	1.4
Research and development expenses	(1,692,156)	(4.2)	(2,447,389)	(3.4)	(3,163,520)	(4.1)	(1,486,162)	(4.8)	(2,037,243)	(4.7)
General and administrative expenses	(811,659)	(2.0)	(1,306,343)	(1.8)	(1,747,419)	(2.2)	(763,084)	(2.5)	(1,168,091)	(2.7)
Selling expenses	(1,868,406)	(4.7)	(2,871,723)	(4.0)	(3,760,597)	(4.8)	(1,773,303)	(5.7)	(2,289,873)	(5.3)
Net impairment losses recognized on financial assets and contract assets	(466,429)	(1.2)	(789,690)	(1.1)	(1,086,170)	(1.4)	(311,177)	(1.0)	(355,667)	(0.8)
Finance costs	(209,088)	(0.5)	(318,937)	(0.4)	(391,866)	(0.5)	(191,435)	(0.6)	(190,776)	(0.4)
Share of results of associates, net	(2,287)	(0.0)	(2,985)	(0.0)	11,319	0.0	5,471	0.0	18,124	0.0
Profit before income tax	4,133,962	10.3	11,459,963	15.9	13,544,291	17.4	5,948,517	19.2	9,368,453	21.5
Income tax expenses	(438,388)	(1.1)	(1,851,223)	(2.6)	(2,280,064)	(2.9)	(901,900)	(2.9)	(1,538,226)	(3.5)
Profit for the year/period	3,695,574	9.2	9,608,740	13.3	11,264,227	14.5	5,046,617	16.3	7,830,227	18.0

For details of the fluctuations of key financial items set forth in our consolidated statements of comprehensive income during the Track Record Period, see “Financial Information — Description of Major Components of Our Results of Operations.”

SUMMARY

Revenue

During the Track Record Period, a majority of our revenue was generated from (i) PV inverters and other power conversion devices; (ii) energy storage systems; and (iii) new energy investment and development.

The following table sets forth a breakdown of our revenue by product line both in absolute amounts and as percentages of total revenue for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)										
							(Unaudited)		(Unaudited)	
PV inverters and other power conversion devices	17,178,675	42.8	27,653,074	38.3	29,127,039	37.5	13,093,203	42.3	15,327,462	35.3
Energy storage systems	10,126,475	25.2	17,801,524	24.7	24,959,166	32.1	7,815,768	25.2	17,802,778	41.0
New energy investment and development	11,515,268	28.7	24,733,981	34.3	21,003,004	27.0	8,954,969	28.9	8,397,881	19.3
Others ⁽¹⁾	1,288,699	3.3	1,970,674	2.7	2,614,925	3.4	1,096,571	3.6	1,908,980	4.4
Total	40,109,117	100.0	72,159,253	100.0	77,704,134	100.0	30,960,511	100.0	43,437,101	100.0

Note:

- (1) Primarily include power generation at new energy power stations, smart energy operation and maintenance services, floating PV system and charging equipment.

SUMMARY

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of gross profit and gross profit margin by product line for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)		
(RMB in thousands, except for percentages)										
(Unaudited)								(Unaudited)		
PV inverters and other power conversion devices	4,475,264	26.1	9,081,754	32.8	8,999,033	30.9	4,926,195	37.6	5,478,776	35.7
Energy storage systems	2,155,291	21.3	5,806,501	32.6	9,158,313	36.7	3,132,738	40.1	7,106,569	39.9
New energy investment and development	1,385,474	12.0	4,041,749	16.3	4,074,588	19.4	1,511,563	16.9	1,516,396	18.1
Others ⁽¹⁾	543,952	42.2	637,557	32.4	963,065	36.8	435,525	39.7	763,683	40.0
Inventory impairment loss.	(364,676)		(1,198,674)		(693,879)		(77,295)		(576,856)	
Total	8,195,305	20.4	18,368,887	25.5	22,501,120	29.0	9,928,726	32.1	14,288,568	32.9

Note:

- (1) Primarily include power generation at new energy power stations, smart energy operation and maintenance services, floating PV system and charging equipment.

Our gross profit margin increased from 20.4% in 2022 to 25.5% in 2023, primarily driven by the increasing profitability of our businesses including PV inverters and other power conversion devices, and energy storage systems. Our gross profit margin increased from 25.5% in 2023 to 29.0% in 2024, primarily due to (i) continuous product innovation, which leads to strengthened brand value and improved profitability; and (ii) the increased sales proportion of energy storage systems with relatively higher gross profit margin. Our gross profit margin remained relatively stable at 32.1% in the six months ended June 30, 2024 and 32.9% in the six months ended June 30, 2025. For more information, see “Financial Information — Period-to-Period Comparison of Results of Operations — Gross Profit and Gross Profit Margin.”

SUMMARY

Selected Consolidated Statements of Financial Position Data

The following table sets forth a summary of our consolidated statements of financial position as of the date indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Non-current assets	9,633,714	13,592,617	19,925,172	21,362,747
Current assets	51,993,726	69,283,888	95,148,599	97,031,240
Total assets	61,627,440	82,876,505	115,073,771	118,393,987
Current liabilities	35,468,599	45,936,987	60,297,878	58,517,370
Non-current liabilities	6,420,618	7,485,022	14,577,145	14,094,635
Total liabilities	41,889,217	53,422,009	74,875,023	72,612,005
Net current assets	16,525,127	23,346,901	34,850,721	38,513,870
Net assets	19,738,223	29,454,496	40,198,748	45,781,982

For details of the fluctuation in key items of our consolidated statements of financial position during the Track Record Period, see “Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position.”

Selected Consolidated Cash Flow Statements Data

The following table sets forth a summary of our cash flow for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)			(Unaudited)	(Unaudited)
Net cash flows generated from/(used in) operating activities	1,210,498	6,981,838	12,068,327	(2,603,705)	3,434,473
Net cash flow generated from/(used in) investing activities	345,555	(3,821,156)	(10,853,070)	(1,601,840)	944,394
Net cash flows generated from/(used in) financing activities	1,746,718	3,279,508	258,804	2,901,713	(4,218,309)
Net increase/(decrease) in cash and cash equivalents	3,302,771	6,440,190	1,474,061	(1,303,832)	160,558

SUMMARY

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)			(Unaudited)	(Unaudited)
Cash and cash equivalents at beginning of year/period	6,560,000	9,802,093	16,267,022	16,267,022	17,717,234
Effect of foreign exchange rate changes, net	(60,678)	24,739	(23,849)	4,760	32,723
Cash and cash equivalents at end of year/period	<u>9,802,093</u>	<u>16,267,022</u>	<u>17,717,234</u>	<u>14,967,950</u>	<u>17,910,515</u>

See “Financial Information — Liquidity and Capital Resources — Cash Flow.”

Key Financial Ratios

The following table sets forth our key financial ratios for the periods/as of the dates indicated:

	Year ended/As of December 31,			Six months ended/As of June 30,
	2022	2023	2024	2025
Gross profit margin (%) ⁽¹⁾ . . .	20.4	25.5	29.0	32.9
Net profit margin (%) ⁽²⁾	9.2	13.3	14.5	18.0
Weighted average return on equity (%) ⁽³⁾	21.0	41.0	34.0	19.2
Current ratio ⁽⁴⁾	1.5	1.5	1.6	1.7
Debt-to-asset ratio (%) ⁽⁵⁾	68.0	64.5	65.1	61.3

Notes:

- (1) Gross profit margin is calculated based on gross profit for the year/period divided by the total revenue for the same year/period and multiplied by 100%.
- (2) Net profit margin is calculated based on profit for the year/period divided by the total revenue for the same year/period and multiplied by 100%.
- (3) Weighted average return on equity is calculated by dividing the profit attributable to owners of the Company for the year/period by the monthly weighted average of equity attributable to owners of the Company. For the six months ended June 30, 2025, our weighted average return on equity is not annualized.
- (4) Current ratio is calculated by dividing current assets by current liabilities as of the relevant date.
- (5) Debt-to-asset ratio is calculated by dividing total liabilities by total assets as of the relevant date and multiplied by 100%.

SUMMARY

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Development

In September 2025, the extraordinary general meeting of the Company approved interim dividends of approximately RMB1,949.9 million in respect of the six months ended June 30, 2025.

No Material Adverse Change

We 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 June 30, 2025, being the end date of our latest reporting financial statements, and there has been no event since June 30, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Document.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDERS GROUP

As of the Latest Practicable Date, Mr. Cao and Ms. Su jointly held approximately 30.63% of our total share capital. Immediately following the completion of the [REDACTED] (assuming [REDACTED] and the [REDACTED] are not exercised), Mr. Cao and Ms. Su will control in aggregate approximately [REDACTED]% of our total share capital and will constitute our Single Largest Shareholders Group following the [REDACTED].

DIVIDENDS

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws and regulations. Pursuant to our Articles of Association, our annual cash dividends shall not be less than 10% of the distributable profit realized in the current year. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of both. Any proposed distribution of dividends is subject to the discretion of our Board and approval at our Shareholders’ meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders’ interests and any other conditions that our Board may deem relevant.

In 2022, 2023, 2024 and the six months ended June 30, 2025, we declared or paid cash dividends to our shareholders of RMB163.4 million, RMB325.3 million, RMB1,418.7 million and RMB2,216.7 million, respectively. In September 2025, the extraordinary general meeting of the Company approved interim dividends of approximately RMB1,949.9 million in respect of the six months ended June 30, 2025.

SUMMARY

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the stated range of the [REDACTED] of between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED], fees and estimated [REDACTED] payable by us in connection with the [REDACTED], assuming that the [REDACTED] and the [REDACTED] are not exercised. We intend to use the [REDACTED] from the [REDACTED] for purposes and in the amounts set forth below:

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be allocated to R&D purposes, including investments in next-generation PV products and energy storage systems, as well as the construction and upgrade of R&D centers.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be allocated to constructing our overseas production bases.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be allocated to accelerating digital intelligence to empower our business development.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for working capital and general corporate purposes.

See “Future Plans and Use of [REDACTED].”

[REDACTED] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [REDACTED] is completed and [REDACTED] H Shares are issued and sold in the [REDACTED]; (ii) the [REDACTED] and the [REDACTED] are not exercised; and (iii) [REDACTED] Shares are issued following the completion of the [REDACTED].

	Based on [REDACTED] of HK\$[REDACTED] per H Share	Based on [REDACTED] of HK\$[REDACTED] per H Share
Total market capitalisation of our Shares ⁽¹⁾	HK\$[REDACTED] million	HK\$[REDACTED] million
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

SUMMARY

Notes:

- (1) Calculated based on (i) [REDACTED] H Shares expected to be issued (assuming the [REDACTED] and the [REDACTED] are not exercised); and (ii) the average closing price of A Shares for the five business days immediately preceding the Latest Practicable Date of RMB150.46 (i.e. HK\$164.56 calculated based on RMB0.9143 to HK\$1.00) per A Share and the total share capital of 2,052,524,361 A Shares as of the Latest Practicable Date (excluding treasury shares).
- (2) The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 June 2025 is arrived at after adjustments referred to in the preceding paragraphs and on the basis that a total of [REDACTED] Shares (representing [REDACTED] Shares deducting 20,687,063 treasury shares as at 30 June 2025 and [REDACTED]) were in issue assuming that the [REDACTED] had been completed on 30 June 2025. Considering no subsequent event, the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 June 2025 would be RMB[REDACTED] (HK\$[REDACTED]) and RMB[REDACTED] (HK\$[REDACTED]), based on an [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per Share, respectively.
- (3) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 30 June 2025, including but not limited to the dividends of approximately RMB1,949,898,000 which were approved by the extraordinary general meeting of the Company on 30 September 2025. Had such dividends been declared on 30 June 2025, the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 June 2025 would be approximately RMB[REDACTED] (HK\$[REDACTED]) and RMB[REDACTED] (HK\$[REDACTED]), based on an [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per Share, respectively.

[REDACTED]

[REDACTED] consist of professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED]. We expect to incur total [REDACTED] of approximately HK\$[REDACTED] million, assuming the [REDACTED] and the [REDACTED] are not exercised and based on an [REDACTED] of HK\$[REDACTED] (being the mid-point of our [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]), representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED], including (a) [REDACTED], including [REDACTED] and other expenses, of approximately HK\$[REDACTED] million, and (b) non-[REDACTED]-related expenses of approximately HK\$[REDACTED] million, comprising (i) fees paid and payable to legal advisors and Reporting Accountants of approximately HK\$[REDACTED] million; and (ii) other fees and expenses of approximately HK\$[REDACTED] million. Subsequent to the Track Record Period, approximately HK\$[REDACTED] million is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] million is expected to be accounted for as a deduction from equity upon the [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Our Company has been listed on the Shenzhen Stock Exchange since November 2, 2011. As of the Latest Practicable Date, the Directors of Our Company confirmed that we had no instances of material noncompliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable inquiries, there was no material matter that should be brought to the attention of Hong Kong investors in relation to our compliance

SUMMARY

record on the Shenzhen Stock Exchange. According to confirmation from the PRC Legal Advisor, during the Track Record Period and as of the Latest Practicable Date, our Company had not been subject to any material administrative penalties or regulatory actions imposed by PRC securities regulatory authorities. Our Company has complied with all applicable laws and regulations relating to its A-share listing in all material respects. Based on the independent due diligence conducted by the Sole Sponsor, no material issues have been identified that would cause the Sole Sponsor to disagree with the Directors’ confirmation regarding our Company’s compliance record in connection with its listing on the Shenzhen Stock Exchange.

We believe the [REDACTED] and the [REDACTED] on the Hong Kong Stock Exchange will help advance our global strategic deployment, enhance our international profile, establish diversified financing channels, and further improve our Company’s core competitiveness and strengthen our global procurement network. See “Business — Our Strategies” and “Future Plans and Use of [REDACTED].”

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

“A Share(s)”	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
“Accountant’s Report”	the accountant’s report of our Company for the Track Record Period, as included in Appendix I
“affiliate(s)”	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”	Accounting and Financial Reporting Council
“Articles” or “Articles of Association”	the articles of association of our Company adopted on September 30, 2025 with effect upon [REDACTED] (as amended from time to time), a summary of which is set out in Appendix V to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
	[REDACTED]
“Business Day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“CAC”	the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)

[REDACTED]

DEFINITIONS

[REDACTED]

“China” or “the PRC”	the People’s Republic of China, except where the content or context requires otherwise
“close associate(s)”	has the meaning ascribed thereto 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” or “our Company”	Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司), a joint stock company incorporated in the People’s Republic of China with limited liability on November 28, 1997, the A Shares of which have been listed on the Shenzhen Stock Exchange (300274.SZ)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“EIT”	enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
“ESG”	Environmental, Social and Corporate Governance

DEFINITIONS

“Extreme Conditions” the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[REDACTED]

“Frost & Sullivan” Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

“F&S Report” the industry report prepared by Frost & Sullivan, which we commissioned Frost & Sullivan to prepare

“GDP” gross domestic product

“General Rules of HKSCC” General Rules of HKSCC published by the Stock Exchange and as amended from time to time

[REDACTED]

“Group,” “our Group,” “our,”
“we,” or “us” our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, in respect of the period before our Company became the holding company of any of its present subsidiaries, such present subsidiaries of our Company, the businesses carried on by such subsidiaries and (as the case may be) their predecessors

“Guide” the Guide for New Listing Applicants published by the Stock Exchange (as amended, supplemented or otherwise modified from time to time)

DEFINITIONS

“H Share(s)” overseas [REDACTED] foreign ordinary [REDACTED] in the share capital of our Company with a nominal value of RMB1.00 each, which are to be [REDACTED] for and [REDACTED] in Hong Kong dollars and to be [REDACTED] on the Hong Kong Stock Exchange

[REDACTED]

“HKFRS(s)” Hong Kong Financial Reporting Standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants

[REDACTED]

“Hong Kong” or “HK” the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong [REDACTED]”	the [REDACTED] H Shares being initially [REDACTED] by us for [REDACTED] pursuant to the Hong Kong [REDACTED] (subject to [REDACTED] and [REDACTED] as described in the section headed “Structure of the [REDACTED]” in this document)
“Hong Kong [REDACTED]”	the [REDACTED] for [REDACTED] of the Hong Kong [REDACTED] to the public in Hong Kong, on and subject to the terms and conditions described in the section headed “Structure of the [REDACTED]” in this document
“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

[REDACTED]

“IASB”	International Accounting Standards Board
“IFRS”	the IFRS Accounting Standards, which as collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB
“IIT Law”	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)
“Independent Third Party(ies)”	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules

DEFINITIONS

[REDACTED]

“Latest Practicable Date”	September 27, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)

DEFINITIONS

“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
“Major Subsidiary” or “Major Subsidiaries”	subsidiaries of the Company that meet the following criteria: any of the total assets, profits and revenue compared to that of our Group is not less than (a) 10% under the percentage ratios for each of the latest three financial years (or if less, the period since the incorporation or establishment of the subsidiary); and (b) 5% under the percentage ratios for the latest financial year
“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Cao”	Mr. Cao Renxian (曹仁賢), Chairman of the Board, executive Director and the President of our Company and a member of our Single Largest Shareholders Group
“Ms. Su”	Ms. Su Lei (蘇蕾), the spouse of Mr. Cao and a member of our Single Largest Shareholders Group
“NDRC”	the 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 the Board

[REDACTED]

DEFINITIONS

[REDACTED]

DEFINITIONS

“Overseas Listing Trial Measures”	The Trial Measures for the Administration on 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》) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法)
“PRC GAAP”	Generally accepted accounting principles of the PRC
“PRC Government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“PRC Legal Advisor”	Llinks Law Offices, the PRC legal advisor to our Company

[REDACTED]

“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Persons”	the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their or the Company’s respective directors, officers, employees, partners, agents, advisors and any other parties involved in the [REDACTED]

DEFINITIONS

“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SAIC”	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), currently known as the SAMR
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“Securities Law”	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both A Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
“Single Largest Shareholders Group”	Mr. Cao and Ms. Su

DEFINITIONS

“Sole Sponsor” or [REDACTED] China International Capital Corporation Hong Kong Securities Limited

[REDACTED]

“State Council” the State Council of the PRC (中華人民共和國國務院)

“subsidiary(ies)” has the meaning ascribed thereto under the Listing Rules

“substantial shareholder(s)” has the meaning ascribed thereto under the Listing Rules

“Takeovers Code” or “Hong Kong Takeovers Code” the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time

“Track Record Period” the financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025

[REDACTED]

“United States” or “U.S.” the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

“U.S. dollars,” “US\$” or “USD” United States dollars, the lawful currency of the United States

“U.S. Securities Act” the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[REDACTED]

DEFINITIONS

“VAT” value-added tax

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

“A”	ampere, the standard unit of electric current
“AC”	alternating current, an electric current that flows in both directions, periodically reversing direction and varying in magnitude
“ACEA”	European Automobile Manufacturers’ Association
“AFCI”	arc-fault circuit interrupters, an advanced electrical safety device designed to prevent fires by detecting hazardous arcing conditions in wiring and shutting off the electricity before a fire can start
“AGV”	automated guided vehicle, a type of unmanned transport vehicle equipped with automatic guiding devices
“AI”	artificial intelligence
“AIDC”	AI Data Center, a specialized data center designed to support artificial intelligence workloads
“AIDC power supply”	a type of power supply and its supporting power distribution and backup equipment, used to supply power to AI servers and data centers
“Alkaline Water Electrolysis (ALK)”	a technology that utilizes DC to electrolyze alkaline aqueous solution into hydrogen and oxygen
“Anion Exchange Membrane Electrolysis (AEM)”	a type of water electrolysis technology that using an anion exchange membrane to produce hydrogen
“APQP”	Advanced Product Quality Planning, a structured approach to design and develop products and processes to meet customer needs and expectations
“AS4777”	an Australian and New Zealand Standard that sets out the requirements for the grid connection of energy systems

GLOSSARY OF TECHNICAL TERMS

“Battery Management System (BMS)”	an electronic control unit that regulates and monitors the operation of a battery during charge and discharge
“BIPV”	Building-Integrated Photovoltaics, an integration solar PV modules with building materials
“black start”	a capability to restart a power plant from an unenergized state without external grid power
“blue hydrogen”	hydrogen produced from fossil fuels, primarily through steam methane reforming, where hydrocarbons are reacted with high-temperature steam and a catalyst, combined with carbon capture, utilization, and storage (CCUS)
“BNEF” or “Bloomberg NEF”	Bloomberg New Energy Finance
“CAGR”	Compound Annual Growth Rate
“CAAM”	China Association of Automobile Manufacturers
“Carbon Capture, Utilization and Storage (CCUS)”	a suite of technologies that captures carbon dioxide (CO ₂) from industrial sources, prevents its release into the atmosphere, and either stores it permanently underground or uses it for commercial products
“carbon neutrality”	the state of achieving a net-zero balance between greenhouse gas emissions produced and greenhouse gases removed from the atmosphere
“CE”	Conformité Européenne, a certification required for products to enter the European market
“CEC”	California Energy Commission
“centralized PV inverter”	a device in large PV systems that combines the output of multiple solar module strings and converts their DC electricity into AC for grid connection
“CGC”	China General Certification Center, a certification body in China that provides product testing and certification services to ensure compliance with national and international standards

GLOSSARY OF TECHNICAL TERMS

“C&I”	Commercial and industrial
“CMMI”	Capability Maturity Model Integration, a framework designed to improve and integrate processes across disciplines including engineering and product development
“CNAS”	China National Accreditation Service for Conformity Assessment
“CNESA”	China Energy Storage Alliance
“CPIA”	China Photovoltaic Industry Association
“CSA”	Canadian Standards Association, the largest non-profit organization in Canada dedicated to developing industrial standards
“dB”	decibel, a logarithmic unit used to measure the intensity of sound or the level of power in electrical signals, commonly applied to indicate noise levels
“DBT”	Develop-Build-Transfer, a project delivery model in which a single entity is responsible for the development, construction and subsequent transfer of a project to the owner
“DC”	direct current, an electric current that flows in one direction only, maintaining constant polarity and magnitude
“DCAC”	direct current-alternating current inverter, a device that converts direct current into alternating current to power alternating current-driven components or motors
“DCDC”	direct current-direct current converter, a device that converts direct current from one voltage level to another for different vehicle subsystems
“DNV”	Det Norske Veritas, an international accredited registrar and classification society that provides certification, assurance and risk management services for safety and quality standards

GLOSSARY OF TECHNICAL TERMS

“drive frequency converter”	a device that converts electrical frequencies to meet the requirements of different components within a wind turbine system, improving efficiency and performance
“EIA”	U.S Energy Information Administration
“electric control”	a core control system of the new energy vehicle, responsible for controlling and managing the driving, braking, steering and other operations
“electrolysis cells”	an electrochemical device that uses an external power source, such as a battery, to drive a non-spontaneous redox reaction for purposes including hydrogen production
“electromagnetic compatibility (EMC)”	the ability of equipment or systems to operate satisfactorily in their electromagnetic environment without causing intolerable electromagnetic disturbances to other equipment
“Enel-GUIDA”	the infrastructure and network division of the Italian National Electricity Company (Enel), responsible for its grid management and operation
“energy management system (EMS)”	a combined system that monitors, controls, and optimizes energy use within a facility or network to improve efficiency, reduce costs, and minimize environmental impact
“energy storage converter”	a type of power conversion equipment installed between energy storage batteries and the alternating current grid, which provides charging and discharging functions for the batteries and can be applied in various scenarios such as photovoltaic and wind power smoothing, peak shaving and valley filling and microgrids
“energy storage system (ESS)”	a system of technologies and solutions that stores energy in electrical, chemical or mechanical forms for later use, enabling the balancing of supply and demand, improving energy efficiency and enhancing the reliability and stability of power systems

GLOSSARY OF TECHNICAL TERMS

“EPC”	engineering, procurement and construction, a project delivery model in which a contractor is responsible for the engineering design, procurement of equipment and materials as well as construction of a project, delivering a complete facility to the customer
“EV”	electric vehicles
“Floating PV System”	a solar power installation where solar panels are mounted on floating structures on a body of water, such as a lake, reservoir, or dam
“GC2”	a grade for industrial pipelines in China
“generation — grid — load — storage”	a next-generation operating model for power systems that integrates four terminals of power supply, grid, load and energy storage
“green hydrogen”	hydrogen produced by electrolysis of water powered by renewable energy sources, such as solar or wind, resulting in near-zero greenhouse gas emissions
“greenhouse gas (GHG)”	atmospheric gases that absorb and emit infrared radiation, trapping heat and warming the Earth’s atmosphere through the greenhouse effect including carbon dioxide, methane, among others
“gray hydrogen”	hydrogen produced from fossil fuels including natural gas, coal, and crude oil, without capturing the carbon emissions released during the process
“g/L”	grams per liter, a unit of concentration that expresses the amount of a substance (in grams) present in one liter of solution
“grid”	electrical infrastructure on a national or regional level operated and maintained by a government-owned or regulated entity
“grid-forming technology”	a technology that allows power electronic devices independently generate voltage and frequency as voltage source, and provide inertia and damping to the system, enabling active support or construction of a stable grid

GLOSSARY OF TECHNICAL TERMS

“GW”	gigawatt, a unit for measuring power, 1 GW=1 billion watts
“GWac”	gigawatt alternating current, a unit for measuring power in terms of alternating current, 1 GWac=1 billion Wac
“GWEC”	Global Wind Energy Council
“GWh”	gigawatt-hours, a unit of electric energy, 1 GWh=1 billion Wh
“HV”	high voltage
“HV/LV grid adaptation”	engineering, protection and control measures that enable PV and energy-storage systems to interconnect and operate on high- and low-voltage grids in compliance with grid codes
“High Voltage Direct Current (HVDC)”	a power supply architecture in AIDC power supply that delivers electricity at high direct-current voltage levels directly to data center equipment, minimizing intermediate AC conversions and thereby improving efficiency, reliability, and power density
“High-Voltage Ride-Through (HVRT)”	the ability of grid-connected power systems, such as wind turbines and solar PV systems, to maintain connection to the grid during short-term, temporary high-voltage events instead of shutting down
“hydrogen energy equipment”	equipment used across the hydrogen energy chain, including production, storage, distribution and utilization, designed to provide safe and efficient hydrogen supply and power conversion for energy applications
“IATF16949”	an international quality management standard for the automotive industry, focusing on continuous improvement, defect prevention and reducing variation in the supply chain
“IGBT”	insulated gate bipolar transistor, a semiconductor device combining MOSFET control with bipolar current handling, used for efficient power switching

GLOSSARY OF TECHNICAL TERMS

“inductive magnetic components”	components such as inductors and chokes that store energy in a magnetic field when electrical current flows through them, widely used in power conversion and energy storage products
“IEA”	International Energy Agency
“IRENA”	International Renewable Energy Agency
“inverter,” “PV inverter”	one of the key components in a solar photovoltaic power generation system, which functions to convert direct current generated by solar cells into alternating current that meets the power quality requirements of the grid
“IP65”	an international protection rating indicating that a device is completely dust-tight (6) and protected against low-pressure water jets from any direction (5), making it suitable for outdoor or wet environments
“IP67”	an international protection rating indicating that a device is completely dust-tight (6) and can withstand immersion in water up to 1 meter deep for up to 30 minutes (7), ensuring high durability in harsh environments
“IPD”	integrated product development based on customer needs analysis, technological development trends analysis, and competitive strategy analysis, covering full R&D cycle, from concept, planning, development, validation, prototyping, to final mass production
“ISO 14001”	an international standard for environmental management systems, providing guidelines to minimize environmental impact and comply with regulations
“ISO 14064”	an international standard that specifies principles and requirements for quantifying, monitoring, reporting and verifying greenhouse gas emissions and removals. It provides organizations with a framework to measure their carbon footprint and support climate change mitigation strategies
“ISO 14064-1:2018”	an international standard that specifies principles and requirements for quantifying and reporting greenhouse gas emissions and removals at the organizational level

GLOSSARY OF TECHNICAL TERMS

“ISO 26262 ASIL-C,” “ISO 26262 ASIL-D”	automotive safety integrity level C and automotive safety integrity level D; the second highest and highest risk classification, respectively, in ISO 26262 functional safety standards for automotive systems, requiring rigorous safety measures to mitigate hazards
“ISO 45001”	an international standard for occupational health and safety management systems, designed to reduce workplace risks
“ISO 50001”	an international standard that provides a framework for establishing, implementing, maintaining and improving an energy management system. It helps organizations systematically improve energy performance, increase energy efficiency and reduce greenhouse gas emissions
“ISO 9001”	an international standard for quality management systems, ensuring consistent product and service quality
“JET”	Japan Electrical Safety & Environment Technology Laboratories
“kg/GW”	kilograms per gigawatt, a ratio indicating mass (in kilograms) relative to power capacity of 1 gigawatt
“kg/kW”	kilograms per kilowatt, a ratio indicating mass (in kilograms) relative to power capacity of 1 kilowatt
“kW”	kilowatt, a unit of power equal to 1,000 watts (10^3 W)
“kWh”	kilowatt-hour, a unit of energy equal to 1,000 watt-hours (10^3 Wh)
“kWh/m ² ”	kilowatt-hours per square meter, a measure of energy consumption or generation per unit area, commonly used for solar energy performance
“large-scale combustion test”	a critical methodology for ensuring the compliance and market acceptance of energy storage products, provides scientific evidence for preventing and controlling thermal runaway hazards at energy storage power stations, modules and systems

GLOSSARY OF TECHNICAL TERMS

“Levelized cost of electricity (LCOE)”	the average cost per unit of electricity generated, including all costs such as construction, operation, maintenance and raw material
“Levelized cost of hydrogen (LCOH)”	the discounted production cost over a plant’s lifetime per unit of hydrogen produced
“Levelized Cost of Storage (LCOS)”	the lifetime cost of an energy storage system per unit of energy delivered
“lithium battery cells”	rechargeable electrochemical cells that use lithium as the primary component in their electrodes, known for high energy density and commonly used in portable electronics and electric vehicles
“LFP”	Lithium Iron Phosphate (LiFePO ₄), a material of batteries
“Low-voltage ride-through (LVRT)”	the ability of grid-connected power systems, such as wind turbines and solar PV systems to continue operating during a voltage dip caused by a fault, while providing reactive power to assist in voltage recovery during grid disturbances
“LV”	low voltage
“microinverter”	a small PV inverter primarily used in balcony and rooftop PV systems, which supports fast installation and commissioning and features natural arc-fault prevention and module-level intelligent O&M
“modular inverter”	an innovative PV inverter which offers flexible subarray matching and combines the advantages of centralized and string inverters, where each module operates independently with separate MPPT design, adopts a split-body structure for higher tracking accuracy and enables plug-and-play maintenance
“MPPT”	maximum power point tracking, a technology used in solar power systems to continuously adjust the operating point of photovoltaic modules to maximize power output under varying sunlight and temperature conditions
“ms”	millisecond, a unit of time equal to one-thousandth (1/1000) of a second

GLOSSARY OF TECHNICAL TERMS

“MSCI”	Morgan Stanley Capital International
“mu (亩)”	a unit of area that is approximately 666.7 square metres
“MW”	million watts, a unit of power used to express the rate at which energy is generated or consumed
“MWh”	megawatt of power sustained for one hour, a unit used to measure the total amount of electricity produced or consumed over time
“NEV”	new energy vehicles, including battery electric vehicles (BEV), plug-in hybrid electric vehicles (PHEV), extended-range electric vehicles (EREV), and fuel cell vehicles
“Nm ³ /h”	a unit of volumetric flow rate representing the number of normal cubic meters of gas passing a point per hour, where “normal” refers to standardized conditions of temperature and pressure
“O&M”	operation and maintenance
“OBC”	on-board charger, a device that charges an electric vehicle’s battery from an external power source by converting alternating current to direct current
“OECD”	the Organization for Economic Cooperation and Development
“off-grid”	a standalone power system capable of operating independently from the public electricity grid, without reliance on public utilities
“PDU”	power distribution unit; a component that distributes electrical power to various systems and components
“Printed Circuit Board (PCB)”	a type of electronic component with wiring inside or on the surface of a board-shaped insulator
“PCBA”	printed circuit board assembly

GLOSSARY OF TECHNICAL TERMS

“PCS”	power conversion system, an electronic system that converts electrical energy from one form to another, especially in energy storage systems. Typically referring to energy storage converter
“power ratings”	the maximum amount of electrical power that a device, such as an inverter or solar module, is designed to handle or deliver under specified conditions, typically expressed in watts or kilowatts
“power supply”	an electrical device that supplies electric power to an electrical load
“Proton Exchange Membrane Electrolysis (PEM)”	a water electrolysis technology using a proton exchange membrane to produce high-purity hydrogen and oxygen from pure water
“PV module”	also known as a solar panel, an assembly of interconnected solar cells that converts sunlight directly into electricity via the PV effect
“PV”	photovoltaic, the technology that converts sunlight directly into electricity using semiconductor materials, commonly used in solar panels and solar power systems
“PV-ES integration”	photovoltaic-energy storage (PV-ES) integration, a system that combines solar panels with an energy storage component, usually batteries, to store the electricity generated by sunlight and release it later when needed
“PWM hydrogen power supply”	a Pulse Width Modulated power supply designed to efficiently power hydrogen production systems, typically by electrolysis
“R&D”	research and development
“real-world fire containment test”	a safety verification test that is conducted on the energy storage system to assess its ability to prevent risk escalation under thermal runaway conditions, which lasts 3-6 times longer than the conventional industry combustion test, by simulating extreme scenarios to validate structural safety conditions

GLOSSARY OF TECHNICAL TERMS

“RMB/MWh”	Chinese yuan per megawatt-hour of electricity, a pricing unit indicating the cost in energy markets and power purchase agreements
“SA8000@:2014”	an international standard for social accountability that sets requirements to ensure fair and safe working conditions, including prohibiting child and forced labor, ensuring health and safety and protecting workers’ rights
“SEIA”	Solar Energy Industries Association
“SGS”	Société Générale de Surveillance, a Swiss multinational company headquartered in Geneva, which provides inspection, verification, testing and certification services
“SiC”	silicon carbide, a wide-bandgap semiconductor material used in power electronics for high efficiency, high temperature tolerance and improved energy conversion performance
“single transistor”	single transistors on a chip, including individual electronic components like bipolar junction transistors or field-effect transistors
“SMT”	surface mounted technology, a method for printed circuit board assembly by mounting components directly
“Solid Oxide Electrolysis (SOEC)”	a technology to produce hydrogen with high efficiency that employs a solid oxide electrolyte to electrolyze at elevated temperatures
“sq.m”	square meter, a unit of area measurement commonly used to express the size of surfaces such as floors, land plots or panels
“Solid State Transformer (SST)”	a type of power transformation device combining power electronics conversion technology with high-frequency transformers, aimed at replacing the less efficient, large, and single-functional conventional transformers in modern power systems
“SPE”	Solar Power Europe

GLOSSARY OF TECHNICAL TERMS

“string inverter”	a type of inverter that performs separate maximum power point tracking for several groups of photovoltaic modules (typically one to four), then converts the electricity into alternating current for grid connection, which can contain multiple maximum power point tracking modules
“subarray”	sections of a PV system consisting of multiple interconnected solar modules grouped together to form part of a larger array, designed to optimize energy generation and system configuration
“tCO ₂ e”	metric tons of carbon dioxide equivalent, a unit used to quantify greenhouse gas emissions by converting different gases into an equivalent amount of carbon dioxide based on their global warming potential
“transformer”	an electrical device that transfers electrical energy between two or more circuits, commonly used to step up or step down voltage levels in power systems
“transistor”	a semiconductor device used to amplify or switch electronic signals and electrical power, a basic component of modern electronic circuits
“TÜV”	Technischer Überwachungsverein, a safety certification mark customized by the German TÜV Group for products, widely recognized globally
“UL”	Underwriters Laboratories, one of the world’s leading testing, certification and standards development organizations
“utility-scale energy storage”	energy storage used to smooth the fluctuate output of solar PV and wind power stations and to support the grid, usually large in scale
“UV”	ultraviolet, referring to ultraviolet light used in UV-curing technology, which hardens coatings or adhesives through exposure to UV radiation
“V”	volt

GLOSSARY OF TECHNICAL TERMS

”Vehicle-to-Grid (V2G)”	a technology that allows the bi-directional flow of electricity between an electric vehicle’s (EV) battery and the electricity grid
“VDE”	Verband der Elektrotechnik, Elektronik und Informationstechnik, one of the most experienced European testing and certification organizations directly involved in developing German national standards and enjoying a high reputation worldwide
“VOC”	volatile organic compounds, organic chemicals that easily evaporate and contribute to air pollution, requiring strict control to protect health and the environment
“VSC-HVDC power transmission”	voltage-source converter based high-voltage direct-current power transmission, a technology that uses advanced electronic switches like IGBTs to control power flow more precisely and operate in weak or isolated grids
“WRAS”	Water Regulations Approval Scheme, an independent UK certification for compliant products that keep water safe
“wind power”	a form of renewable energy that harnesses the power of the wind to generate electricity
“wind power converter”	a type of equipment that converts electrical energy generated by wind turbine generators under natural wind conditions, which has unstable voltage and frequency, into electrical energy with stable voltage and frequency that meets grid requirements, and feeds it into the grid
“wind power pitch drive”	a device used to adjust the angle of wind turbine blades to control rotational speed and optimize energy capture
“Zetta Float Point Operations Per Second (ZFLOPS)”	a unit of measure for supercomputer performance, representing one sextillion (10^{21}) calculations per second

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:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general political and economic conditions of jurisdictions in which we operate;
- our business operations and prospects;
- our capital expenditure plans;
- weather, natural disasters and climate change;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any 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 business plans; and
- various business opportunities that we may pursue.

RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have an adverse effect on our business, financial condition and results of operations. In any such case, the [REDACTED] of our H Shares could decline, and you may lose all or part of your [REDACTED]. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed “Forward-Looking Statements” in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The demand in the downstream market of our industry is evolving and subject to factors beyond our control. If we are unable to adapt to changes and compete effectively to the competitive landscape, our business will be adversely affected.

Our ability to drive business growth depends heavily on the ongoing development of our industry and the evolving demand of downstream markets. The industry is subject to significant volatility, driven by factors beyond our control, such as changes in policies, global macroeconomic conditions, market preferences and the pace of the energy transition. For example, there can be no assurances that supportive policies and regulatory frameworks to our industry will continue. Any stagnation in the development of downstream demand or significant shifts in its structure or preferences could adversely affect our ability to grow revenue and expand our business, thereby adversely impacting our business, financial condition and results of operations.

Our business development also depends on our abilities to respond efficiently and effectively against the heightened competition from both well-established competitors and new entrants within our industry. Our industry is characterized by rapid growth, continuous technological advancement and intense competition. For example, competition in the industry is driven by multiple factors, such as product and service offerings, cost efficiency, product quality, brand reputation, regulatory compliance, sales and service network coverage, supply chain stability, and the ability to rapidly respond to evolving and diverse customer demand. Specifically, existing competitors may have longer operating history, greater financial resources, more advanced technological and operational capabilities, broader customer bases, or stronger customer relationships. These advantages may enable them to respond more quickly and effectively to new opportunities, technological developments, regulatory changes, or shifts in customer demand. New entrants may also enter the market and compete aggressively by offering lower prices or introducing innovative products and services, which may require us to continuously enhance our technological capabilities, upgrade our product portfolio, and improve cost efficiency to maintain our competitive position. Such heightened competition

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from both existing competitors and new market participants may result in downward pressure on prices, reduced profit margins or loss of market share, any of which could adversely affect our business, financial condition and results of operations.

Our industry is characterized by rapid technology and product iteration. If our research and development efforts fail to achieve the expected results, our ability to attract new customers and retain existing ones may be compromised, which in turn could adversely affect our financial performance.

Our industry is characterized by rapid technological iteration and continuous product innovation, which constantly reshape market demand and customer expectations. To maintain our competitiveness and industry leadership, we must actively lead these developments with substantial and sustained investments in research and development. Additionally, our ability to attract new customers and retain existing ones relies heavily on continuously advancing the technology as well as our products and services. We have consistently prioritized research and development to strengthen our leadership in technology and products. Despite our past achievements and progress in research and development, there is no assurance that our ongoing investments will always yield the expected technological breakthroughs or commercial success. Research and development activities are inherently uncertain and subject to various risks, including failure to achieve intended technical results, delays in development timelines and inability to keep pace with the technological advances in the industry. If we are unable to maintain industry leadership in technology and products, we may lose our competitive edge, which could result in the loss of existing customers and hinder our ability to attract new customers. In addition, our new products may not achieve market acceptance or may be rendered obsolete by competing technologies. Furthermore, our upgraded or newly developed products and services may not generate profits within a short period or at all, which could negatively affect our financial condition.

Our international business may be subject to complexities inherent in international operations, including operational risks, compliance and regulatory requirements, such as uncertainties associated with tariffs, international trade policies, trade protection measures, economic or trade sanctions, export control measures and outbound investment restrictions as well as uncertainties associated with geopolitical tensions.

We have established a global presence. In 2022, 2023, 2024, and the six months ended June 30, 2024 and 2025, our revenue generated from other countries and regions (excluding Mainland China) accounted for 47.5%, 46.2%, 46.7%, 43.5% and 58.4% of our revenue for the same periods, respectively. As of June 30, 2025, we had sold our products and services to over 100 countries and regions worldwide. See “Business — Sales, Marketing and Customer Service.” As our business continues to expand globally across diverse markets with varying conditions, local cultures and customer demand, we face uncertainties when entering new markets where we have limited or no experience. These risks include difficulties in understanding local markets and cultures, higher costs of staffing and managing international operations, and challenges in managing complex distribution logistics for balancing stable relationships with existing logistics providers while pursuing new collaboration opportunities.

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Any failures to quickly adapt to the local business environment or to deliver high-quality products and services across various markets could undermine our ability to build and maintain strong business relationships with customers and local stakeholders, and potential harm to our brand and reputation.

Additionally, as we expand into global markets, we may be subject to uncertainty in complying with export controls and economic sanctions, anti-dumping and countervailing measures, anti-corruption, anti-money laundering, cybersecurity and data protection, environmental and labor regulations, foreign investment restrictions, anti-competition and antitrust, and tariff targeting our products. In recent years, rising geopolitical tensions and national security concerns have led to stricter international trade policies, trade protection measures, economic or trade sanctions, export control measures and outbound investment restrictions. The interpretation and enforcement of such laws and regulations and future development in global trade dynamics may impose new restrictions or uncertainties on our business. Non-compliance with these laws could restrict our ability to conduct cross-border business, increase our compliance burdens, or damage our reputation, which in turn could adversely affect and our business, financial condition and results of operations.

Furthermore, our international operations are influenced by local political and economic conditions, as well as broader geopolitical developments. Changes in regulatory priorities, or macroeconomic indicators such as inflation, currency fluctuations, or interest rate shifts could reduce customer demand and weaken investment confidence. Heightened political tensions may also disrupt global trade, investment and technological exchange, potentially affecting us, our business partners, suppliers and/or customers. For example, the U.S. government has recently introduced a series of new tariffs and trade policies affecting a broad range of countries, regions and industries. In February 2025, the U.S. imposed a baseline tariff on all imports from the PRC and subsequently increased additional tariffs on Chinese goods. In April 2025, new reciprocal tariffs were announced by the U.S. government on imports from various countries with which the U.S. has significant trade deficits, subject to certain exceptions. In May 2025, the U.S. and China agreed to a 90-day suspension of higher additional tariffs on each other’s goods, although the U.S. retained certain existing tariffs, including those imposed under specific trade acts and for particular sectors. The overall tariff environment remains dynamic and subject to evolving changes and negotiations. Pursuant to Executive Order 14334 signed on August 11, 2025, the U.S. government extended the suspension of the higher additional tariff on Chinese goods which was originally set to be reinstated after the initial 90-day suspension. Global trade policies could hinder access to critical technologies, systems or components that may be critical to our technology infrastructure, product and service offerings and business operations. We cannot assure you that we will be able to anticipate and mitigate all the above risks as we continuously expand our business, and failure to do so could adversely affect our business, financial condition and results of operations.

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We are actively expanding into new business segments and regions. Failure to deliver high-quality products and services could adversely harm our business and growth prospects.

We are actively expanding our business through both introducing new products and services as well as entering into new regions. However, the business expansion exposes us to risks. The success of developing and commercializing new products and services depends on multiple factors, such as industry trends, market demand, competition and customer acceptance. There is no assurance that these products will be successfully commercialized as planned. Failure to do so could adversely affect our business, financial condition and results of operations. As part of our growth strategy, we are actively expanding our business into new regional markets. However, such expansion involves various uncertainties. We may face challenges in accurately assessing market demand, customer preferences, and competitive landscapes in unfamiliar regions. In addition, local regulatory requirements, trade policies, and compliance obligations may differ significantly from those in our existing markets, potentially leading to additional costs, or restrictions on our operations. Even if we are able to establish operations in these new markets, there is no assurance that they will generate sufficient revenue or profitability to justify our investments. Failure to successfully manage these circumstances could adversely affect our business, financial condition, and results of operations.

As we continue to expand our business into new regions and broaden our customer base, we expect to face increasing operational complexity. Rising shipment volumes and diverse customer needs may make it difficult or costly to maintain consistent service quality across all markets. If we are unable to effectively manage these challenges, our business, financial condition and results of operations could be adversely affected.

Any shortage in key supplies or disruptions to our supply chain may have an adverse effect on our business, financial condition and results of operations.

We rely on third party suppliers to provide materials used in our production. See “Business — Procurement and Supply Chain Management — Procurement.” In 2022, 2023, 2024 and the six months ended June 30, 2025, our purchase from our five largest suppliers was RMB9,986.6 million, RMB8,462.3 million, RMB11,891.6 million and RMB6,642.8 million, which accounted for 27.4%, 16.8%, 22.0% and 28.3%, respectively, of our total purchases in the respective year/period. The stability, reliability and performance of these third parties are essential to our ability to deliver products in a timely manner, maintain product quality and support our growth. Any disruption to the supply of adequate materials from these or other key suppliers to meet our needs could impair our ability to manufacture products as scheduled. The global expansion and presence of our business also require us to procure materials from overseas suppliers. Any instability in geopolitical relations or the imposition of export control may affect the cost, pricing, or even the feasibility to procure imported materials.

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We cannot guarantee that our relationships with key suppliers will sustain without any disruption in the future. If our relationships with key suppliers deteriorate or terminate, or if our key suppliers face operational difficulties that hinder their ability to provide materials on time and with consistent quality, our ability to deliver products to customers promptly could be impacted. In such cases, we cannot assure you that we will be able to identify an alternative qualified supplier in a timely manner or on commercially viable terms, or at all, which would adversely affect our business, financial condition and results of operations.

Failure to maintain stable relationships with key customers could adversely affect our business, financial condition and results of operations.

Maintaining stable relationships with certain key customers is critical to our business. In 2022, 2023, 2024 and the six months ended June 30, 2025, revenue generated from our five largest customers was RMB11,382.3 million, RMB24,840.1 million, RMB15,405.9 million and RMB10,232.0 million, representing 28.4%, 34.4%, 19.8% and 23.6% of our total sales, respectively. As a result, our business operations and financial results are exposed to changes in the purchasing behavior or business strategies of these key customers. Any reduction in orders, delay in payments or termination of business relationships by any of our key customers could adversely affect our revenue and profitability. In addition, our relationships with these customers may be affected by factors such as negative publicity, controversies related to our brand image or changes in their internal policies or procurement strategies.

We mainly supply our products and solutions through direct sales, as well as collaboration with channel partners to leverage their established sales networks and market presence. However, we have limited control over the daily business activities of our channel partners and limited visibility over the ultimate sales of our products. Non-compliance by any partners with relevant partner sales agreements or our sales policies may adversely affect the overall sales of our products and our ability to implement development strategies. Any misconduct, including violations of laws or regulations, may harm our reputation or expose us to potential claims or litigation from third parties.

Furthermore, changes in the market strategies, financial condition or operational capabilities of our key customers may disrupt our sales channels and affect our ability to maintain or grow our market share. Any major disputes, defaults or deterioration in relationships with key customers may result in loss of business opportunities, increased credit risk or collection difficulties. These factors may also lead to fluctuations in our revenue and may adversely affect our business operation.

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Certain projects under our new energy investment and development business may require substantial upfront investment and involve long construction periods. Without prudent project selection and effective risk management, our business, financial condition and results of operations may be adversely affected.

The operation of certain projects under our new energy investment and development business may require substantial upfront capital and resources during the early stages of project development. The successful completion of such projects is subject to several factors beyond our control, including but not limited to regulatory approval, climate conditions, and supply chain condition. Any delay or disruption in these processes may result in cost overruns, project postponements or cancellations, which could adversely affect our business, financial condition and results of operations. Furthermore, the long payback period associated with these capital-intensive projects may impact our liquidity and profitability. We cannot assure you that we will always accurately assess project feasibility, manage construction risks or respond promptly to market changes, which may adversely affect our business, financial condition and results of operations.

We may not be able to efficiently utilize both domestic and overseas production bases or meet compliance requirements across diverse regions, which may adversely affect our production and business operations.

We have established production bases both in China and overseas. To further support our global business operations, we are planning to further establish new overseas production bases. See “Business — Production.” Our ability to manufacture products in a cost-effective manner depends on accurately maintaining optimal utilization of these production bases to achieve economies of scale and enhance production efficiency. The optimization of our production capacity is subject to various risks and uncertainties beyond our control, including fluctuations in market demand for our products and increases in the cost of maintaining production bases. We may experience market demand surges from time to time, which may place pressure on our production capacity and affect our capacity planning and delivery schedules. These factors may result in additional production costs and increased operational expenses.

As we continue to expand our business internationally, we face uncertainty around our compliance costs since we have to meet legal and regulatory requirements across multiple regions. These requirements include, but are not limited to, those relating to manufacturing, environmental protection, and other operational matters. Establishing overseas production bases may also expose us to uncertainties such as difficulties in financing, procurement of sourcing construction materials and production equipment, and recruiting. These issues may result in increased costs or influence our operational efficiency.

In addition, the operation of production bases in multiple operational efficiency regions may expose us to uncertainties relating to differences in regulatory regimes, local business practices, supply chain disruptions, political or economic instability and changes in policies. Any disputes, interruptions or inefficiencies in the operation of our production bases may disrupt our supply chain, delay product delivery or lead to increased costs. These factors may adversely affect our business, financial condition and results of operations.

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Any errors or misuse during our production procedures may result in workplace accidents, injuries or fatalities, thus adversely affecting our operations, reputation and financial condition.

Our production is exposed to risks and occupational hazards, including but not limited to dust, noise, fires and electric shock. These hazards may result in harm to human health, property damage, worker injuries or other serious consequences. See “Business — Environmental, Social and Corporate Governance” for further details. Factors such as insufficient attention to safety, inadequate maintenance, substandard working conditions or lapses in training may increase the likelihood of accidents or health issues.

There can be no assurance that the health and safety protection mechanisms we maintain will provide adequate protection in all circumstances. Any occurrence of workplace accidents or occupational health incidents may result in regulatory investigations, penalties, compensation claims, production disruptions, increased costs and negative publicity. If any of these circumstances materialize, our business, financial condition and results of operations could be adversely affected.

Defects or unsatisfactory performance of our products, or failure to maintain effective quality control, could result in returns, recalls, reputational damage, loss of customers and product liability claims, and may adversely affect our business, financial condition and results of operations.

Product quality and safety issues may arise at any stage of our operations. Products may contain undetected errors or defects. Errors, defects or poor performance may result from design flaws, issues with materials or components or production problems, affecting quality and yield. Defective products or components may lead to returns, recalls, warranty, indemnity or product liability claims, which may cause a negative impact to brand reputations. Our products are generally sold with warranty period covering design defects or product failure under normal use and service conditions, and we remain exposed to potential warranty claims during the warranty period.

If our products cause property damage or personal injury, product liability claims and damages may arise. Defending such claims may be costly, divert management attention and result in negative publicity, and damaging our reputation. Product liability claims, injuries, defects or other issues experienced by other companies in the our industry may also negatively affecting reputation and sales of the overall industry.

Our energy storage systems business involves the storage, transportation and integration of lithium battery cells, and we may experience safety issues in such processes.

Our energy storage systems business involves the storage, transportation and integration of lithium battery cells supplied by third parties. We regularly test our products and take safety measures with respect to the lithium battery cells. However, due to the high energy density of lithium battery cells, mishandling, inappropriate storage, non-compliance with safety

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instructions or field failures can potentially cause a battery cell to rapidly release its stored energy, which, in turn, may ignite nearby materials, including lithium battery cells. Any of the above risks could cause damage to property, injury, lawsuits and adverse publicity, which may adversely affect our reputation, financial condition and results of operations.

Our historical growth may not be indicative of our future financial performance.

We experienced rapid growth in our revenue during the Track Record Period. Our revenue increased from RMB40,109.1 million in 2022 to RMB72,159.3 million in 2023, and further increased to RMB77,704.1 million in 2024. Our net profit increased rapidly from RMB3,695.6 million in 2022 to RMB9,608.7 million in 2023, and further increased to RMB11,264.2 million in 2024. However, this only reflects our historical performance and may not be indicative of our future financial performance. The sustainability of our business growth depends on a number of factors, many of which are facing with uncertainty, including changes in economic conditions, regulatory evolution, market competition and dynamic customer demand. Any failure to manage our future operations effectively may result in failure to achieve sustained growth or profitability, which could adversely affect our business, financial condition and results of operations.

If we fail to successfully execute acquisitions, establish joint ventures or conduct other strategic investments, our business, financial condition and results of operations may be adversely affected.

We may, from time to time, pursue acquisitions, establish joint ventures or undertake other strategic investments to expand our business, enhance our technological capabilities or achieve other strategic objectives. These activities involve numerous uncertainties. We may encounter difficulties in identifying suitable targets or partners, integrating acquired businesses or technologies, or achieving anticipated synergies, revenue or other expected benefits. Such transactions may divert management attention from existing operations and may result in increased costs, higher leverage, asset write-offs, restructuring expenses or dilution of existing shareholders' interests. We may also be exposed to unknown or contingent liabilities of acquired or invested companies. There can be no assurance that any acquisition, joint venture or strategic investment will be successful or will not adversely affect our business, financial condition and results of operations.

We may experience inventory impairment, shortage or excess, which may adversely affect on our business, financial condition and results of operations.

As of December 31, 2022, 2023 and 2024, and June 30, 2025, we had inventories of RMB19,060.1 million, RMB21,441.5 million, RMB29,027.6 million and RMB29,706.3 million, respectively. Our inventory turnover days were approximately 168.2 days, 135.5 days, 164.6 days and 181.3 days for the same periods, respectively. Inventory management is important for our business. We may experience inventory impairment, shortage or excess as a result of a variety of factors, including changes in customer needs or market trends due to rapid technological iteration, changes in market prices and regulatory environment, as well as the

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uncertainties in the grid connection process of power stations that we invested to operate. We cannot guarantee that our inventory management will enable us to avoid understocking or overstocking inventory so as to prevent inventory impairment, shortage or excess. As a result of unforeseen or sudden events, we may experience slow movement of our inventories, fail to utilize or sell our inventories swiftly, or experience inventory obsolescence, which could have an adverse effect on our business, financial condition and results of operations.

Any significant delay in payment or default on our receivables could adversely affect our liquidity and financial performance.

As of December 31, 2022, 2023 and 2024, and June 30, 2025, our total trade and notes receivables were RMB15,297.1 million, RMB22,165.4 million, RMB28,826.0 million and RMB29,423.7 million, respectively. We may be affected by our customer’s credit and may not be able to collect all such receivables due to a variety of factors that are outside of our control, including the long payment cycle of our customers and the adverse operating or financial condition of customers. Any payment delays or defaults from our customers may adversely affect our cash flow or financial results. The credit term we granted to our customers is generally within 180 days, and our cash flow may be adversely affected by any deterioration in their credit quality. If we are not able to manage the credit risk effectively, our results of operations may be adversely affected.

Furthermore, if our customers or other business partners delay or default on their payments, for reasons including non-payment or termination of our relationship with these customers or business partners or a general decrease in their business, we may not be able to fully recover the outstanding amounts due from them and we may have to make provision for impairment, write off the relevant receivables and/or incur legal costs to enforce our rights. As of December 31, 2022, 2023, 2024 and June 30, 2025, we made allowance for impairment of RMB1,370.9 million, RMB2,008.8 million, RMB2,891.4 million and RMB3,112.3 million, respectively. See “Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Trade and Notes Receivables.” Our business, financial condition and results of operations may be adversely affected if significant trade receivables are not settled on time, or at all.

Market risk from fluctuations in foreign currency exchange rates could adversely impact our financial performance.

We are exposed to foreign currency fluctuation in relation to transactions, investments and financing activities denominated in currencies other than the RMB. Our overseas businesses are generally settled in local currencies and subsequently translated into RMB for our consolidated financial statements. Significant fluctuations in exchange rates between the RMB and other currencies may result in changes in operating income, impact gross profit levels, and lead to exchange gains or losses between the recognition of sales and the receipt of foreign currency. Appreciation of the RMB against foreign currencies may increase the

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prices of our solutions in overseas markets, reducing competitiveness and potentially leading to decreased sales. Depreciation of the RMB may increase the costs of raw materials, parts and components sourced from overseas suppliers, adversely affecting our profit margins and financial results.

We may also be influenced by changes in foreign exchange regulations, restrictions on the remittance of funds, and the availability and effectiveness of hedging instruments. Volatility in currency markets may increase our financing costs, limit our ability to plan and budget, and create uncertainty in our financial results. If we are unable to effectively manage significant fluctuations in foreign exchange rates or related events, we may incur net foreign currency losses or other adverse financial impacts, which could adversely affect our business, financial condition and results of operations.

If we cannot obtain additional funding on terms satisfactory to us when needed, our growth prospects and future financial condition may be adversely affected.

To satisfy the funding requirement of our continuous operations, investment plans and other business needs, we may need to obtain adequate financing from external sources to supplement our capital expenditures and daily working capital. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including regulatory approvals to obtain financing, our financial condition, results of operations, cash flows and credit history, the condition of financial markets, changes in the monetary policy with respect to bank interest rates and lending practices and conditions. We cannot guarantee that we will be able to obtain bank loans, renew existing credit facilities or obtain other external financing in the future on favorable terms, or at all, to fund our existing operations and develop or expand our business, and, therefore, our business, financial condition and results of operations may be adversely affected.

We engage third-party logistics service providers to deliver our products. Any delivery delays, improper handling or increase in transportation costs may adversely affect our business, financial condition and results of operations.

We have established domestic and overseas production bases to support our global sales, which require 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 canceled due to unforeseeable events, including improper handling by our logistics service providers, prolonged customer clearance time leading to increased storage costs, acts of war or terrorism, outbreaks of epidemics, earthquakes and other natural disasters. This may result in disruptions to our product deliveries and increase our costs. In addition, any improper mishandling of our products by the logistics service providers could also result in product damages, 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.

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

Under the laws and regulations in the countries and regions where we operate, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. There were intragroup transactions among our Group in different jurisdictions. Based on the foregoing, we are of the view that we have observed the transfer pricing laws and regulations of the relevant jurisdictions and our intra-group transactions complied with the arm’s length principle under the OECD Transfer Pricing Guideline in 2022, 2023 and 2024. See “Business — Transfer Pricing Arrangement.” We could face adverse tax consequences if the relevant tax authorities determine that an intra-group transaction does 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 increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. In addition, a transfer pricing arrangement may give rise to tax recoverable by the tax authorities in certain jurisdictions as a result of tax adjustments. Our business, financial condition and results of operations may be adversely affected.

Any discontinuation of preferential tax treatments or imposition of any additional taxes and surcharges could adversely affect our financial condition and results of operations.

We enjoyed certain preferential tax treatments and export tax refunds. For example, during the Track Record Period, we and our certain subsidiaries operating in the PRC were accredited as “High and New Technology Enterprise” (“HNTE”), and were therefore eligible for a preferential EIT rate of 15%. Certain subsidiaries were entitled to other types of preferential tax treatments. For details, see “Financial Information — Description of Major Components of Our Results of Operations — Income Tax Expenses.” However, any expiration or change of these preferential tax treatments could adversely affect our operating results. We cannot assure you that the policies on preferential tax treatments and export tax refund will remain unchanged or that the current preferential tax treatments we enjoy will not be canceled. In addition, we cannot assure you that we will continue to enjoy similar preferential tax treatment in the future. If any of our subsidiaries ceases to be entitled to preferential tax treatment, it may lead to an adverse effect to our results of operations.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other business partners may adversely affect our business.

Any misconduct by our employees, business partners and their employees or other related personnel could adversely affect our reputation and business. Possible misconduct includes but is not limited to engaging in illegal activities, concealing material facts, improperly disclosing confidential information, misappropriating funds, conducting transactions beyond authorized limits, making false statements or committing fraud, or engaging in other improper conduct.

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Our systems and procedures and those of our third-party providers may not identify and address in a timely manner the risks brought by the misconduct. Moreover, the measures we implement to detect and prevent fraud and other improper conduct may not be effective. In the event of actual or perceived misconduct by our employees, business partners and other parties, we may be exposed to complaints, claims, legal proceedings, penalties and/or reputational damages resulting from such misconduct, which in turn could adversely affect our business, reputation and results of operations.

If we fail to protect, or incur significant costs in defending, our intellectual property, trade secrets and other proprietary rights, our business, financial condition and results of operations could be harmed.

Our intellectual property rights are key to our competitiveness. Our intellectual property and proprietary rights are crucial in maintaining our competitive edge in the industry. See “Business — Intellectual Property.” We continue to seek to protect our intellectual property and proprietary knowledge by applying for patents, trademarks and other forms of intellectual property rights. However, we cannot guarantee that we will be successful in obtaining such intellectual property rights in a timely manner or at all. We also use contractual arrangements and trade secret protection clauses with employees and business partners to protect our intellectual property and proprietary rights. Nevertheless, contractual arrangements afford only limited protection, and the actions we take to protect our intellectual property and proprietary rights may not be adequate. If we fail to effectively protect our intellectual property, our business, financial condition and results of operations could be adversely affected.

Third parties may assert or claim that we are infringing upon their intellectual property and proprietary rights, which could divert management’s attention, cause us to incur additional costs and prevent us from selling or using the technology to which such rights relate.

Our ability to use and develop our technology and know-how and to manufacture and sell our products and services without infringing the intellectual property or other rights of third parties is important to our business operations. 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 uncertainties. The defense and prosecution 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, and 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.

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Any failure to comply with the applicable laws and regulations relating to cyber security, data privacy and personal information protection may subject us to legal or administrative proceedings, which may adversely affect our reputation and business operations.

We are subject to laws and regulations relating to cyber security and data privacy, including restrictions on the collection, usage and storage of personal information and requirements to take steps to prevent personal data from being divulged, stolen or tampered with. In addition, we may be influenced by misconduct of our employees or third parties, such as misappropriating or illegally disclosing confidential information obtained in our business operations. As a result, we may be required to invest significant resources to develop our security measures against cyber security and data privacy issues caused by potential breaches.

In addition, regulatory requirements on cyber security and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. We cannot guarantee that relevant interpretation or implementation of the laws or regulations will not adversely affect us. We may also become subject to new laws and regulations regarding cyber security and data privacy matters. Failure to comply with the applicable laws and regulations or effectively address data privacy and protection concerns could subject us to legal proceedings, regulatory actions or penalties, which may further adversely affect our business, financial condition and results of operations.

Our business is affected by the continued service of key management and qualified personnel. Any failure to attract or retain such employees, or any significant increase in labor costs, could adversely affect our operations and growth prospects.

Our business may be affected by the continued service of our key management and qualified personnel across all functions. Recruiting and retaining capable employees is essential for us to refine our technology, introduce innovative products and services and support our daily operations. The competition for talent in our industry is intense, and we may need to offer higher compensation, enhanced training, more attractive career opportunities and other benefits to attract and retain employees. If we fail to attract, retain or motivate key personnel at reasonable cost, or if we experience significant work stoppages or disruptions due to labor shortages, increased labor costs or other related matters, our operations and growth prospects may be adversely affected. In addition, the loss of personnel with critical expertise or experience could delay or hinder our research and development activities, affect our ability to deliver products and services and reduce our competitiveness in the market.

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In addition, we typically enter into employment agreements with confidentiality and non-competition provisions for key personnel. However, there can be no assurance that these individuals will not breach such agreements or join competitors after the non-compete period ends. If we lose the services of key personnel and fail to replace them with qualified individuals in a timely manner, or if they breach confidentiality or non-competition obligations, we may fall short of our business objectives and suffer damages as a result. Any of these events could adversely affect our business, financial condition and results of operations.

Any unauthorized access, security breach or disruption to our information technology systems could compromise the confidentiality and integrity of our proprietary information, which could result in legal and regulatory consequences.

We rely on our information technology systems to effectively manage our business activities. We are continuously upgrading our information technology systems to improve their performance, functionality, reliability and security, accommodating the increased scale of our business, which requires significant investments of time and resources. However, any failure to maintain and improve our information technology systems could result in unanticipated system disruptions that interrupt our normal business activities. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including power outages, fire, natural disasters, systems failures, security breaches and viruses. Any failure of our information technology systems or loss or leakage of confidential information could result in transaction errors, process inefficiencies and loss of sales and customers, which could further harm our reputation and adversely affect our business, financial condition and results of operations.

We may have limited insurance coverage, which could expose us to additional costs.

We maintain a wide range of insurance, which we believe cover the major risks in our daily operations. See “Business — Insurance” for further details. 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 the actual losses that we may incur from our 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 an adverse effect on our business, financial condition and results of operations. Furthermore, if we fail to obtain coverage at current levels, or the premium on our insurance coverage increases significantly in the future, our business, financial condition and results of operations may be adversely affected.

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We may be subject to impact of our risk management and internal control systems in the future.

We have designed and implemented comprehensive risk management and internal control policies and procedures to monitor and control potential risk exposures relevant to our business operations. See “Business — Risk Management and Internal Control.” While we seek to improve our risk management and internal control systems on a continuous basis, we cannot guarantee that these systems are sufficiently effective in identifying, managing and preventing all potential risks that may arise from our business operations. 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 adversely affected.

Our risk management and internal controls systems also require effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended or that 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 adversely affected.

If we fail to fully comply with the existing or future environmental, safety, and occupational health laws and regulations in the jurisdictions where we operate, our business, financial condition and results of operations may be adversely affected.

Our business is subject to various environmental, safety, and occupational health laws and regulations in the jurisdictions where we operate. For details, please see “Business — Environmental, Social and Corporate Governance.” Under these laws and regulations, we are required to maintain safe production conditions and safeguard employees’ occupational health. However, we cannot guarantee that significant accidents will not occur in our future operations, nor can we ensure that our risk management measures will effectively mitigate such risks. In addition, our production process generates solid waste, wastewater, and other pollutants. The treatment and disposal of solid waste and the discharge of pollutants into the environment may give rise to liabilities, and we may incur costs associated with such discharges. Failure to comply with these environmental, social, and corporate governance related laws and regulations could have an adverse effect on our business, financial condition and results of operations. Furthermore, if the relevant authorities implement stricter environmental protection standards and regulations in the future, we may need to take additional environmental protection measures to comply with such new laws and regulations, which could increase our operating costs.

RISK FACTORS

We may from time to time become party to litigation, other legal and contractual disputes, claims and administrative proceedings that may adversely affect our business and reputation.

In the course of our ordinary business operations, we had and may in the future become a party to litigation, other legal and contractual disputes, claims and administrative proceedings from time to time. Any ongoing litigation, legal proceedings, regulatory actions, claims, disputes or administrative proceedings may distract our senior management’s attention and consume our time and other resources. In the case of any verdict or award rendered against us, we may be required to pay monetary damages, assume liabilities or suspend or terminate parts of our operations. In addition, even if we ultimately succeed in such litigation, legal proceedings, regulatory actions, claims, disputes or administrative proceedings, there may be negative publicity attached to such litigation, legal proceedings, claims, disputes or administrative proceedings, which may adversely affect our reputation and brand names. Consequently, our business, financial condition, results of operations and prospects may be adversely affected.

Our business requires a number of approvals, licenses, permits or certificates, and our failure to obtain or renew these approvals, licenses, permits or certificates in a timely manner may adversely affect our business.

Our business may be adversely affected if we fail to obtain regulatory approvals or licenses for carrying out our operations and construction. We are required to obtain certain licenses, permits, registrations, certificates, approvals and filings for our global business operations as well as for new projects and project expansion. In addition, various completion inspections and acceptances may be required before we commence production at new production bases.

We must meet various specific requirements set by the regulatory authorities to issue or renew any such license, permit, registration, certificate, approval and filing, or complete necessary inspection and acceptance. We cannot guarantee that we will be able to timely adapt to new rules and regulations that may come into effect from time to time, or that we will always be in full compliance, and that we will not encounter delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary licenses, permits, registrations, certificates, approvals and filings for our operations in a timely manner, or encounter delays in obtaining or renewing the necessary regulatory approvals for any of our operations. In the event that we fail to obtain or renew, or encounter delays in obtaining or renewing, the necessary regulatory approvals for any of our operations, we will not be able to continue with our relevant business development plans or production activities, and our business, financial condition and results of operations may be adversely affected.

RISK FACTORS

Our Single Largest Shareholders Group has substantial influence over the Company and its interests may not be aligned with the interests of our other shareholders.

Immediately after the completion of the [REDACTED] (assuming the [REDACTED] and the [REDACTED] are not exercised), the Single Largest Shareholders Group will hold approximately [REDACTED]% of the share capital of our Company. The interests of the Single Largest Shareholders Group may differ from those of our other Shareholders. If the interests of the Single Largest Shareholders Group conflict with those of our other Shareholders, or if the Single Largest Shareholders Group direct our business towards strategic objectives that conflict with the interests of our other Shareholders, the other Shareholders may be disadvantaged by the actions taken by the Single Largest Shareholders Group.

Any negative publicity and allegation involving us may damage our reputation and adversely affect our business and results of operations.

We attach great importance to the global recognition of our brand, which plays an integral role in ensuring the rapid and sustainable growth of our business. Any public perception that our products are defective or otherwise unsatisfactory, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand and undermine the credibility we have established. Our brand may suffer substantial reputational damage due to unpredictable factors, such as product liability claims, changing customer perceptions of the industry, negative perceptions of packaging, lack of recyclability or other environmental impacts, concerns about equality and inclusion practices, distribution and sale of counterfeit products. If we are unable to manage effectively real or perceived issues, sentiments towards our products and brand could be negatively impacted. Failure to maintain or enhance the reputation of our brand could make it difficult to maintain and grow our customer base, and our business, financial condition and results of operations may be adversely affected.

Certain of our leased properties may have title defects and our right to lease or use the properties may be challenged.

As of June 30, 2025, our Company and Major Subsidiaries leased four properties that exceed 2,000 sq.m. in the PRC, with an aggregate GFA of approximately 16,251 sq.m., primarily used for production, R&D, and office purposes. See “Business — Properties — Leased Properties.” As of June 30, 2025, we had not obtained valid title certificate from the relevant landlords for one leased property with approximately 7,375 sq.m. Considering that (i) the GFA of the such property only accounted for a relatively small percentage of the aggregate GFA of the properties we owned and leased; (ii) no property ownership disputes have arisen during the lease term that would affect our use of the premises; and (iii) we had obtained written confirmation from relevant government authorities, stating that the lack of valid title certificate does not constitute an illegal or non-compliant incident and it will not compel us to cease operations and vacate such properties. Our PRC Legal Advisors are of the view that the aforementioned situation would not have any material adverse effect on our business, financial condition and results of operations.

RISK FACTORS

If we are required to renegotiate new lease arrangements, this could result in additional costs or delays. Failure to secure suitable alternative arrangements could lead to operational interruptions or legal disputes, which may have an adverse effect on our business, financial condition and results of operations.

We are subject to a range of laws, regulations and regulatory standards, and any failure to comply with these requirements may expose us to liability.

We are subject to various laws and regulations in the PRC and other jurisdictions in which we operate and are required to comply with relevant requirements and standards.

For example, we are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of our employees in the PRC. According to the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》), a PRC enterprise is required to set up housing provident fund accounts and pay the housing provident fund in time and in full for its employees. According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), a PRC enterprise is required to complete social insurance registration for its employees and to pay the social insurance contributions in time and in full. Although we had not been subject to any administrative penalties in connection with our contribution of social insurance plans and housing provident fund during the Track Record Period, there is no assurance that our historical and current practice with respect to the contribution of social insurance plans and housing provident fund will at all times satisfy the regulatory authorities in the PRC mainly due to the evolving interpretation and implementation of these laws and regulations. In the event of any such non-compliance, we may be required to pay any shortfall in the contribution of social insurance plans and housing provident fund within a prescribed time period and subject to administrative penalties if we fail to comply such requirements from relevant authorities. Given that we have obtained confirmations from relevant authorities with respect to the aforementioned events, our PRC Legal Advisor is of the view that the risk of us being required to pay such shortfall or subject to administrative penalties is remote. In addition to the above, if we fail to comply with any other relevant labor laws and regulations in the PRC, we may be exposed to penalties or be required to compensate employees.

Force majeure events, such as natural disasters, adverse weather conditions, public health and public security hazards, may severely disrupt our business and operations.

We may experience earthquakes, floods, snowstorms, typhoons, power outages, or similar events beyond our control that would affect our operations. Any future occurrence of force majeure events, such as acts of God, hurricanes, earthquakes and other natural disasters, epidemics, quarantines, terrorism, embargos, plant closures, and other events beyond our control could result in severe disruptions to our operations and property damages, which would adversely affect our business, financial condition and results of operations.

RISK FACTORS

RISKS RELATING TO DOING BUSINESS IN THE COUNTRIES AND REGIONS WHERE WE OPERATE

Any changes to the regulatory landscape or any unforeseen regulatory regime in any jurisdiction in which we operate could adversely affect our business, financial condition and results of operations.

The operations of our businesses are mainly subject to applicable laws, rules and regulations at the national and regional levels in the jurisdiction where we operate. Such laws, rules and regulations include, but are not limited to, production safety, fire safety, product quality and environmental protection. 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. New laws and regulations relevant to our businesses in these markets may be introduced in the future, or the current applicable laws and regulations may be amended or replaced, requiring us to conduct business with additional oversight and regulatory compliance. Any change in the applicable laws, rules and regulations could require us to obtain additional licenses, permits, approvals or certificates, increase our operational expenses or result in the invalidation of licenses, permits, approvals or certificates we currently have. 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 evolving regulatory environment swiftly enough or in a cost-efficient manner, failure of which may adversely affect our operations and lead to substantial compliance costs.

Development in social and economic policies, as well as the interpretation and enforcement of laws, rules and regulations in the countries and regions where we operate could affect our business, financial condition and results of operations.

Legal systems of the jurisdictions where we operate vary significantly. Some jurisdictions have a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. We are also subject to certain uncertainties embedded in the legal systems of some jurisdictions where we operate. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the regions where we operate. These uncertainties may affect our judgment on the

RISK FACTORS

relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the jurisdictions where we operate are based in part on their respective policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of the regions where we operate may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in the regions where we operate and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in the jurisdictions where we operate may slow down the growth of the industry and affect our business, financial condition and results of operations.

We are subject to certain regulatory requirements over foreign currency conversion and remittance.

Our business may be subject to the regulatory requirements of convertibility and remittance of currencies. For example, 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 and support our global business operations. Under the existing PRC foreign exchange regulations, payments for current account items, including profit distributions, interest payments, and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE, provided that certain procedural requirements are met. However, approval from or registration with competent authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses. If we cannot fulfill the relevant regulatory requirements, or if future regulations on foreign currency exchanges impose additional requirements, it may impair our ability to have sufficient foreign currency capital to fund any of our future business activities conducted in foreign currencies.

RISK FACTORS

Non-PRC holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

Under the current tax laws and regulations in China, non-Chinese resident individuals and non-Chinese resident enterprises are subject to different tax obligations with respect to dividends paid to them by us and the gains realized upon the sale or other disposition of our H Shares.

Under IIT law, non-Chinese resident individuals are required to pay individual income tax at a rate of 20% on interest, dividends and bonuses they obtain from China. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Generally, in accordance with the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by the SAT (《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》), domestic non foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excess tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

For non-Chinese resident enterprises that do not have establishments or premises in China, and for those who have establishments or premises in China but whose income is not related to such establishments or premises under the EIT law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of Shares are ordinarily subject to China enterprise income tax at a rate of 20%. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Chinese Resident Enterprises on Dividends Paid to Overseas Non-Chinese 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》) issued by the SAT, such tax rate has been reduced to 10%.

If there is any development in the applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your [REDACTED] in our H Shares may be adversely affected.

Our offshore subsidiaries may be treated as a PRC resident enterprise for PRC tax purposes and subject to PRC income tax on their worldwide taxable income.

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of mainland China with “de facto management bodies” located in mainland China may be considered PRC resident enterprises for tax purposes and

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may be subject to the PRC EIT at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (Guo Shui Fa [2009] No. 82) (the “Circular 82”), specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated by enterprises or enterprise groups within mainland China as major controlling shareholders under the laws of foreign countries (regions) will be classified as PRC resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within mainland China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in mainland China; (iii) primary properties, accounting books, company seal, and minutes of board meetings and shareholders’ meetings are located or kept within mainland China; and (iv) at least half of the directors with voting rights or senior management reside within mainland China. The SAT has subsequently provided further guidance on the implementation of Circular 82.

As our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, the competent regulatory authorities may request EIT at 25% on such our offshore subsidiaries’ global income, except that the dividends they receive from our mainland China subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes “dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise.” Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a “PRC resident enterprise” for such purposes. The EIT on our subsidiaries’ global income could significantly increase our tax burden and affect our cash flows and profitability.

You may experience difficulties in effecting service of process upon us or our Directors who reside in China or enforcing foreign court judgments against us or them in China.

A substantial part of our assets, and a majority our Directors and senior management, are located in China. Recognition and enforcement in courts of jurisdictions outside the PRC of judgments of a PRC court, and recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside the PRC, are inherently difficult. As a result, it may be difficult and time-consuming to effect service of process issued by a court at a foreign jurisdiction upon our Directors and senior management located in China. In addition, investors may also experience difficulties in seeking recognition and enforcing foreign judgments in the PRC if there is a lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions.

RISK FACTORS

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of mainland China and Hong Kong.

As our A Shares are listed on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the [REDACTED] of the Stock Exchange, we will be required to comply with the [REDACTED] rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of [REDACTED] rules in the two jurisdictions.

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the [REDACTED] of the Stock Exchange. Under current laws and regulations of China, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have different trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in mainland China. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in mainland China, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, prospective [REDACTED] in our H Shares should be reminded that, in making their [REDACTED] decisions as to whether to [REDACTED] our H Shares, they should rely only on the financial, operating and other information.

RISK FACTORS

There has been no prior public market for our H Shares, and an active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and [REDACTED] will develop and maintain following completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is expected to be fixed by agreement between the [REDACTED] and us and may not be an indication of the [REDACTED] of our H Shares following completion of the [REDACTED]. If an active public market for our H Shares does not develop following completion of the [REDACTED], the [REDACTED] and liquidity of our H Shares may be adversely affected.

The [REDACTED] and [REDACTED] volume of our H Shares may be volatile, which could lead to losses to [REDACTED].

The [REDACTED] and [REDACTED] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Hong Kong Stock Exchange and other securities markets have, from time to time, experienced price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the [REDACTED] and [REDACTED] volume of our H Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our business partners, movements or activities of key personnel, or actions taken by competitors. Moreover, the shares of other companies listed on the Hong Kong Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in [REDACTED] not directly related to our performance.

You may experience dilution if we issue additional Shares in the future.

We may consider raising additional funds to finance our business expansion or acquisitions. If the funds are raised through the issuance of new Shares or other equity-linked securities other than on a pro-rata basis to our existing Shareholders, the percentage shareholding of our shareholders in our Company may be diluted.

Certain facts, forecasts and other statistics in this document obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecasts and other statistics contained in this document are derived from various official sources and public information. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and presenting such information. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the [REDACTED] or any of the respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such statistics, which may not be consistent with other

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information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give consideration as to how much importance they should attach to or place on such facts.

Forward-looking information in this document is subject to uncertainties.

This document contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this document, the words “anticipate,” “believe,” “estimate,” “expect,” “plans,” “prospects,” “going forward,” “intend” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge from the forward-looking statements in this document. Whether actual results will conform with our expectations and predictions is subject to several risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

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].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this document, there has been press and media coverage regarding us, our business, our industry and the [REDACTED]. There may be additional media coverage regarding us, our business, our industry and the [REDACTED] subsequent to the date of this document but prior to the completion of the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the [REDACTED] has authorized the disclosure of any such information in the press or media and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it, and you should not rely on such information.

WAIVERS AND EXEMPTION

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

Rules	Subject matter
Rules 3.28 and 8.17	Appointment of joint company secretaries
Rules 8.12 and 19A.15	Management presence in Hong Kong
Paragraphs 26 of Appendix D1A to the Listing Rules	Particulars of any alterations in the capital of any member of the Group
Rule 14A.105	Continuing connected transactions

[REDACTED]

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we 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, we must appoint as our company secretary an individual, who, by virtue of his or 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); or
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

WAIVERS AND EXEMPTION

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 he or she played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the 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 Mr. Lu Yang (“**Mr. Lu Yang**”), our Secretary to the Board as one of our joint company secretaries (the “**Joint Company Secretaries**,” each a “**Joint Company Secretary**”). As he has extensive experience in information disclosure and corporate governance but presently does not possess any of the qualification required under Rules 3.28 and 8.17 of the Listing Rules, we have appointed Ms. Cheng Kwai Yuk (“**Ms. Cheng**”) to provide assistance to Mr. Lu Yang. Ms. Cheng is a Chartered Secretary, Chartered Governance Professional, and a member of both the Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Mr. Lu Yang and Ms. Cheng will be jointly discharging the duties and responsibilities of a company secretary. Ms. Cheng will be assisting Mr. Lu Yang in gaining the relevant experience required under Rules 3.28 and 8.17 of the Listing Rules. Also, Mr. Lu Yang will be assisted by (1) the compliance advisor of our Company for the first full financial year starting from the [REDACTED], particularly in relation to Hong Kong corporate governance practice and compliance matters; and (2) the Hong Kong legal advisor of our Company, on matters regarding our Company’s ongoing compliance with the Listing Rules and the applicable Hong Kong laws and regulations. In addition, Mr. Lu Yang will endeavor to attend relevant trainings and familiarize himself with the Listing Rules and duties required of a company secretary of an issuer listed on the Stock Exchange. We have applied to the Stock Exchange for[, and the Stock Exchange has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Lu Yang may be appointed as a Joint Company Secretary of our Company.

Pursuant to Chapter 3.10 of the Guide, the waiver will be for a fixed period of time (the “**Waiver Period**”) and on the following conditions: (1) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a Joint Company Secretary throughout the Waiver Period; and (2) the waiver will be revoked with immediate effect if there are material breaches of the Listing Rules

WAIVERS AND EXEMPTION

by the issuer. The waiver is valid for an initial period of three years on the condition that Ms. Cheng will work closely with, and provide assistance to, Mr. Lu Yang in the discharge of his duties as a company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations.

Our Company will further ensure that Mr. Lu Yang has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules. Before the end of the three-year period, the Company will demonstrate and seek the Stock Exchange’s confirmation that Mr. Lu Yang, having had the benefits of Ms. Cheng’s assistance during the three-year period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of a company secretary so that a further waiver would not be necessary.

For further information regarding the qualifications of Mr. Lu Yang and Ms. Cheng, see “Directors and Senior Management” in this document.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Pursuant to Rule 19A.15 of the Listing Rules, the requirement in Rule 8.12 may be waived having regard to, among other considerations, the arrangements for maintaining regular communication with the Stock Exchange.

Since most of the business operations of our Group are managed and conducted outside of Hong Kong, and most of the executive Directors ordinarily reside outside Hong Kong, our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied for[, and the Stock Exchange has granted], a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules subject to the following conditions. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (a) **Authorized representatives:** we have appointed Mr. Cao and Mr. Lu Yang 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

WAIVERS AND EXEMPTION

contactable by phone and email to deal promptly with enquiries from the Stock Exchange. 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. We will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives. For more information about our Authorized Representatives, see “Directors and Senior Management” in this document;

- (b) **Directors:** each of our Authorized Representatives has means to contact all members of our Board (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of our Board for any matters. In the event that any Director expects to travel or otherwise be out of office, he/she will provide a contactable phone number of him/her to the Authorized Representatives. Pursuant to Rule 3.20 of the Listing Rules, each of our Directors shall provide their telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and correspondence address to the Stock Exchange. To the best of our knowledge and information, each Director who does not ordinarily reside 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 upon request of the Stock Exchange; and
- (c) **Compliance advisor:** we have appointed Somerley Capital Holdings Limited as our compliance advisor (the “**Compliance Advisor**”) upon [REDACTED] pursuant to Rules 3A.19 and 19A.05 of the Listing Rules for a period commencing on the [REDACTED] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [REDACTED]. The Compliance Advisor will have access at all times to our Authorized Representatives, the Directors and other senior management and can act as the additional channel of communication with the Stock Exchange and answer inquiries from the Stock Exchange. The contact details of the Compliance Advisor have been provided to the Stock Exchange. We will also inform the Stock Exchange promptly in respect of any change in the Compliance Advisor.

PARTICULARS OF ANY ALTERATIONS IN THE CAPITAL OF ANY MEMBER OF THE GROUP

Paragraph 26 of Appendix D1A to the Listing Rules requires this document to include the particulars of any alterations in the capital of any member of our Group within the two years immediately preceding the issue of this document.

Our Company had over 900 subsidiaries as of the Latest Practicable Date. Our Company believes that it would be unduly burdensome to disclose the required information in respect of all of its subsidiaries as our Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material or meaningful to investors. The non-disclosure of such information will not prejudice the interests of investors.

WAIVERS AND EXEMPTION

As of the Latest Practicable Date, we operated our business through five Major Subsidiaries. See “History, Development and Corporate Structure — Our Major Subsidiaries” for information of our major subsidiaries as of the Latest Practicable Date. Each of the other subsidiaries of our Company individually whose total assets, profits and revenue compared to that of our Group is less than (a) 10% under the percentage ratios for each of the latest three financial years (or if less, the period since the incorporation or establishment of the subsidiary); or (b) 5% under the percentage ratios for the latest financial year. Accordingly, the remaining subsidiaries which are not Major Subsidiaries in our Group are relatively insignificant to the overall results of our Group.

We have disclosed the particulars of the changes in share capital of our Company and the major subsidiaries in the sections headed “Statutory and General Information — 1. Further Information about our Company — B. Changes in Share Capital of our Company” and “Statutory and General Information — 1. Further Information about our Company — C. Changes in Share Capital of our Major Subsidiaries” in Appendix VI to this document.

We have applied for[, and the Stock Exchange has granted], a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Listing Rules in respect of disclosing the particulars of any alteration in the capital of any member of our Group within the two years immediately preceding the issue of this document.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and expect to continue, certain transactions that will constitute partially-exempt continuing connected transactions of our Company under the Listing Rules upon [REDACTED] as described in the section headed “Connected Transactions” in this document. Our Directors consider that strict compliance with the applicable requirement under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, we have applied for[, and the Stock Exchange has granted to us], a waiver from strict compliance with the applicable requirements under Chapter 14A of the Listing Rules upon [REDACTED] in respect of such partially-exempt continuing connected transactions. For further details, see “Connected Transactions” in this document.

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

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INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Executive Directors

Name	Address	Nationality
Mr. Cao Renxian (曹仁賢)	Room 201, Building B, Daoxiangge No. 3 Erli Street Shushan District Hefei Anhui Province PRC	Chinese
Dr. Gu Yilei (顧亦磊)	Room 102, No. 24, Lane 999 Qilianshan South Road Putuo District Shanghai PRC	Chinese
Mr. Zhang Xucheng (張許成)	No. 1-506 Shushan Road Primary School Paomachang Road Shushan District Hefei Anhui Province PRC	Chinese
Dr. Zhao Wei (趙為)	Room 603, Building 4 Qingyangyuan Century Sunshine Garden Ma'anshan Road Baohe District Hefei Anhui Province PRC	Chinese
Mr. Wu Jiamao (吳家貌)	Room 401, Building 25 Aolin Garden, Feixi Road Shushan District Hefei Anhui Province PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Independent Non-executive Directors

Name	Address	Nationality
Ms. Gu Guang (顧光)	Room 602, Building 163 No. 3 Feixi Road Shushan District Hefei Anhui Province PRC	Chinese
Dr. Li Mingfa (李明發)	Room 303, Building 160 No. 3 Feixi Road Shushan District Hefei Anhui Province PRC	Chinese
Mr. Zhang Lei (張磊)	Room 2-204 Fuxingmen Garden Dagu South Road Hexi District Tianjin PRC	Chinese
Dr. Wei Lai (魏銑)	Unit D, 41/F, Tower 1A The Pavilia Bay 51 Wing Shun Street Tsuen Wan New Territories Hong Kong	Chinese (Hong Kong)

For further details, see “Directors and Senior Management” in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor and [REDACTED]

**China International Capital Corporation
Hong Kong Securities Limited**
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

[REDACTED]

Legal Advisors to our Company

As to Hong Kong and U.S. laws:
Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC laws:
Llinks Law Offices
19F, One Lujiazui
68 Yin Cheng Road Middle
Shanghai, PRC

Legal Advisors to the Sole Sponsor and the [REDACTED]

As to Hong Kong and U.S. laws:
Baker & McKenzie
14/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

As to PRC laws:

Haiwen & Partners

20/F, Fortune Financial Center
5 Dong San Huan Central Road
Chaoyang District
Beijing
PRC

Auditor and Reporting Accountant

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

Unit 3203A-5, 32/F
Tower 2, Lippo Centre
89 Queensway, Admiralty
Hong Kong

Industry Consultant

**Frost & Sullivan (Beijing) Inc.,
Shanghai Branch Co.**

Room 2504, Wheelock Square
1717 West Nanjing Road
Jing'an District
Shanghai, PRC

Compliance Advisor

Somerley Capital Holdings Limited

20/F, China Building
29 Queen's Road Central
Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC

No. 1699 Xiyou Road
High-tech Zone
Hefei
Anhui Province
PRC

Principal Place of Business in the PRC

No. 1699 Xiyou Road
High-tech Zone
Hefei
Anhui Province
PRC

Principal Place of Business in Hong Kong

40/F, Dah Sing Financial Centre
248 Queen’s Road East
Wanchai
Hong Kong

Company’s Website

<http://www.sungrowpower.com>

*(The information contained in this website
does not form part of this document)*

Authorized Representatives

Mr. Cao Renxian
No. 1699 Xiyou Road,
High-tech Zone
Hefei
Anhui Province
PRC

Mr. Lu Yang
No. 1699 Xiyou Road
High-tech Zone
Hefei
Anhui Province
PRC

Joint Company Secretaries

Mr. Lu Yang
No. 1699 Xiyou Road
High-tech Zone
Hefei
Anhui Province
PRC

CORPORATE INFORMATION

	Ms. Cheng Kwai Yuk 40/F, Dah Sing Financial Centre 248 Queen’s Road East Wanchai Hong Kong
Audit Committee	Ms. Gu Guang (<i>Chairperson</i>) Dr. Li Mingfa Mr. Zhang Lei
Remuneration and Appraisal Committee	Mr. Zhang Lei (<i>Chairman</i>) Dr. Li Mingfa Mr. Cao Renxian
Nomination Committee	Dr. Li Mingfa (<i>Chairman</i>) Ms. Gu Guang Mr. Cao Renxian
Strategy and Sustainable Development Committee	Mr. Cao Renxian (<i>Chairman</i>) Dr. Gu Yilei Mr. Zhang Xucheng

[REDACTED]

Principal Bank(s)	China Construction Bank Corporation Hefei Luyang Branch 130 Shouchun Road Luyang District Hefei, Anhui Province PRC

CORPORATE INFORMATION

Bank of China Limited
Hefei High-tech Industrial
Development Zone Branch

6 Haiguan Road
High-tech Zone
Hefei, Anhui Province
PRC

Agricultural Bank of China Limited
Hefei Sunac City Branch

Building 2, Rongxiang Garden, Sunac City
230 Jinlu Road
Economic Development Zone
Hefei, Anhui Province
PRC

Industrial and Commercial Bank Limited
Hefei High-tech Industrial Development
Zone Branch

F1 Floor, Building B
Light Industry Building
8 Tianda Road
High-tech Zone
Hefei, Anhui Province
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the F&S Report, which was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged Frost & Sullivan to prepare the F&S Report in connection with the [REDACTED]. The information from official government sources has not been independently verified by any of the Sole Sponsor, [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED] (other than Frost & Sullivan), and no representation is given as to its accuracy. For discussion of the risks related to the Group’s industry, see “Risk Factors — Risks Relating to Our Business and Industry” in this document.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on the global clean power conversion device industry and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB450,000.00 to Frost & Sullivan for compiling the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research that involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research, which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data, while also considering the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, as well as integration of market drivers and restraints, integration with market challenges, integration of the market engineering measurement trends and integration of econometric variables.

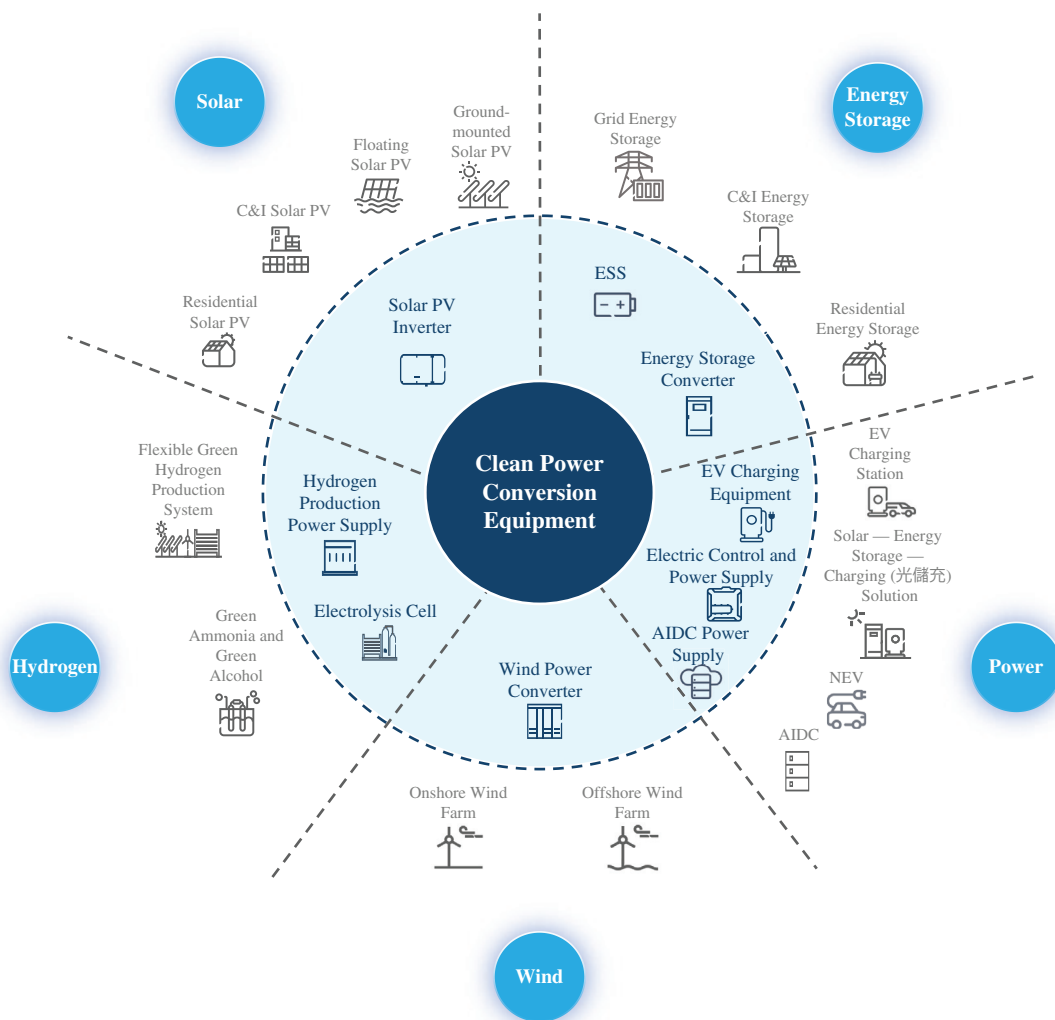
The Frost & Sullivan Report is compiled based on the following assumptions: (i) the global social, economic and political environment is likely to remain stable in the forecast period; and (ii) related industry key drivers are likely to drive the market in the forecast period.

INDUSTRY OVERVIEW

INTRODUCTION OF CLEAN POWER CONVERSION DEVICE

The clean power conversion device forms the backbone of the global clean energy system, encompassing solar photovoltaic (PV) inverters, wind power converters, energy storage systems (ESS), hydrogen production power supplies and electrolysis cells, electric control and power supply systems for new energy vehicles (NEV), EV charging equipment, and AIDC power supplies. The clean power conversion device enables the efficient generation, storage and application of clean power, building a closed-loop system from energy development to end-use consumption and providing a solid foundation for advancing the energy transition and achieving global low-carbon development.

Clean Power Conversion Device and Application Scenarios



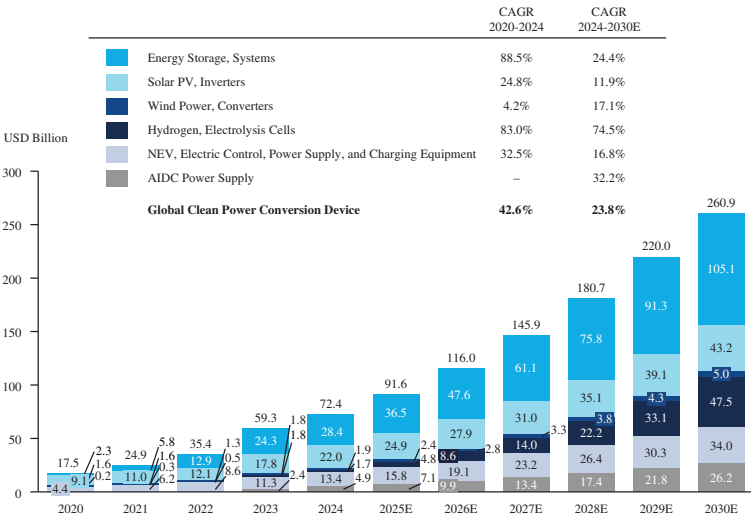
Source: Frost & Sullivan

INDUSTRY OVERVIEW

Market Size of the Global Clean Power Conversion Device

Driven by global carbon reduction goals and energy structure adjustments, the global clean power conversion device market expanded from USD17.5 billion in 2020 to USD72.4 billion in 2024, with a CAGR of 42.6%, and is expected to reach USD260.9 billion by 2030, with a CAGR of 23.8% from 2024.

Market Size of the Global Clean Power Conversion Device Industry by Source, 2020-2030E



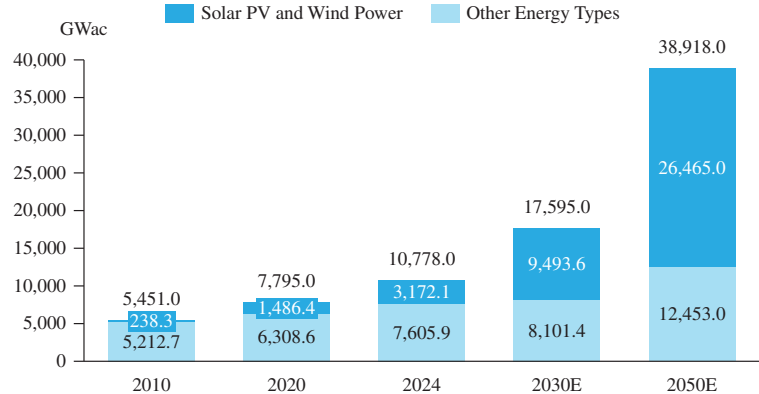
Source: International Energy Agency (IEA), Global Wind Energy Council (GWEC), International Renewable Energy Agency (IRENA), Solar Power Europe (SPE), U.S. Energy Information Administration (EIA), National Energy Administration of China, China Hydrogen Alliance, Frost & Sullivan

Development of the Global Clean Power Industry

The global power system is undergoing significant growth and structural transformation. The global power generation cumulative installed capacity expanded from 7,795.0 GWac in 2020 to 10,778.0 GWac in 2024, representing a CAGR of 8.4%. It is projected to reach 17,595.0 GWac by 2030 and 38,918.0 GWac by 2050, with a CAGR of 8.5% from 2024 to 2030. Among the key drivers, high-density electricity consumption scenarios such as data centers are expanding rapidly: in 2024, data centers already accounted for about 4% of global power demand, and this share is expected to exceed 10% by 2030, creating rising requirements for high-performance and highly reliable power devices. At the same time, the cumulative installed capacity of solar PV power and wind power as a percentage of the cumulative installed capacity of global power mix has increased from 4.4% in 2010 to 29.4% in 2024, and is expected to reach 68.0% by 2050. Under the combined effect of power scale expansion and structural adjustment, the global energy system is accelerating toward a clean power model centered on solar PV and wind power.

INDUSTRY OVERVIEW

Global Power Generation Cumulative Installed Capacity by Energy Type, 2010-2050E



Source: IEA, GWEC, IRENA, SPE, U.S. EIA, Frost & Sullivan

The large-scale integration of highly volatile renewable energy presents unprecedented challenges to grid security and stability. As a critical pillar of the next-generation power system, the energy storage market is expanding rapidly: the global newly installed capacity of lithium battery ESS increased from 11.5 GWh in 2020 to 187.2 GWh in 2024, representing a CAGR of 100.7%. This figure is projected to reach 922.0 GWh by 2030, with a CAGR of approximately 30.4% from 2024 to 2030. Meanwhile, the surge in AIDC construction has significantly amplified the demand for high-performance power solutions. Markets for key devices including HVDC power supplies and solid-state transformers (SST) are expanding rapidly, with the global AIDC power supply market expected to grow from around USD4.9 billion in 2024 to approximately USD26.2 billion by 2030, registering a CAGR of 32.2%. In addition, emerging application scenarios such as microgrids, off-grid systems and zero-carbon zones are developing quickly, driving up demand for integrated generation — grid — load — storage (“源網荷儲”) energy solutions. Against this backdrop, the leading global providers of clean power conversion devices are well positioned for in-depth participation in all aspects of generation — grid — load — storage business construction, following the trends of both the rising power demand and structural transformation of the energy sector, while capitalizing on the global opportunities created by the growth of green computing power.

OVERVIEW OF THE GLOBAL SOLAR PV INDUSTRY

Introduction of Solar PV Industry

Solar PV power generation converts solar energy into electricity based on the photovoltaic effect and represents an important component of renewable energy. In the power conversion process, inverters serve as the core device, efficiently converting direct current (DC) into grid-compatible alternating current (AC), while also synchronizing with ESS and next-generation power systems. This enhances energy utilization efficiency and system stability. With major global economies advancing carbon neutrality goals, declining technology costs, and expanding storage applications, the solar PV industry is becoming a key driver in promoting the green transition of the energy structure and low-carbon development.

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The upstream segment of the solar PV industry chain includes solar PV modules along with their upstream industrial chain, PV inverters, mounting structures, among others. The midstream segment primarily involves solar PV system integration and power station construction, bringing together materials and components to deliver complete solar PV power stations. The downstream segment focuses on power generation and operation and maintenance (O&M), covering application scenarios such as ground-mounted power stations, C&I solar PV, and residential solar PV.

Market Drivers and Development Trends Analysis of the Global Solar PV Industry

Carbon Neutrality Targets and Policy Support Driving the Solar PV Industry

In December 2015, nearly 200 parties to the “United Nations Framework Convention on Climate Change” unanimously adopted the “Paris Agreement,” setting clear global emission reduction goals. Against the backdrop of energy transition, the EU launched the “Green Deal” in 2019, targeting net-zero greenhouse gas emissions by 2050. In 2020, China established its “Dual Carbon” strategy, aiming to peak carbon emissions by 2030 and achieve carbon neutrality by 2060. As of September 2025, according to NetZero Tracker, more than 130 countries and regions worldwide have announced carbon neutrality goals, covering 74% of global greenhouse gas emissions, 77% of the world’s economy, and 79% of the global population. In 2024, the General Office of the State Council of China released the “Work Plan for Accelerating the Establishment of a Carbon Emission Dual-Control System” (《加快构建碳排放雙控制度體系工作方案》), further improving planning systems related to carbon emissions and expediting the green transition of development models. In 2025, the EU passed the “Clean Industrial Deal,” establishing an Industrial Decarbonization Bank and planning to mobilize EUR100 billion to promote the coordinated development of energy-intensive industries and clean technologies. Continuous policy support not only provides long-term growth visibility for the solar PV industry but also drives collaborative innovation across the value chain, accelerating technology commercialization and market expansion.

Sustained Improvement in Solar PV Economics

The overall economic viability of solar PV has been increasingly evident, with its levelized cost of electricity (LCOE) falling sharply worldwide. According to IRENA, the LCOE of solar PV dropped from USD0.417/kWh in 2010 to USD0.043/kWh in 2024, a decline of nearly 90%, achieving grid parity with conventional energy sources. It is expected to further decrease to USD0.03/kWh by 2030. The core drivers of cost reduction include (i) economies of scale resulting from capacity expansion, process optimization and supply chain collaboration; and (ii) technological innovation that continuously improves power generation efficiency per unit area and overall system performance. For example, in solar cell technology, PERC has evolved into more efficient types such as TOPCon, HJT, BC and perovskite, significantly enhancing energy conversion efficiency per unit area. In the inverter segment, the application of advanced power devices has made system operations more efficient, flexible and adaptable to grid integration.

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Rising Demand for Green Computing Power Accelerating the Adoption of Clean Energy

The rapid development of artificial intelligence and other frontier technologies is driving a continuous surge in global computing power demand. By 2030, global AI computing power demand is projected to reach 864 ZFLOPS, about 16 times that of 2025. As electricity costs account for more than 50% of data center operating expenses, the expansion of computing power scale has created immense energy consumption pressure, significantly boosting demand for clean energy in computing infrastructure. Leveraging cost advantages and deployment flexibility, solar PV, combined with direct green power supply and grid-forming energy storage solutions, is expected to become a core enabler of green computing infrastructure. In China, projects integrating green power and computing resources are advancing steadily, with some data centers achieving up to 85% annual clean energy supply. In the Middle East, countries such as the UAE are capitalizing on abundant solar resources to build distributed solar PV and storage-integrated systems around data center campuses, providing low-carbon electricity to support stable AIDC operations.

Deepening Electrification with Solar PV Empowering Diverse Applications

According to IRENA, the global electrification rate — defined as the share of electricity in total final energy consumption — is expected to rise from 20% in 2024 to nearly 45% by 2050, as more end-use applications shift from traditional energy sources to clean energy, including solar PV. In transportation, the integration of solar PV, energy storage and EV charging equipment lowers charging costs while supporting peak shaving. In agriculture and industry, applications such as solar PV greenhouses and solar PV-powered factories are being increasingly adopted.

Combined Solar PV and Green Hydrogen to Drive Deep Decarbonization of the Energy System

Combining solar PV with flexible hydrogen production technologies enables the electrolysis of water to produce green hydrogen, which is storable and transportable. This not only helps address intermittency and curtailment challenges of solar PV but also offers low-carbon energy solutions for energy-intensive industries such as steel, chemicals and transportation. Global green hydrogen production is expected to exceed 36 million tons by 2030 and surpass 300 million tons by 2050, accounting for 60% of total hydrogen output, thereby continuously advancing the low-carbon transition of the energy system.

Continuously Expanding Demand in Operation and Maintenance for Solar PV Power Stations

The rapid expansion of global installed solar PV power stations capacity has fueled sustained growth in demand for O&M services to ensure system performance and power generation efficiency. O&M services cover professional activities including equipment monitoring, fault diagnosis, module cleaning, safety inspections and hosting operations, with standardized processes tailored to different scenarios to improve yields and extend equipment

INDUSTRY OVERVIEW

lifespan. Additionally, some power stations with long operating histories face declining efficiency and profitability due to earlier technologies and their performance can be enhanced through upgrades such as high-efficiency inverters and additional ESS. The global solar PV O&M market holds vast potential, with its market size expected to reach USD39.7 billion by 2030, offering significant growth opportunities for specialized service providers.

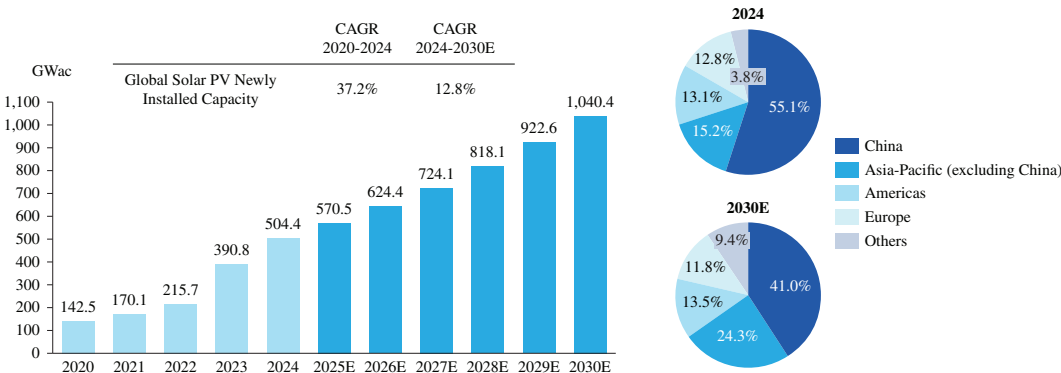
Rapidly Emerging Floating Solar PV

The application scope of solar PV is extending to diverse environments, including water surfaces. Leveraging abundant global water resources, floating solar PV benefits from reflected light to boost efficiency and natural cooling effects and has been increasingly deployed across inland areas such as reservoirs, mining pits and oilfields, with a gradual expansion into near-shore regions. Continuous progress in floating platform technologies has improved moisture resistance, corrosion protection, stability and wave resistance, reducing construction and O&M costs. By 2030, cumulative installed floating solar PV capacity is expected to exceed 45 GWac.

Market Size of the Global Solar PV Industry

Global solar PV newly installed capacity has continued to grow steadily, increasing from 142.5 GWac in 2020 to 504.4 GWac in 2024, representing a CAGR of 37.2%. By 2030, global solar PV newly installed capacity is projected to reach 1,040.4 GWac, with a CAGR of 12.8% from 2024 to 2030. In particular, the growth expectations for emerging markets are significant. In Latin America, solar PV newly installed capacity is forecast to exceed 60 GWac by 2030, with a CAGR of approximately 20.7% between 2024 and 2030. In Sub-Saharan Africa, driven by widening electricity supply gaps and the growing adoption of applications such as microgrids, the solar PV newly installed capacity is expected to surpass 40 GWac by 2030, with a CAGR of 63.0% over the same period.

Global Solar PV Newly Installed Capacity by Major Countries and Regions, 2020-2030E



Source: National Energy Administration of China, IEA, Solar Energy Industries Association (SEIA), Frost & Sullivan

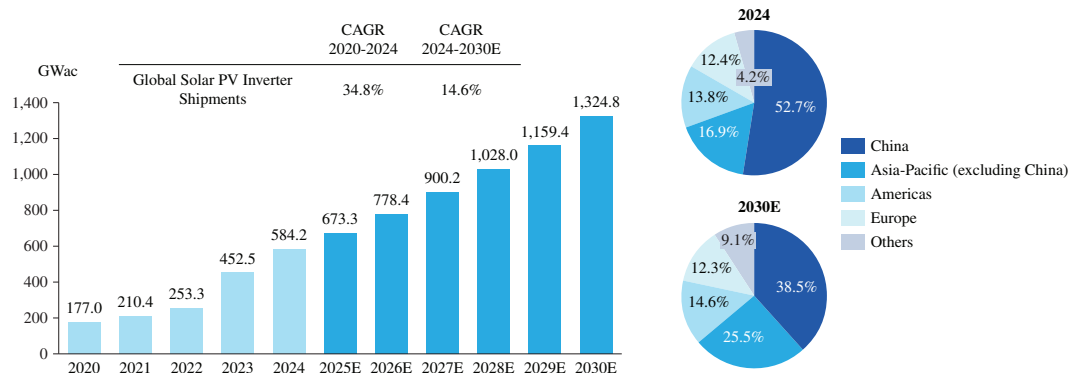
INDUSTRY OVERVIEW

Solar PV newly installed capacity can be classified into ground-mounted, C&I, and residential by applications. The widespread adoption of utility-scale projects is mainly attributed to scaled development, improved economies of solar PV and favorable policies. Ground-mounted projects are being accelerated in China, while desert and barren land resources are being actively developed in the regions including Middle East. In 2024, the newly installed capacity of ground-mounted, C&I and residential solar PV reached 282.2 GWac, 147.3 GWac and 74.9 GWac, amounted to 55.9%, 29.2% and 14.9% of the total market, respectively. Looking ahead, by 2030, the newly installed capacity of ground-mounted, C&I and residential solar PV are expected to reach 636.3 GWac, 250.8 GWac and 153.3 GWac, representing 61.2%, 24.1% and 14.7% of the total market, respectively.

Market Size of the Global Solar PV Inverter Industry

Benefiting from the continuous expansion of global solar PV applications, global solar PV inverter shipments increased from 177.0 GWac in 2020 to 584.2 GWac in 2024, representing a CAGR of 34.8%. In 2024, solar PV inverter shipments in China, Asia-Pacific (excluding China), the Americas and Europe accounted for 52.7%, 16.9%, 13.8% and 12.4% of the global total, respectively. By 2030, global solar PV inverter shipments are expected to reach 1,324.8 GWac, with a CAGR of 14.6% from 2024 to 2030. Growth in the solar PV inverter market is being driven by both new installations and replacement demand from existing solar PV power stations. By 2030, replacement demand is projected to account for around 11% of total inverter shipments.

Global Solar PV Inverter Shipments by Major Countries and Regions, 2020-2030E



Source: National Energy Administration of China, IEA, SEIA, Frost & Sullivan

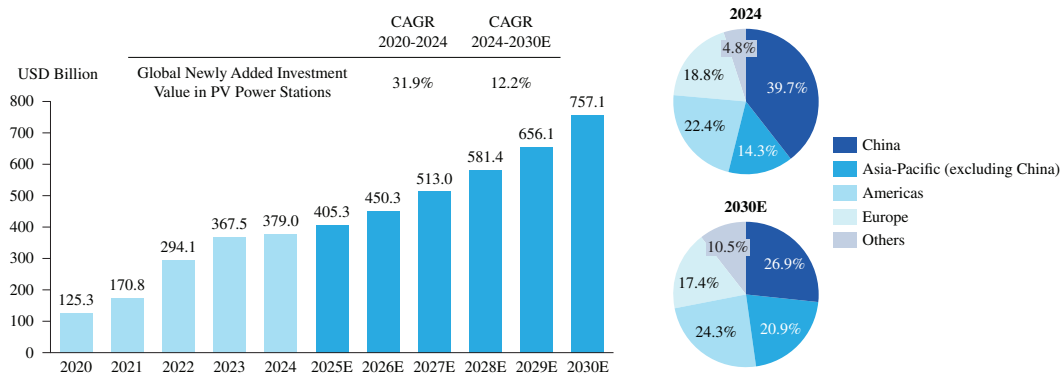
Solar PV inverters can also be categorized by application into ground-mounted, C&I, and residential segments, tailored to meet different scales, load profiles and installation environments. In 2024, the shipment of groundmounted, C&I and residential PV inverters reached 326.9 GWac, 169.4 GWac and 87.9 GWac, amounted to 56.0%, 29.0% and 15.0% of the total market, respectively. By 2030, the shipment of ground-mounted, C&I and residential PV inverters are expected to reach 809.3 GWac, 317.9 GWac and 197.6 GWac, representing 61.1%, 24.0% and 14.9% of the total shipment, respectively.

INDUSTRY OVERVIEW

Market Size of the Global Solar PV Power Station Investment and Development

With the deepening commitment of major global economies to carbon neutrality, the scale of global clean energy investments and developments continues to expand. The global newly added investment value in solar PV power stations surged from USD125.3 billion in 2020 to USD379.0 billion in 2024, achieving a CAGR of 31.9%. It is projected that global newly added investment value in solar PV power stations will reach USD757.1 billion by 2030, at a CAGR of 12.2% from 2024. The global market for new investments in PV power stations is also relatively concentrated. As a leading solar PV power station developer in China, our Group continues to lead the industry through ongoing technological innovation and international market expansion.

Global Newly Added Investment Value in PV Power Stations by Major Countries and Regions, 2020-2030E



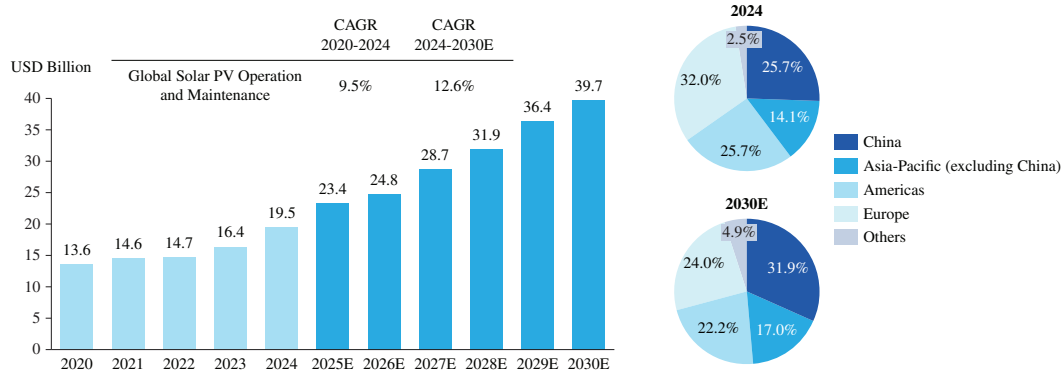
Sources: China Photovoltaic Industry Association (CPIA), S&P, New Energy Power Investment and Financing Alliance, Frost & Sullivan

Market Size of the Global Solar PV Operation and Maintenance Industry

The rapid growth of existing solar PV power stations has driven sustained expansion in the global solar PV O&M market. The market size for global solar PV O&M services increased from USD13.6 billion in 2020 to USD19.5 billion in 2024, representing a CAGR of 9.5%. With the continuous rise in global solar PV investments and installed capacity, the solar PV O&M market is poised for significant growth, projected to reach USD39.7 billion by 2030. Third-party O&M services have become the dominant model in the global solar PV O&M market. For instance, the penetration rate of third-party O&M services for centralized solar PV power stations in China continues to increase. As a leading provider of solar PV O&M services, our Group maintains a competitive edge through superior technical capabilities and service excellence.

INDUSTRY OVERVIEW

Market Size of the Global Solar PV Operation and Maintenance Industry by Revenue by Major Countries and Regions, 2020-2030E



Sources: CPIA, S&P, New Energy Power Investment and Financing Alliance, Frost & Sullivan

Competitive Landscape of the Global Solar PV Inverter Industry

The global solar PV inverter market is highly concentrated. In terms of shipment volume, the top five companies together accounted for a market share of 63.9% in 2024. Leading players continue to strengthen their advantages in technological innovation, supply chain integration and global customer networks. Among them, our Group accounted for a market share of 25.2% of global solar PV inverter shipments in 2024, while maintaining a leading position in the PV inverter industry for ten consecutive years.

Ranking of Global Solar PV Inverter Providers by Shipments, 2024

Ranking	Company Name	Market Share in 2024 by Shipment Volume
1	Our Group	25.2%
2	Company A	24.8%
3	Company B	4.9%
4	Company C	4.8%
5	Company D	4.2%
Top 5		63.9%

Source: Annual Reports of Companies, Frost & Sullivan

Notes:

- Company A was founded in 1987 and is headquartered in China. It primarily engages in information and communications technology solutions and has expanded into solar PV inverters and related energy equipment.
- Company B was founded in 2011 and is headquartered in China. It specializes in the R&D and manufacturing of solar PV inverters, energy storage systems and smart energy management systems.

INDUSTRY OVERVIEW

3. Company C was founded in 2005 and is headquartered in China. Listed on the Shenzhen Stock Exchange, it provides solar PV power generation, solar PV inverters and engineering support and operation services for wind power projects.
4. Company D was established in 2012 and is headquartered in China. It is listed on the Shenzhen Stock Exchange and focuses on the research, development, manufacturing and sale of power electronics products, with offerings including solar PV inverters, energy storage converters and related systems.

Entry Barriers of the Global Solar PV Inverter Industry

The solar PV inverter industry, both globally and across major countries and regions, features significant entry barriers, mainly in terms of technology, customer resources, brand and bankability.

- **Technology Barrier:** Solar PV inverters involve multiple key technical areas, including high-efficiency power conversion, wide voltage range adaptation and grid-forming technologies. Their reliability is highly dependent on long-term R&D investment and technological accumulation. In particular, under the next-generation power system, inverters need to be equipped with grid-forming capabilities such as microgrid control and dynamic frequency response to ensure stable operation in complex grid environments.
- **Customer Resource Barrier:** Investors in solar power stations and system integrators tend to choose suppliers with extensive project experience and reliable delivery capabilities. For ground-mounted solar power stations, customers typically focus on inverters’ scalability, reliability and long-term O&M support. In distributed solar projects, customers place greater emphasis on inverters’ flexibility, modular design and rapid responsiveness.
- **Brand and Bankability Barrier:** Although solar PV inverters account for a smaller share of project costs compared with solar modules, they are critical to overall grid connection and power generation performance. The brand value and market reputation of inverter providers directly influence customer trust and the bankability of projects.

OVERVIEW OF THE GLOBAL ENERGY STORAGE INDUSTRY

Introduction of Energy Storage Industry

As the proportion of intermittent and volatile renewable energy sources such as solar PV and wind power rises steadily in connection with electricity generation, energy storage technology is becoming the crucial component of integrated generation — grid — load — storage power systems. This is because it can convert electricity into other forms of energy for storage, providing controllable charging or discharging and bidirectional regulation capability within the power system. Among these technologies, lithium battery energy storage systems (ESS) have emerged as one of the most mainstream solutions. Leveraging the characteristics of high energy density, high efficiency and the rapid response of lithium batteries, lithium battery ESS are widely applied in various scenarios, including peak shaving, frequency regulation, renewable energy grid integration, grid-forming energy storage, behind-the-meter user-side energy storage, emergency backup power, etc.

INDUSTRY OVERVIEW

The upstream of the energy storage industry value chain mainly includes key components such as battery cells, energy storage converters, energy management systems (EMS), battery management systems (BMS), and thermal management systems. The midstream primarily covers the integration, installation and commissioning of ESS. ESS integrators are responsible for combining the core components from the upstream of the industry chain into complete energy storage solutions. They focus on the design, integration and optimization of these systems, providing customized services for different application scenarios. The downstream covers the operation and maintenance of energy storage scenarios, including utility-scale, C&I, residential and off-grid applications.

Market Drivers and Development Trends Analysis of the Global ESS Industry

Surge in Energy Storage Demand Driven by Features of Solar PV and Wind Power

The proportion of solar PV and wind power in electricity supply is continuously increasing. Global cumulative installed capacity of solar PV and wind power grew from 238.3 GW in 2010 to 3,172.1 GW in 2024. The cumulative installed capacity is projected to further increase to 9,493.6 GW by 2030, with a CAGR of 20.0% between 2024 and 2030. From 2010 to 2024, the cumulative installed capacity of solar PV power and wind power as a percentage of the cumulative installed capacity of global power mix has increased from 4.4% to 29.4%, with an expected further increase to 68.0% by 2050. ESS can solve the issues of grid-connection volatility and the utilization of renewable energy. They can also effectively cope with peak power demand, save on grid investment, and supplement grid frequency regulation capabilities, thereby effectively addressing the various challenges faced by renewable energy generation.

Economic Viability of Photovoltaic-Energy Storage Integration Emerging Gradually

Under the dual drivers of supportive policies and technological advancements, the economic viability of photovoltaic – energy storage (PV-ES) integration has become apparent. According to IRENA, the global LCOE for the PV-ES integration project was approximately USD0.127/kWh in 2024, which is significantly lower than the average global commercial electricity price of approximately USD0.163/kWh in 2024. By 2030, the global LCOE for the PV-ES integration project is expected to decrease to approximately USD0.093/kWh. Since the cost advantage of PV-ES integration will become even more pronounced, energy storage is transitioning to the essential component for renewable energy generation, creating a vast market for the energy storage industry. Integrators with core technologies, customer resources and strong brand presence will have a competitive edge, further optimizing system efficiency, reducing the LCOE of these integrated projects, and driving industry growth consistently.

INDUSTRY OVERVIEW

Demand for Energy Storage Rises Significantly as Electrification Deepens

The global trend of electrification is accelerating, as end users in sectors like transportation and manufacturing industry, which have historically relied on fossil fuels, are switching to electricity, leading to a significant rise in power demand. At the same time, as part of the global energy transition, the pace of grid construction continues to lag behind. According to IEA, to meet countries’ climate targets, global investment in power grids demands to nearly double to more than USD600 billion per year by 2030. This follows over a decade of stagnated global investment. In this context, grid systems are facing increasingly stringent demands for safety and stability. ESS serve as fast-responding and flexible power resources that can quickly provide power compensation and energy support when the grid experiences disturbances or faults, thus effectively dampening fluctuations and enhancing grid resilience.

Diversified Applications of ESS

The core of building next-generation power system is to promote clean energy as the main source of power generation. This involves improving the electricity market system and driving the ecological transformation of the energy system while ensuring the flexibility and security of the power system. Based on the needs of building a next-generation power system, energy storage applications have expanded from the power generation side to the grid and user sides, creating a diversified application landscape. Grid-side ESS provides rapid reactive power support and black start capabilities during peak shaving and frequency regulation, maintaining the stable operation of the next-generation power system. User-side ESS, in conjunction with distributed solar PV, enhances the rate of self-generation and self-consumption. Concurrently, commercial applications and revenue models for energy storage are gradually maturing. Diversified market revenue channels, such as the electricity spot market and ancillary services market, are building an independent commercial value service system for energy storage, which is further driving the development of the energy storage market.

Continued Advancements in Energy Storage Technology

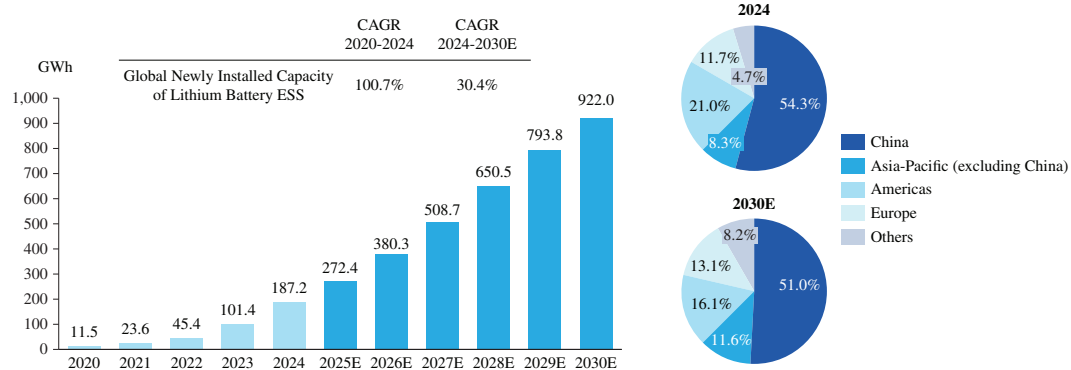
Progress in energy storage technology is propelling the energy storage industry toward a safer, more efficient and intelligent future. At the cell level, technological innovations such as large-capacity battery cells, solid-state batteries and sodium-ion batteries have significantly increased energy density and safety. Meanwhile, material and process optimizations have substantially extended the life cycle of ESS. At the system level, the overall technical standard of ESS continues to improve, primarily driven by the deep integration of the “3-in-1” integration of power electronics, electrochemical storage and grid interaction technology. The improvements also stem from enhanced grid support capabilities. The breakthrough in grid-forming technology allows ESS to become stable supporters of the grid, independently establishing voltage and frequency, thus greatly enhancing the grid’s anti-disturbance capability and reliability, making it a foundational technology for high-penetration, renewable energy integration. These technological trends collectively contribute to a monumental improvement in the comprehensive performance of energy storage systems, laying a solid foundation for the development of next-generation power system.

INDUSTRY OVERVIEW

Market Size of the Global Lithium Battery ESS Industry

The global newly installed capacity of lithium battery ESS surged from 11.5 GWh in 2020 to 187.2 GWh in 2024, representing a CAGR of 100.7%. This growth was primarily driven by favorable policies globally, improved economics of PV-ES integration, increasing electrification, and breakthroughs in system technology. Looking ahead, the global lithium battery ESS newly installed capacity is expected to continue their growth trend, projected to reach 922.0 GWh by 2030. This represents a projected CAGR of 30.4% from 2024 to 2030. In particular, the growth expectations for lithium battery ESS are significant in emerging markets. Driven by energy expansion plans and supportive policies in countries like Chile, Brazil and Mexico, the newly installed capacity of lithium battery ESS in Latin America is projected to exceed 25 GWh by 2030, with a CAGR of 38.8% from 2024 to 2030. Due to the boom in applications such as microgrid storage, the newly installed capacity of lithium battery ESS in Africa is expected to surpass 20 GWh by 2030, with a CAGR of 46.8% from 2024 to 2030.

Global Newly Installed Capacity of Lithium Battery ESS by Major Countries and Regions, 2020-2030E



Source: IEA, China Energy Storage Alliance (CNESA), Frost & Sullivan

Notes: The aforementioned lithium battery ESS includes AC-side, DC-side and AC/DC integrated lithium battery ESS.

From 2020 to 2024, the global newly installed capacity of lithium battery ESS has been led by the utility-scale sector. These systems take on the function of accommodating renewable energy and provide ancillary services such as frequency regulation, peak shaving and backup capacity. In 2024, the global newly installed capacity of utility-scale, C&I, residential and off-grid lithium battery ESS are 146.3 GWh, 15.7 GWh, 21.7 GWh and 3.5 GWh, accounting for 78.1%, 8.4%, 11.6% and 1.9% of the global total, respectively. It is projected that by 2030, the global newly installed capacity for utility-scale, C&I, residential and off-grid lithium battery ESS will reach 687.1 GWh, 89.8 GWh, 119.0 GWh and 26.1 GWh, representing 74.6%, 9.7%, 12.9% and 2.8% in the total market, respectively.

INDUSTRY OVERVIEW

Competitive Landscape of the Global ESS Industry

Shipment volumes of global lithium battery ESS reached 235.8 GWh in 2024. The global market for lithium battery ESS integrators is relatively concentrated, with the top five companies holding a combined market share of 43.3% in 2024. Leading companies are continually expanding their advantages in technical talent, customer resources and brand influence. Among these, our Group’s shipment volume of global lithium battery ESS accounted for 11.9% in 2024.

Ranking of Global Lithium Battery ESS Integrators by Shipment Volume, 2024

Ranking	Company Name	Market Share in 2024 by Shipment Volume
1	Company E	13.3%
2	Our Group	11.9%
3	Company F	7.6%
4	Company G	5.5%
5	Company H	5.0%
Top 5		43.3%

Source: Disclosure of Listed companies’ annual reports, CNESA, Infolink, Frost & Sullivan

Notes:

1. The above ranking includes global lithium battery ESS integrators primarily focusing on AC-side lithium battery ESS.
2. Established in 2003, Company E is headquartered in the United States and is listed on the NASDAQ stock exchange. It primarily provides lithium battery ESS solutions for customers across the utility-scale, residential and C&I sectors and continues to develop its energy storage integration business.
3. Established in 1959, Company F is headquartered in China and has full-chain R&D and production capabilities for lithium battery ESS, covering components from battery packs, BMS, PCS and EMS to system integration.
4. Established in 2018, Company G is headquartered in the United States and is listed on the NASDAQ stock exchange. It provides modular and scalable lithium battery ESS integration services for various customers, including those in the utility-scale, residential and C&I sectors.
5. Established in 2011, Company H is headquartered in China and is listed on the Shanghai Stock Exchange. It offers global clients a comprehensive portfolio of lithium battery ESS and complete, one-stop integrated solutions.

INDUSTRY OVERVIEW

Entry Barriers of the Global Energy Storage Industry

Significant entry barriers exist in the global and major national/regional energy storage industries, primarily including technology, customer resources, service expertise, brand and bankability.

- **Technology Barrier:** Lithium battery ESS integration involves the cross-disciplinary fields including electrochemistry, and is becoming increasingly important in supporting the grid through grid-forming technology requiring the BESS integrators to form an in-depth understanding of electricity market mechanisms and standards during product design and installation. The growing deployment of energy storage systems complicated their impact on the grid. Some markets require pre-simulation of a storage system’s potential effects on the local grid, covering key performance areas such as power flow, stability and black start capabilities, consequently requiring robust R&D capability backed by a highly experienced team.
- **Customer Resource Barrier:** The established BESS integrators enjoy extensive project experience, reliable product performance and stable long-term supply capacity, enabling them to maintain more lasting cooperative relationships with customers such as energy storage project investors and grid operators.
- **Service Expertise Barrier:** The deployment and application of energy storage systems require highly complex expertise. Mature energy storage system integrators, with their global presence, can deeply understand the diverse needs of customers in different regions and provide timely, precise, high-quality support and services.
- **Brand and Bankability Barrier:** Energy storage projects have strict safety and reliability requirements and the market is highly sensitive to brand reputation. Leading lithium battery ESS integrators leverage their extensive project experience to build widespread brand recognition. The safety and reliability of their products are proven by extensive data and past experience, which increases customer trust and the bankability of projects.

OVERVIEW OF THE GLOBAL WIND POWER INDUSTRY

Introduction of Wind Power Industry

Wind power converts the kinetic energy carried by wind into electrical energy, serving as an important component of renewable energy. The wind power converter transforms the unstable electricity generated by wind turbines into stable, grid-compliant power with fixed frequency and voltage. It is an indispensable part of wind turbine generators and its quality directly impacts the overall efficiency of the turbine and the operational stability of the wind power stations.

INDUSTRY OVERVIEW

The upstream of the wind power industry value chain mainly includes the production and supply of raw materials and critical components for wind turbines, such as wind power converters, towers, blades, gearboxes and generators. The midstream involves the design and manufacture of complete wind turbine systems, as well as the construction of wind power stations. The downstream covers electricity generation, as well as the operation and maintenance of onshore and offshore wind power farms.

Market Drivers and Development Trends Analysis of the Global Wind Power Industry

Policy Support and Energy Transition Driving Wind Power Development

Major economies worldwide are continuing to introduce policies that promote the development of the wind power industry to meet their carbon neutrality goals. China has been vigorously advancing wind power development. In 2024, the “Guiding Opinions on Vigorously Promoting Renewable Energy Substitution” (《關於大力實施可再生能源替代行動的指導意見》) called for an acceleration in the construction of large-scale wind and solar bases and the cluster-based development of offshore wind power. In the same year, the “Notice on Further Strengthening the Management of Sea Use for Offshore Wind Power Projects” (《關於進一步加強海上風電項目用海管理的通知》) further encouraged the exploration of floating offshore wind and promoted the “wind power +” integrated development model to enhance the efficiency of marine resource utilization. In 2023, the EU released the “European Wind Power Action Plan,” which set the target of achieving 500 GW of total wind power installed capacity by 2030. These initiatives have outlined a clear development pathway for the wind power industry, driving continuous growth in installed capacity and boosting demand in the wind power converter market.

Technological Innovation Driving Equipment Upgrades

The development of the wind power industry is significantly driven by technological innovation. On the one hand, wind turbines are evolving toward larger size and lighter weight, requiring wind power converters to achieve higher power density, stronger overload capacity, and greater operational reliability to match the high-power output of large turbines. On the other hand, emerging technologies such as high-reliability converters and VSC-HVDC power transmission are gradually maturing. The application of high-reliability converters ensures stable turbine operation under complex offshore conditions, while the advancement of VSC-HVDC power transmission technology guarantees safe and stable long-distance and dynamic power transmission. These technological breakthroughs are mutually reinforcing, not only enabling the expansion of wind power into new resource spaces but also driving continuous performance upgrades in wind power conversion equipment.

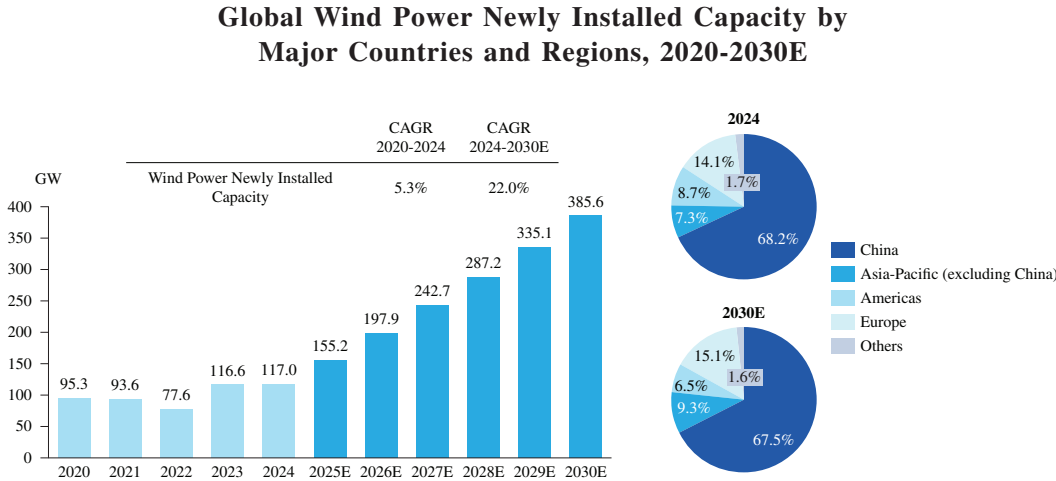
INDUSTRY OVERVIEW

Improved Wind Power Economics Fueling Industry Scale-up

The trend toward larger and lighter wind turbines has significantly enhanced the economics of wind power, leading to a substantial reduction in the LCOE. According to IRENA, the LCOE of onshore wind declined by nearly 70%, from USD0.113/kWh in 2010 to USD0.034/kWh in 2024. Offshore wind LCOE fell by more than 60%, from USD0.208/kWh in 2010 to USD0.079/kWh in 2024. This downward trend in costs has been driven by technological progress and economies of scale, shifting the wind power market from policy-driven to market-driven. Looking ahead, as the economic efficiency of wind power continues to grow, the market is expected to expand further.

Market Size of the Global Wind Power Industry

With the growing demand for clean and low-carbon electricity, global newly installed wind power capacity increased from 95.3 GW in 2020 to 117.0 GW in 2024, with a CAGR of 5.3% during this period. Looking ahead, driven by the acceleration of the global energy transition, the wind power market is expected to maintain robust growth. By 2030, global newly installed wind power capacity is projected to reach approximately 385.6 GW, with a CAGR of 22.0% from 2024 to 2030. China and Europe represents the two largest markets for newly installed wind power capacity worldwide, representing 68.2% and 14.1% of the global installation, respectively.



Source: IEA, IRENA, GWEC, EWEA, CWEA, Frost & Sullivan

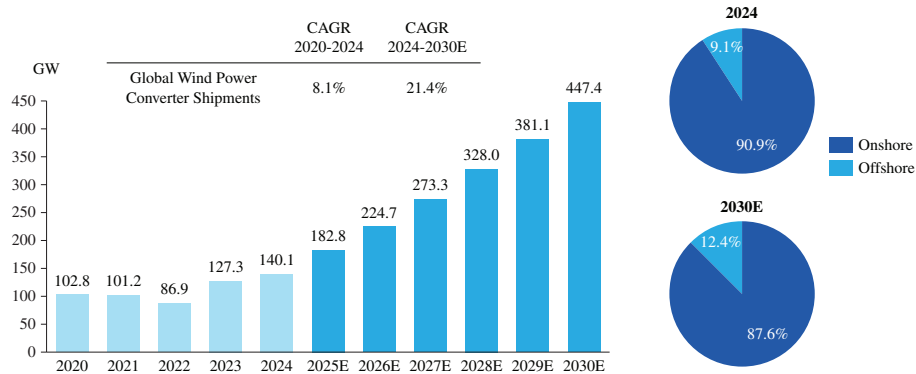
Market Size of the Global Wind Power Converter Industry

The shipment of global wind power converters grew from 102.8 GW in 2020 to 140.1 GW in 2024, representing a CAGR of 8.1%, and is expected to further increase to 447.4 GW in 2030, with a CAGR of 21.4%. Wind power converters can be categorized into onshore and offshore applications. As offshore wind power accelerates towards large-scale, the proportion of offshore wind power converter is expected to increase from 9.1% in 2024 to 12.4% in 2030.

INDUSTRY OVERVIEW

With the continuous increase in newly installed wind power capacity, wind power converters, are experiencing sustained growth in demand. Meanwhile, as early wind power farms gradually enter the renovation and upgrade stage, replacement demand for wind power converters is also contributing stable incremental growth to the market. By 2030, new demand and replacement demand are expected to account for approximately 91% and 9%, respectively, of the global wind power converter market.

Global Wind Power Converter Shipments by Application, 2020-2030E



Source: IEA, IRENA, GWEC, EWEA, CWEA, Frost & Sullivan

Competitive Landscape of the Global Wind Power Converter Industry

In 2024, global wind power converter shipment volume reached 140.1 GW. By shipment volume, the top five global wind power converter providers accounted for 70.6% of the market share in 2024, with our Group holding 31.4%. In the wind power converter industry, our Group has maintained its leading position for three consecutive years.

Ranking of the Global Wind Power Converter Providers, by Shipments, 2024

Ranking	Company Name	Market Share in 2024 by Shipment Volume
1	Our Group	31.4%
2	Company I	19.6%
3	Company J	11.1%
4	Company K	4.6%
5	Company L	3.9%
Top 5		70.6%

Source: Annual Reports of Listed Companies, Frost & Sullivan

INDUSTRY OVERVIEW

Notes:

1. Company I, founded in 2007 and headquartered in China, is listed on the Shanghai Stock Exchange. The company is engaged in the research and development, production, sale, and services of wind power generation products, PV power generation products, energy storage products and hydrogen power supply products.
2. Company J, founded in 1981 and headquartered in Denmark, is a non-listed company specializing in power and cooling solutions for the renewable energy industry. Its products include power converters and control systems, as well as cooling solutions and service and monitoring systems.
3. Company K, founded in 2016 and headquartered in the United States, is listed on the New York Stock Exchange. The company provides energy management, thermal management, IT systems, infrastructure solutions and related services, and offers wind power converters and related software services in the wind energy sector.
4. Company L, founded in 1972 and headquartered in Spain, is a non-listed company focused on the research and development of power transmission technologies. Its products include power converters, electric vehicle charging stations, generators and traction motors.

Entry Barriers of the Global Wind Power Converter Industry

The global wind power converter industry faces significant entry barriers, primarily in the areas of technology and customer resource.

- **Technology Barrier:** The design and manufacture of wind power converters involves integrated technical capabilities across multiple fields such as power electronics, making research and development highly challenging. As wind turbine capacity continues to increase, larger-capacity converters are required while also meeting verification requirements under diverse environmental conditions. This raises demands in terms of product reliability, durability and grid stability. With the acceleration of technology iteration, the difficulty of achieving continuous breakthroughs has increased significantly. Leading companies, leveraging in-depth technical expertise and strong patent portfolios, make it difficult for new entrants to catch up in the short term.
- **Customer Resource Barrier:** Wind power industry customers have stringent demands in terms of product reliability and stability, typically favoring suppliers with large-scale, robust supply chains and the ability to provide full life cycle services. New entrants therefore find it difficult to secure stable orders in the short term.

OVERVIEW OF THE GLOBAL GREEN HYDROGEN INDUSTRY

Introduction of Green Hydrogen Industry

Hydrogen can be categorized into gray hydrogen, blue hydrogen and green hydrogen based on its sources. Currently, gray hydrogen, the most common type, is produced from fossil fuels (such as natural gas and coal) or industrial by-products. Blue hydrogen is derived from fossil fuels with the integration of carbon capture, utilization and storage (CCUS) technologies, enabling low or zero carbon emissions during production. Green hydrogen is produced via water electrolysis powered by renewable energy sources such as solar, wind power and hydropower. Hydrogen serves as a versatile clean energy carrier with downstream applications spanning multiple industries, including chemicals, metallurgy and transportation.

INDUSTRY OVERVIEW

Green hydrogen production relies on water electrolysis technology, with the electrolysis cells as the core component of the value chain, encompassing critical parts such as electrodes, diaphragms, bipolar plates and associated auxiliary systems. The performance of electrolysis cells depends on the materials and structure of these key components, while auxiliary systems ensure stable and efficient operation, ultimately producing high-purity hydrogen. Water electrolysis is primarily divided into four types, each based on different electrolyte membrane materials: Alkaline Water Electrolysis (ALK), Proton Exchange Membrane Electrolysis (PEM), Solid Oxide Electrolysis (SOEC) and Anion Exchange Membrane Electrolysis (AEM).

Market Drivers and Development Trends Analysis of the Global Green Hydrogen Industry

Carbon Neutrality Goals and Policies Drive Green Hydrogen Development

Driven by carbon neutrality goals in major global economies, policies worldwide continue to support development of the green hydrogen industry. China has promulgated the “Medium and Long-Term Plan for the Development of the Hydrogen Energy Industry (2021-2035)” (《氢能产业发展中长期规划(2021-2035年)》), encouraging demonstration projects of renewable energy-powered hydrogen production in regions rich in wind power, solar power and hydropower resources, with the goal of achieving the widespread application of renewable energy hydrogen production by 2030. The EU has set a target of producing 10 million tons of renewable hydrogen annually by 2030 through the “EU Hydrogen Strategy” and established a subsidy system covering the entire industrial chain via the “Clean Industrial Deal State Aid Framework (CISAF).” The UAE released its “National Hydrogen Strategy” and set production capacity targets of 1.4 million tons per year by 2031 and 15 million tons per year by 2050. These policy initiatives collectively propel the green hydrogen industry from the demonstration phase toward rapid scaling and commercialization.

Continuous Breakthroughs in Water Electrolysis Technology

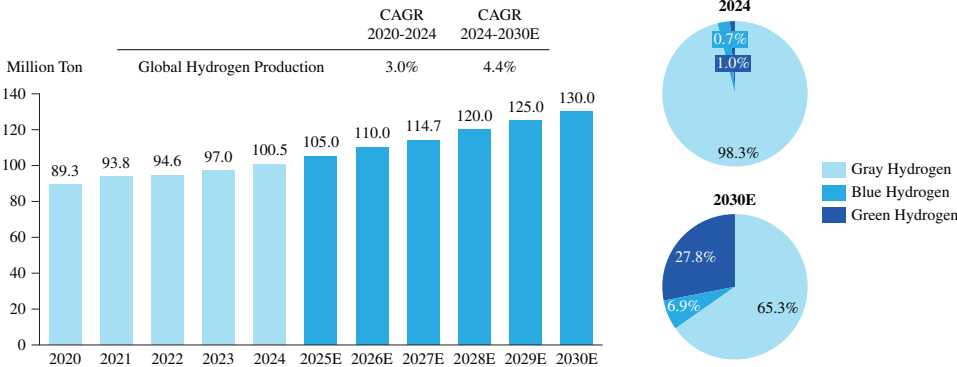
Water electrolysis technology continues to advance toward achieving lower energy consumption, wider load adjustment ranges, and longer operating lifetimes. On the one hand, the cost of green hydrogen is expected to decline further. With the maturation of water electrolysis hydrogen production technology and the deployment of related projects, the cost of low-emission hydrogen production from renewable electricity is expected to decrease to USD 2-9/kg by 2030, about half of its current value, according to IEA. On the other hand, water electrolysis technologies will be better able to accommodate the intermittency and variability of renewable energy inputs, enabling more flexible hydrogen generation. Among them, PEM electrolysis cells, with their wide power regulation range and excellent start-stop tolerance, are particularly well-suited for coupling with variable power sources, thereby enhancing the efficient use of renewables. Furthermore, the integrated “wind — solar — ESS — hydrogen (‘风光储氢’)” model combines renewable energy, ESS and hydrogen production facilities, enhancing the utilization efficiency of renewable energy and significantly reducing the LCOE and LCOH.

INDUSTRY OVERVIEW

Market Size of the Global Hydrogen Industry

As major global economies accelerate efforts to achieve carbon neutrality, the demand for hydrogen and the share of green hydrogen continues to grow. Global hydrogen production increased from 89.3 million tons in 2020 to 100.5 million tons in 2024 and is projected to reach 130.0 million tons by 2030. The market share of green hydrogen rose from 0.03% in 2020 to 1.0% in 2024, and is expected to increase to nearly 30% by 2030 and surpass 60% by 2050, according to IEA.

Global Hydrogen Production by Types, 2020-2030E



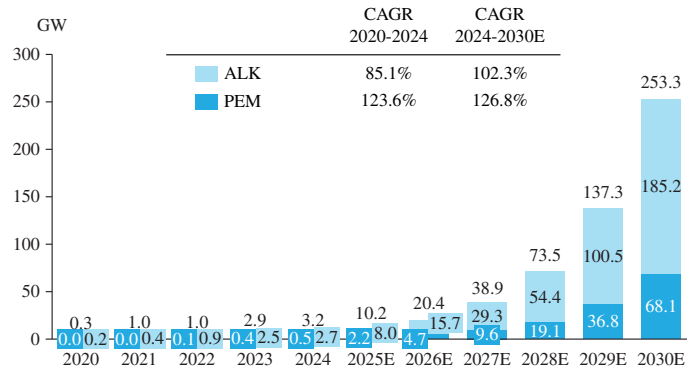
Source: IEA, National Energy Administration of China, Hydrogen Branch of China Industrial Development Promotion Association, GGII, China Hydrogen Alliance, Frost & Sullivan

Market Size of the Global Electrolysis Cell Industry

In recent years, with the continuous growth in hydrogen production and consumption, the global shipment volume of electrolysis cells surged from 0.3 GW in 2020 to 3.2 GW in 2024. Driven by advancements in water electrolysis technology and the ongoing push by major global economies toward carbon neutrality, the global shipment volume of electrolysis cells is projected to reach 253.3 GW by 2030. In 2024, ALK electrolysis cells dominated the market, accounting for over 80% of total shipments. Meanwhile, PEM electrolysis cells, benefiting from advantages such as high current density and high-purity hydrogen production, are expected to experience rapid growth, with their share of by shipment volume projected to reach nearly 30% by 2030.

INDUSTRY OVERVIEW

Market Size of the Global Electrolysis Cell Industry by Shipment Volume, 2020-2030E



Source: IEA, National Energy Administration of China, Hydrogen Branch of the China Industrial Development Promotion Association, GGII, China Hydrogen Alliance, Frost & Sullivan

Note: The shipment volume of electrolysis cells is projected based on the assumption that national policy targets are achieved.

Entry Barriers of the Global Green Hydrogen Industry

The global green hydrogen industry presents multiple entry barriers for new entrants, mainly reflected in technology research and development and customer resource.

- **Technology Barrier:** Water electrolysis hydrogen production encompasses multiple technological routes, requiring breakthroughs in process technology, equipment manufacturing and precision control challenges, and addressing the integration challenges posed by the intermittency and volatility of renewable energy. Currently, variable-power hydrogen production technology has become a key development direction, demanding electrolysis cells with rapid response and broad load-adjustment capabilities to achieve flexible matching with renewable power generation.
- **Customer Resource Barrier:** Downstream users of green hydrogen typically impose strict certification standards, long-term stability requirements and large-scale supply capacity thresholds on suppliers, often preferring to collaborate with established suppliers with a proven track record and strong capabilities.

OVERVIEW OF THE GLOBAL NEW ENERGY VEHICLE INDUSTRY

Introduction of New Energy Vehicle Industry

As the automotive industry accelerates its transition to electrification, the global NEV sector and its power conversion systems are entering a period of rapid development. The power conversion system of NEV primarily includes electric control, power supply and electric vehicle (EV) charging equipment.

INDUSTRY OVERVIEW

The upstream segment of the NEV industry mainly includes core components and equipment suppliers such as power batteries, electric control, power supply, EV charging equipment, automotive electronics and related raw materials. The midstream segment involves NEV manufacturing, while the downstream segment comprises sales and service networks for NEVs, including diversified value-added services such as charging and battery swapping.

Market Drivers and Development Trends of the Global New Energy Vehicle Industry

Rapid Development of the NEV Market

The technology of NEVs has been continuously advancing, with key breakthroughs in areas such as battery energy density and motor efficiency. These improvements have effectively enhanced overall vehicle performance and user experiences. At the same time, declining NEV costs have further boosted consumer recognition and acceptance. As a result, global NEV sales surged from 3.2 million units in 2020 to 19.0 million units in 2024, representing a CAGR of 56.5%. The global sale volume of NEVs is projected to reach 44.0 million units by 2030, with a CAGR of about 15.0% between 2024 and 2030. Correspondingly, the market share in terms of sales volume of NEVs within the global automotive market is expected to grow from 20.6% in 2024 to 35.0% by 2030. This rapid expansion has driven the formation of a robust industry ecosystem, marked by the deep integration and coordinated development of key sectors, including power batteries, power supplies, electric control and charging equipment.

Global Favorable Policies Support Long-Term Industry Growth

Driven by the global “Dual Carbon” strategy, the NEV and NEV power conversion industries are encountering unprecedented development opportunities. Countries are not only leveraging these industries as crucial tools for energy structure transformation but have also implemented various targeted support policies comprehensively advancing efforts from the supply, demand and infrastructure construction perspectives. For example, under the EU’s “Fit for 55” plan, a complete phasing-out of internal combustion engine vehicle sales by 2035 has been proposed, accompanied by the “Alternative Fuels Infrastructure Regulation” (AFIR), which mandates that member states build high-density fast-charging networks along major transport corridors to promote the synergistic development of electrification and charging equipment. China has also introduced specialized policies covering multiple aspects such as vehicles, electric controls, power supplies, EV charging equipment and smart grid interactions. Through key policy documents such as the “New Energy Vehicle Industry Development Plan (2021-2035)” (《新能源汽车产业发展规划(2021-2035年)》), China has clearly proposed accelerating breakthroughs in key technologies such as high-voltage, platform-used electronic drive systems, fast-charging technology and V2G (Vehicle-to-Grid).

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Technological Upgrades in NEV Electric Control, Power Supply and Charging Equipment

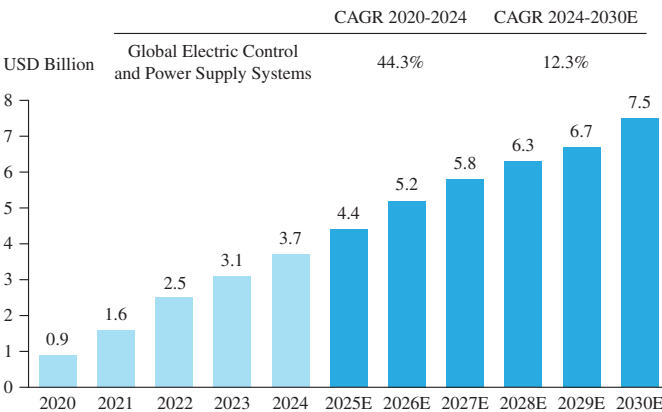
Technological advancements are driving the rapid evolution of electric control, power supply and EV charging equipment for NEV. The application of third-generation semiconductor materials, such as silicon carbide (SiC), has enabled electric and power supply to achieve higher power density, lower energy consumption and superior heat dissipation performance. Meanwhile, electric control and power supply are transitioning from discrete components to integrated structures, effectively reducing system size and cost while significantly improving overall vehicle energy efficiency and response speed.

In terms of EV charging equipment, ultra-fast charging technology significantly shortens charging times, enhancing the user experience. The integrated Solar — Energy Storage — Charging solution utilizes solar energy generated by photovoltaics, stores excess electricity through energy storage, and charges EVs or other equipment as needed. This improves the energy self-sufficiency of charging stations and alleviates pressure on the power grid.

Market Size of the Global Electric Control and Power Supply System Industries

With the continuous increase in the penetration rate of NEV, the demand for electric control and power supply systems for NEV has also correspondingly grown. From 2020 to 2024, the global market size for electric control and power supply systems for NEV grew from approximately USD0.9 billion to USD3.7 billion, with a CAGR of 44.3%. It is expected that by 2030, the global market size of the NEV electric control and power supply industry systems will reach USD7.5 billion, with a projected CAGR of 12.3% from 2024.

Market Size of the Global Electric Control and Power Supply System Industry by Revenue, 2020-2030E



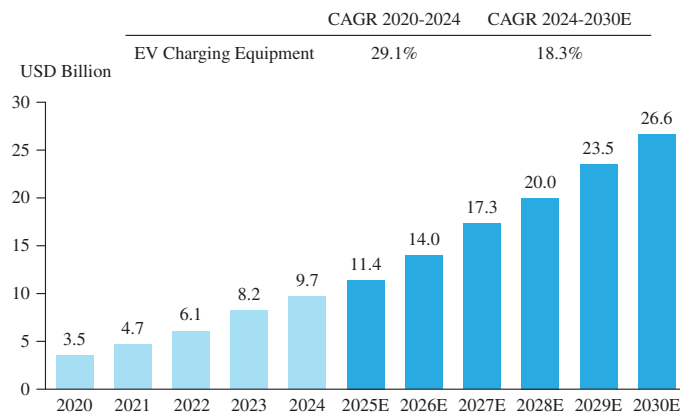
Sources: China Association of Automobile Manufacturers (CAAM), IEA, European Automobile Manufacturers' Association (ACEA), International Council on Clean Transportation (ICCT), Frost & Sullivan

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Market Size of the Global EV Charging Equipment Industry

The global construction of NEV infrastructure continues to advance, with the EV charging equipment market expanding rapidly. In 2020, the global EV charging equipment market size was approximately USD3.5 billion. By 2024, the global EV charging equipment market size is expected to reach about USD9.7 billion, with a CAGR of 29.1% from 2020. In the future, driven by the large-scale deployment of charging networks and the advancement of ultra-fast charging technology, the EV charging equipment market will continue to grow rapidly. It is projected that by 2030, the market size of global EV charging equipment will reach USD26.6 billion, with an expected CAGR of 18.3% from 2024.

Market Size of the Global EV Charging Equipment Industry by Revenue, 2020-2030E



Sources: CAAM, China Electric Vehicle Charging Infrastructure Promotion Alliance (EVCIPA), IEA, ACEA, International Council on Clean Transportation (ICCT), Frost & Sullivan

OVERVIEW OF THE GLOBAL AIDC POWER SUPPLY INDUSTRY

Introduction of AIDC Power Supply Industry

AIDC power supplies are high-performance power systems specifically designed for AI data centers to ensure stable operation of high-power computing loads. Traditional power supply architectures face limitations in terms of energy efficiency, stability and scalability. In contrast, AIDC power architectures meet the high-power density required for AI computing while reducing energy conversion steps and minimizing power losses, thereby providing reliable support for AI workload deployment.

From a power architecture perspective, AIDC power supplies can be divided into strong-current and weak-current sides. The strong-current side covers power supply links outside the cabinet, including solutions such as HVDC (high-voltage direct current), which completes power transformation on high-voltage platforms. The weak-current side focuses on the in-cabinet power supply, where, after entering through the PDU (power distribution unit), the system progressively performs rectification and voltage step-down to deliver power to AI chips.

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Market Drivers and Development Trends Analysis of the Global AIDC Power Supply Industry

Rising Computing Power Demand and Capital Investment Driving Industry Expansion

With the rapid growth in demand for AI model training and inference, the demand for global computing power is rising exponentially. Global AI leaders and large-scale cloud service providers are accelerating the deployment of hyperscale high-power data centers. It is estimated that global data center capital expenditures will grow from approximately USD450 billion in 2024 to over USD3 trillion by 2030. AIDC is developing toward larger scale and higher power density, with power rack density increasing from below 10 kW to over 120 kW. Accordingly, AIDC power supply is shifting toward the HVDC power supply structure, including high-performance SST systems, which ensures high efficiency, high reliability, compact layouts and reduced cost.

Transition Toward a Green AIDC Power Supply

With the progression of global carbon neutrality and sustainable development goals, AIDC is accelerating its transition toward greener solutions. Given the massive power consumption of AIDC workloads, which represent a significant incremental load on the grid, AIDC increasingly relies on low-cost renewable energy, which not only reduces operating costs but also mitigates the stress on conventional power grids. Governments are also promoting greener AIDC power supply through efficiency standards. For example, China released the “Special Action Plan for Green and Low-Carbon Development of Data Centers” (《數據中心綠色低碳發展專項行動計劃》) in 2024, which mandates that by the end of 2025, the national average Power Usage Effectiveness (PUE) of data centers must fall below 1.5. Against this backdrop, integrated solutions for direct connection to green power will enable AIDC to achieve greener and smarter development, fostering the construction of sustainable digital infrastructure.

Leading Power Supply Players Shaping Industry Growth

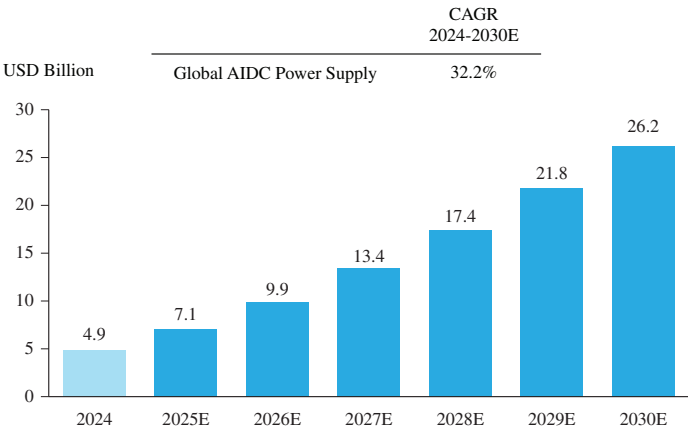
As AIDC power supply models are continuously emerging, leading power supply players are accelerating their investments in AIDC power supply, continuously developing next-generation AIDC power supply products and solutions. Leveraging their mature R&D and system integration capabilities, large-scale manufacturing and efficient supply chain management, strong brand influence and extensive customer networks, these power supply giants hold an early mover advantage in the AIDC power supply sector. Their in-depth technical expertise in full-range power electronic conversion and SST technologies positions them to drive sustained growth and transformation in the AIDC power supply industry.

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Market Size of the Global AIDC Power Supply Industry

Driven by the expansion of AIDC computing demand, the global AIDC power supply market is entering a rapid growth phase. The market was valued at approximately USD4.9 billion in 2024 and is expected to reach around USD26.2 billion by 2030, representing a CAGR of 32.2%. AIDC power supplies are playing an increasingly critical role in supporting the operation of hyperscale AI clusters.

Market Size of the Global AIDC Power Supply Industry by Revenue, 2024-2030E



Source: IEA, International Data Corporation (IDC), Frost & Sullivan

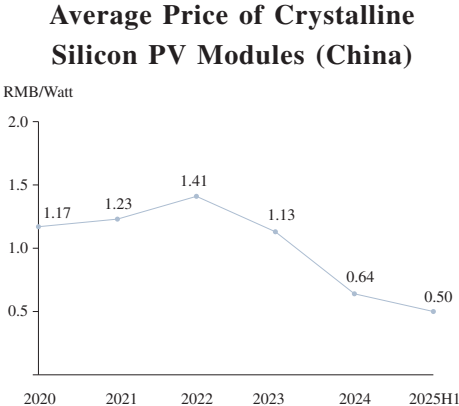
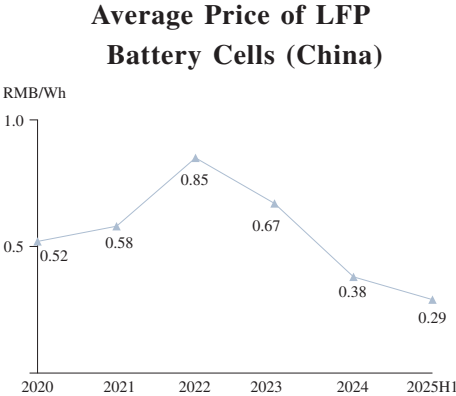
RAW MATERIAL COST ANALYSIS

In the clean power industry, the main raw material used in energy storage systems is lithium batteries, with lithium iron phosphate (LFP) batteries being the current mainstream. Crystalline silicon PV modules are the core components of PV power generation systems, converting light energy into direct current electricity based on the photovoltaic effect.

Driven by the rising prices of key raw materials such as lithium, the rapidly growing demand from downstream applications such as NEV and ESS, along with supply chain constraints, the price of LFP battery cells increased annually from RMB0.52/Wh in 2020 to RMB0.85/Wh in 2022. Subsequently, due to declining raw material prices, continuous capacity expansion, advancements in manufacturing processes and more rational downstream procurement patterns, the average price of LFP battery cells decreased continuously to RMB0.29/Wh in the first half of 2025.

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The average price of crystalline silicon PV modules rose from RMB1.17 per watt in 2020 to RMB1.41 per watt in 2022, before dropping to RMB0.50 per watt in the first half of 2025. The decline is primarily due to reduced upstream polysilicon and silicon wafer costs, advancements in manufacturing technology and economies of scale.



Source: Wind, Frost & Sullivan

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Our business are subject to relevant laws, rules and regulations of the places where we operate in many aspects. This section sets out a summary of the PRC laws, regulations and regulatory documents (the “**PRC laws**”) that are significant to our current business activities in the PRC, which are subject to changes in the future. However, it does not include a detailed analysis of the PRC laws relating to our business activities and operations in the PRC and is not intended to be an exhaustive list of all PRC laws applicable to our operations in the PRC.

LAWS AND REGULATIONS RELATING TO COMPANIES

According to the Company Law of the People’s Republic of China (《中華人民共和國公司法》) last amended by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on 29 December 2023 and implemented on 1 July 2024, both of limited liability companies and joint stock limited companies established in the PRC have the status of legal persons. The liability of shareholders of a limited liability company and a joint stock limited company is limited to the amount of capital they have contributed or shares they have subscribed for. The Company Law of the People’s Republic of China (《中華人民共和國公司法》) also applies to foreign-invested enterprises. Where laws on foreign investment have other stipulations, such stipulations shall apply.

LAWS AND REGULATIONS RELATING TO FOREIGN-INVESTED ENTERPRISES AND OVERSEAS INVESTMENT

Foreign-Invested Enterprises

According to the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法》) implemented by the National People’s Congress (the “**NPC**”) on 1 January 2020, China implements the pre-entry national treatment and the negative list management system to foreign investments. The pre-entry national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; and the negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State (the “**Negative List**”). The State will give national treatment to foreign investments outside the Negative List.

Foreign investors shall not invest in any field prohibited by the Negative List and shall meet the investment conditions stipulated for any field restricted by the Negative List, while for foreign investments outside the Negative List, it shall be administered under the principle of equal treatment to domestic and foreign investment. The State establishes a foreign investment information reporting system.

According to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) implemented by the Ministry of Commerce of the PRC (the “**MOFCOM**”) and the State Administration for Market Regulation of the PRC (the “**SAMR**”) on 1 January 2020, foreign investors or foreign-invested enterprises shall submit investment information in a timely manner, follow the principles of truthfulness, accuracy and

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completeness, and shall not make false or misleading reports or material omissions. Where a foreign-invested enterprise invests (including multi-level investment) to establish an enterprise in the PRC, the relevant information shall be pushed by the market supervision department to the competent department in charge of commerce after the registration and filing with the market supervision department and the submission of the annual report information.

The Special Administrative Measures for the Access of Foreign Investment (Negative List 2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the “**Negative List for Foreign Investment Access**”) was implemented by the National Development and Reform Commission of the PRC (the “**NDRC**”) and the MOFCOM on 1 November 2024, and it sets out the restrictive measures in a unified manner, such as the requirements on shareholding percentages and management, for the access of foreign investments, and the industries that are prohibited for foreign investment. The Negative List for Foreign Investment Access covers 11 industries, and any field not falling in the Negative List for Foreign Investment Access shall be administered under the principle of equal treatment to domestic and foreign investment.

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. Foreign investor or relevant parties in China must declare the security review prior to (i) the investments in the military industry, military industrial supporting and other fields relating to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security; and obtaining control in the target enterprise.

Overseas Investment

The Administrative Measures on Overseas Investments Management (《境外投資管理辦法》) was promulgated by the MOFCOM on 6 September 2014 and implemented on 6 October 2014. “Overseas investment,” as defined by the Administrative Measures on Overseas Investment Management (《境外投資管理辦法》), means ownership of a non-financial enterprise through new establishment, merger and acquisition or any other methods overseas by an enterprise established in the PRC pursuant to the law or obtaining ownership, controlling stake, business management right and other interests in an existing non-financial enterprise. Overseas investments involving sensitive countries and regions or sensitive industries are subject to the approval of the competent authorities. All other overseas investments are subject to filing administration. Local enterprises file with the provincial commercial administration authorities where they are located. Qualified enterprises are put on record and obtain the “overseas investment certificate for enterprise” from the relevant provincial commercial administration authorities.

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The Administrative Measures for the Outbound Investment by Enterprises (《企業境外投資管理辦法》) was promulgated by the NDRC on 26 December 2017 and implemented on 1 March 2018. “Outbound investment,” as defined therein, means the investment activities to obtain overseas ownership, right of control, business management right, and other related rights and interests by an enterprise located within the territory of the PRC, either directly or via an overseas enterprise under its control, by way of investments with assets or equities or providing financing or guarantees. To conduct outbound investment, certain procedures must be complied with, including approval and record-filing of the overseas investment project, reporting relevant information and co-operating with supervision and inspection. The Catalog of Sensitive Industries for Outbound Investment (Edition 2018) (《境外投資敏感行業目錄(2018年版)》), which was promulgated by the NDRC on 31 January 2018, and implemented on 1 March 2018, lists in detail the industries currently deemed “sensitive.”

LAWS AND REGULATIONS RELATING TO PRODUCTION SAFETY

According to the Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) amended by the SCNPC on 10 June 2021 and implemented on 1 September 2021, an enterprise shall (i) provide production safety conditions as stipulated in Production Safety Law of the People’s Republic of China and other relevant laws, administrative regulations, national and industry standards, (ii) establish a comprehensive production safety accountability system and production safety rules, and (iii) develop production safety standards to ensure production safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

The person-in-charge of an enterprise shall be fully responsible for the safety of production of the enterprise. An enterprise having more than 100 employees shall establish a production safety management institution or be equipped with dedicated production safety management personnel. Personnel who are responsible for managing production safety shall inspect the safety of production regularly based on the characteristics of production of the enterprise and shall deal with any safety issue identified during the inspection in a timely manner. Any unsolved issue shall be reported to the person-in-charge in a timely manner and the person-in-charge shall solve such issue immediately. The inspection and measures taken shall be duly recorded. Enterprises and institutions shall provide their employees with education and training on production safety and shall truthfully inform their employees of any potential risks in relation to the workplace and duties, preventive measures and emergency measures. In addition, an enterprise shall provide its employees with labor protective equipment that meet the national or industry standards and supervise and train them to use such equipment.

According to the Measures for the Supervision and Administration of “Three Simultaneities” for the Safety Facilities of Construction Projects (《建設項目安全設施“三同時”監督管理辦法》) amended by the former State Administration of Work Safety (in March 2018, the State Administration of Work Safety was abolished and the Ministry of Emergency Management of the People’s Republic of China was set up) on 2 April 2015 and implemented on 1 May 2015, the safety facilities in a newly built, reconstructed or expanded construction

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project must be designed, constructed and put into use in production simultaneously with the main body of the project. The enterprises shall demonstrate and pre-assess the safety conditions of its construction projects, prepare the safety facilities design document, submit to the relevant work safety administrative department for examination or filing. Before a construction project is put into production or use, the enterprises shall organize the acceptance completion inspection of the safety facilities and prepare a written report for recordkeeping. If an enterprise violates the relevant requirements, it may be ordered to make corrections within a specified time limit. Failure to make correction within the specified time limit may result in the enterprise being ordered to discontinue the construction process or suspend its production and business operation for rectification, and being imposed a fine.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

According to the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》) (the “**Product Quality Law**”), last amended and implemented on 29 December 2018 by the SCNPC, producers and sellers shall establish a sound internal product quality control system and strictly adhere to a job responsibility system in relation to quality standards and quality liabilities together with implementing corresponding examination and inspection measures. The counterfeiting or imitation of quality marks such as certification marks is prohibited; falsifying the place of origin of product, and falsifying or imitating the name or address of another factory is prohibited; adulteration of, or mixing of improper elements with products under manufacturing or on sale, passing off the sham as the genuine or passing off the inferior as the superior is prohibited. Any manufacturer or seller who violates the Product Quality Law may be subject to (i) administrative penalties including ordered suspension of production or sale, ordered correction of illegal activities, confiscation of products subject to illegal production or sale, imposition of fines, confiscation of illegal gains and, in severe cases, revocation of business license; and (ii) criminal liabilities if the illegal activity constitutes crime.

According to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》) implemented by the NPC on 1 January 2021, if defects are found after the product is put into circulation, the manufacturer or seller shall take remedial measures, such as ceasing selling, issuing product warnings, alerts, summons and recalls in a timely manner. In case of damage caused by defective products or failure to take timely remedial measures, the infringed party may seek compensation from the manufacturer or seller. If the defect is caused by the seller, the manufacturer has the right to claim compensation from the seller for the victim’s compensation. If a product is manufactured or sold with a known defect or no effective remedial measures are taken according to relevant requirements, causing death or serious adverse health problems, the infringed party is entitled to claim punitive damages in addition to damages.

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LAWS AND REGULATIONS RELATING TO RENEWABLE ENERGY

According to the Renewable Energy Law of the People’s Republic of China (《中華人民共和國可再生能源法》) last amended by the SCNPC on 26 December 2009, and implemented on 1 April 2010, the state shall give priority to the development and utilization of renewable energy in energy development and promote the establishment and development of the renewable energy market by setting an overall target for the development and utilization of renewable energy and adopting corresponding measures. The state shall encourage economic subjects of different ownership to participate in the development and utilization of renewable energy and shall protect the legitimate rights and interests of those who develop and utilize renewable energy according to law. The administrative department of energy of the State Council shall conduct unified administration of the development and utilization of renewable energy throughout the country. Other relevant departments of the State Council shall, according to their respective functions and duties, conduct administration of the development and utilization of the relevant renewable energy.

LAWS AND REGULATIONS RELATING TO POWER STATION CONSTRUCTION AND POWER GENERATION BUSINESS

General Contracting of Electric Power Engineering Construction

According to the Construction Law of the People’s Republic of China (《中華人民共和國建築法》) last amended and implemented by the SCNPC on 23 April 2019 and the Qualification Standards for Construction Enterprises (《建築業企業資質標準》) and its amendments implemented by the Ministry of Housing and Urban-Rural Development of the People’s Republic of China (the “MOHURD”) on 1 January 2015, construction general contracting projects (including general contracting of electric power engineering construction) shall be undertaken by enterprises that have obtained corresponding construction general contracting qualifications. Enterprises that have obtained construction general contracting qualifications can construct all professional projects within the construction general contracting projects undertaken by them, or subcontract professional projects according to laws. When subcontracting qualified professional projects, they should be subcontracted to enterprises with corresponding professional contracting qualifications. When subcontracting labor operations, they should be subcontracted to enterprises with construction labor qualifications.

Electric Power Business License

According to the Regulations on Electric Power Supervision (《電力監管條例》) implemented by the State Council on 1 May 2005 and the Administrative Regulations on Electric Power Business Licenses (《電力業務許可證管理規定》) last amended by the NDRC on 4 January 2024, an enterprise that engages in the electric power business within the PRC is required to obtain electric power business license in accordance with relevant regulations. Save as special circumstances, no entity or individual may engage in electric power business before obtaining an electric power business license. Entities that have obtained electric power

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business licenses (hereinafter referred to as licensees) are subject to rights and obligations under relevant regulations and are subject to the supervision and management of the National Energy Administration and its agencies. The licensee conducts electric power business according to law and is protected by laws.

LAWS AND REGULATIONS RELATING TO LAND, PLANNING AND CONSTRUCTION LICENSE

Land Use Rights

According to the Land Administration Law of the People’s Republic of China (《中華人民共和國土地管理法》) last amended on 26 August 2019 and implemented on 1 January 2020 by the SCNPC, state-owned land may be granted or allocated for use by construction entities in accordance with the law. According to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) last amended by the State Council on 10 March 2024, and implemented on 1 May 2024, registration of real estate shall be conducted by the real estate registration agency of the people’s government at the county level where the real estate is located.

According to the Civil Code of the People’s Republic of China, the creation, change, transfer and elimination of real estate right shall become effective after it is registered according to law; the real estate ownership certificate shall be the proof on the holder’s ownership of a real estate. According to the Interim Regulations on Real Estate Registration and Rules for Implementation of Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) last amended by the Ministry of Natural Resources of the People’s Republic of China and implemented on 9 May 2024, the state applies a uniform registration system for real estate.

Construction Land Planning Permit

According to the Urban and Rural Planning Law of the People’s Republic of China (《中華人民共和國城鄉規劃法》) last amended and implemented by the SCNPC on 23 April 2019, the use of state-owned land use rights acquired by way of grant or allocation are required to obtain a construction land planning permit. If a construction unit approves land use without obtaining a construction land planning permit, the relevant approval document shall be revoked by the people’s government above the county level; the occupied land shall be promptly returned; and any damage caused to the party concerned shall be compensated in accordance with the law.

Construction Project Planning Permit

According to the Urban and Rural Planning Law of the People’s Republic of China (《中華人民共和國城鄉規劃法》), to build any structure, fixture, road, pipeline or other engineering project within a city or town planning area, the construction entity or individual shall apply to the competent department of urban and rural planning under the people’s government of the

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city or county or the town people’s government specified by the people’s government of the province, autonomous region or municipality directly under the central government for a planning permit on construction project. If a construction project is proceeded without obtaining the planning permit on construction project or by violating the provisions of the planning permit on construction project, the competent department of urban and rural planning of the local people’s government above the county level shall order it to stop construction. If it is still possible for the construction entity or individual to take measures to eliminate the impact on the implementation of urban and rural planning, the department shall order it or him to correct within a certain time limit and impose a fine of not less than 5% the construction cost but not more than 10% the cost; if it is impossible to take measures to eliminate the impact, the department shall order the construction entity or individual to dismantle the building or structure within a certain time limit. If the building or structure cannot be dismantled, the department shall confiscate the real objects or the illegal gain, and may also impose a fine not more than 10% the construction cost.

Construction Permit for Construction Project

According to the Construction Law of the People’s Republic of China (《中華人民共和國建築法》), before the construction project begins, the construction entity shall apply for a construction permit for construction project from the construction competent department of the people’s government at or above the county level where the project is located in accordance with the relevant state regulations, except for small-scale projects below the limit determined by the construction competent department of the State Council and construction projects with its construction start-up report approved pursuant to the authority and procedures stipulated by the State Council. According to the Regulations on Quality Management of Construction Projects (《建設工程質量管理條例》) last amended and implemented by the State Council on 23 April 2019, where any construction entity violates this regulation due to carrying out the construction project in the event that it fails to obtain a construction license or that its construction start-up report has not been approved, it shall be ordered to stop the construction and to make corrections and shall be fined not less than 1% but not more than 2% of the contractual project price.

Check and Acceptance of Construction Project

According to the Regulations on Quality Management of Construction Projects (《建設工程質量管理條例》) last amended and implemented by the State Council on 23 April 2019 and the Housing Construction and Municipal Infrastructure Work Completion Acceptance Record Management Measures (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) implemented by the MOHURD on 19 October 2009, the construction project shall not be delivered for use unless it has passed the completion-based check. A construction entity shall go through the filing formalities with the construction administrative department of the people’s government at or above the county level at the place where the project is located within 15 days as of the date on which the as-built inspection of the project is passed. Where the construction entity illegally delivers the project for use without organizing a completion-based check or illegally delivers the project for use in the case of failure to pass the

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completion-based check, it shall be ordered to make corrections and shall be fined not less than 2% but not more than 4% of the contractual project price. If any losses have been caused, it shall make compensation. Where the construction entity fails to go through the filing formalities within 15 days as of the date on which the as-built inspection of the project is passed, the filing authority will order it for making correction within a time limit, and impose a fine of more than RMB200,000 and RMB500,000.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Environmental Impact Assessment

According to the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) amended by the SCNPC on 24 April 2014 and implemented on 1 January 2015, the Law of the People’s Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) last amended and implemented by the SCNPC on 29 December 2018, the Regulations on the Administration of Environmental Protection for Construction Project (《建設項目環境保護管理條例》) last amended by the State Council on 16 July 2017 and implemented on 1 October 2017, Administration Regulations on Record-filing of the Registration Forms of Construction Projects (《建設項目環境影響登記表備案管理辦法》) promulgated by the former Ministry of Environmental Protection (now abolished and changed to the Ministry of Ecology and Environment of the PRC) on 16 November 2016 and came into effect on 1 January 2017, the Interim Measures on Environmental Protection Acceptance of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the former Ministry of Environmental Protection of the People’s Republic of China on 20 November 2017 and effective on 20 November 2017 and other relevant environmental laws and regulations, construction projects shall go through the environmental impact assessment procedure accordingly. The construction projects which may have significant impact on the environment shall prepare an environmental impact report with full and detailed assessment of their impact on the environment while those projects which have less severe environmental impact are required to prepare an environmental impact report regarding analysis or specific assessment of the environmental impacts, and those projects which have slight impact on the environment are not required to conduct environment impact assessment but need to complete the environmental impact registration form.

Pollution prevention facilities for construction projects must be designed, constructed and launched into production and use at the same time with the main part of the projects. Construction projects for which an environmental impact report or an environmental impact report form is prepared can only be put into operation after the acceptance of environmental protection facilities. Enterprises and public institutions discharging pollutants must report to and register with relevant authorities in accordance with the provisions promulgated by the environmental protection administrative authority under the State Council. Relevant authorities have the authority to impose penalties on individuals or entities which have breached the environmental regulations. The penalties that can be imposed include issuing a warning, the suspension of operation of pollution prevention facilities for construction projects where such facilities are uncompleted or fail to meet the prescribed requirements but are put into operation,

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the reinstallation of pollution prevention facilities which have been dismantled or left idle, administrative sanctions against the office-in-charge, the suspension of business operations or the shut-down of an enterprise or public institution. Fines could also be imposed together with these penalties.

Air Pollution

According to the Atmospheric Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》) last amended and implemented on 26 October 2018, construction, renovation and expansion projects which discharge air pollutants shall comply with regulations regarding environmental protection of construction projects. When building projects that have an impact on atmospheric environment, enterprises, public institutions, and other business entities shall conduct environmental impact assessments and publish the environmental impact assessment documents according to the law; when discharging pollutants to the atmosphere, they shall conform to the atmospheric pollutant discharge standards and abide by the total quantity control requirements for the discharge of key atmospheric pollutants.

Solid Waste

According to the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) last amended by the SCNPC on 29 April 2020, and implemented on 1 September 2020, construction projects where solid wastes are generated or projects for storage, utilization or disposal of solid wastes shall be subject to environmental impact assessment. Facilities for the prevention and control of solid wastes are required to be designed, constructed and put into use or operation simultaneously with the main part of the construction project. The construction unit shall, in accordance with the provisions of relevant laws and regulations, complete the acceptance inspection of the solid waste pollution prevention and control facilities constructed as supporting installations, prepare an acceptance report, and make it available to the public.

Water Pollution

According to the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) last amended by the SCNPC on 27 June 2017, and implemented on 1 January 2018, construction, renovation and expansion projects and other upper-water facilities that directly or indirectly discharge pollutants to water are subject to environmental impact assessment. In addition, water pollution prevention facilities are required to be designed, constructed and put into operation simultaneously with the main part of the project. Water pollution prevention facilities are required to be complied with the requirements in the environmental impact documents approved by or filed with the competent authorities.

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Noise Pollution

According to the Law of the People's Republic of China on Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治法》) promulgated by the SCNPC on 24 December 2021 and implemented on 5 June 2022, construction, renovation or expansion of construction projects that may generate noise pollution, shall be subject to environmental impact assessment in accordance with laws. Construction project noise pollution prevention and control facilities shall be designed, constructed and put into use simultaneously with the main part of a construction project. Before a construction project is put into production or use, the construction entity shall, in accordance with the provisions of relevant laws and regulations, conduct acceptance of the supporting noise pollution prevention and control facilities, prepare an acceptance report, and open to the public. Without acceptance or unqualified acceptance, the construction project shall not be put into production or use.

Permission for Pollutant Discharges

According to the Regulations on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated by the State Council on 24 January 2021 and implemented since 1 March 2021, and the Catalog for the Classified Management of Pollutant Discharge Permitting for Stationary Pollution Sources (2019 Edition) (《固定污染源排污許可分類管理名錄》(2019年版)) issued by the Ministry of Ecology and Environment on 20 December 2019 and came into effect on the same date, enterprises, public institutions and other manufacturers which are subject to pollutant discharge permit management as stipulated by laws must apply for and obtain pollutant discharge permits. Without this permit, discharging pollutants is prohibited. Pollutant discharging entities with a significant volume of pollutant generation, emissions or environmental impact are subject to comprehensive management on permission of pollutant discharge. Those with a smaller volume of pollutant generation, emissions and environmental impact are subject to simplified management on permission of pollutant discharge. Entities with minimal pollutant generation, emissions and environmental impact are subject to pollutant discharge registration management.

Environmental Protection Tax Law

According to the Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護稅法》) last amended and implemented by the SCNPC on 26 October 2018, and the Regulations for the Implementation of the Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護稅法實施條例》) promulgated by the State Council on 25 December 2017 and effective on 1 January 2018, (i) enterprises, public institutions and other producers and operators that directly discharge pollutants to the environment within the territory of the PRC and other sea areas under the jurisdiction of the PRC are taxpayers of environmental pollution tax, and shall pay environmental pollution tax in accordance with the aforementioned laws and regulations, (ii) the Administrative Regulations on the Collection and Use of Pollutant Discharge Fees (《排污費徵收使用管理條例》) was repealed and no more pollutant discharge fees shall be collected.

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LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS

According to the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》) last amended and implemented by the SCNPC on 30 December 2022, the State permits the free import and export of goods and technologies. Based on the need to monitor the import and export goods, the competent department of foreign trade under the State Council may implement automatic import and export licensing for certain freely import and export goods and publish their catalogs. For import and export goods subject to automatic licensing, if the consignee or consignor applies for automatic licensing before going through the customs declaration formalities, the competent department of foreign trade under the State Council or its entrusted institution shall be licensed; without automatic licensing procedures, the customs will not be released.

In accordance with the Provisions on the Administration of Recordation of Customs Declaration Entities of the People's Republic of China (《中華人民共和國海關報關單位備案管理規定》) published by the General Administration of Customs of the People's Republic of China on 19 November 2021, and effective as of 1 January 2022, customs declaration entities mean consignees or consignors of imports and exports and customs declaration enterprises which have filed record with the customs pursuant to these provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification. If the consignees or consignors of imports and exports or customs declaration entities have filed record with the customs, its branches meeting the conditions mentioned in the preceding paragraph may also apply for the filing of the customs declaration entities.

LAWS AND REGULATIONS RELATING TO LABOR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labor Contract

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) last amended and implemented by the SCNPC on 29 December 2018, the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) last amended by the SCNPC on 28 December 2012 and implemented on 1 July 2013, and the Implementing Regulations of the Labor Contracts Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on 18 September 2008, and effective on the same date, labor relationships between employers and employees must be executed in written form. Employers must establish a system for labor safety and sanitation, and strictly abide by state standards and provide relevant education to its employees. Employees are also required to work in safe and sanitary conditions.

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Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) last amended and implemented by the SCNPC on 29 December 2018, the Administrative Regulations on Housing Provident Fund (《住房公積金管理條例》) last amended and implemented by the State Council on 24 March 2019 and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) last amended and implemented by the State Council on 24 March 2019, a domestic enterprise shall pay premium for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance and housing provident fund for its employees at an appropriate percentage based on the amounts stipulated by the laws. Employers who fail to promptly contribute social insurance premiums in full amount shall be ordered by the social insurance premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a penalty for late payment from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears. Where a unit fails to pay or pays not in full amount the housing provident fund by the expiration of the time limit, the managing center of housing provident fund shall order it to be paid and deposited within a specified time limit; where it is not paid and deposited yet by the expiration of the specified time limit, compulsory enforcement by the people’s court of the PRC (the “**People’s Court**”) may be applied.

According to the Opinions of the Office of the State Council on Comprehensively Promoting the Implementation of the Merger of Maternity Insurance and the Basic Medical Insurance for Employees (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) issued and implemented by the Office of the State Council on 6 March 2019, the State facilitates the incorporation of maternity insurance fund into basic medical insurance fund of employees for unified payment.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Patent

According to the Patent Law of the People’s Republic of China (《中華人民共和國專利法》) last amended by the SCNPC on 17 October 2020 and effective on 1 June 2021 as well as the Implementation Regulations for the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》) last amended by the State Council on 11 December 2023 and effective on 20 January 2024, inventions refer to inventions, utility models and designs. Inventions refer to new technical solutions for a product, method or its improvement. Utility models refer to new technical solutions for the shape, structure or the combination of both shape and structure of a product, which is applicable for practical use. Designs refer to new designs of the shape, pattern or the combination of shape and pattern, or the combination of the color, the shape and pattern of the whole or part of product with aesthetic feeling and industrial application value. The validity period of patent for inventions is 20 years, while the validity period of patent for utility models is 10 years, and the validity period of patent for designs is 15 years, all starting from the date of application.

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An invention creation that is accomplished by a person in the course of performing any task for an entity to which the person belongs, or mainly by using materials or technical means of the said entity is a service invention-creation. For a service invention-creation, the right to apply for a patent belongs to the entity. After the relevant application is approved, the entity shall be the patentee. The entity may dispose of the right to apply for patents and patent rights of its invention-creation in accordance with the law and promote the implementation and utilization of the relevant invention-creation. The entity to which a patent right is granted shall reward the inventor or designer of such service invention-creation; after the implementation of the invention-creation patent, the inventor or designer shall be remunerated reasonably according to the scope of marketing and application and the economic benefits obtained. The State encourages the entities to which a patent right is granted to implement property rights incentives by way of equity, option, dividends, etc., so that inventors or designers can enjoy the proportion of profits of innovation.

Trademark

The Trademark Law of the People’s Republic of China (《中華人民共和國商標法》) last amended by the SCNPC on 23 April 2019 and effective on 1 November 2019, and the Implementation Rules of the Trademark Law of the People’s Republic of China (《中華人民共和國商標法實施條例》) amended by the State Council on 29 April 2014 and effective on 1 May 2014, stipulate the registration of a trademark shall be valid for ten years from the date of approval. If there is a continued need for the use of trademark, a renewal shall be made in accordance with requirements within 12 months before the expiry of the trademark registration. If the renewal is not made within the stipulated period, the valid period may be extended for a further period of six months. Each renewal of registration of trademark shall be valid for ten years from the date of the expiry of the previous trademark registration. A trademark registrant may license others the right to use his/her trademark by entering into a trademark license agreement, but licensing details must be filed with the Trademark Office. Failure to file won’t affect bona fide third parties. Quality supervision is the licensor’s responsibility, and licensees must maintain product quality when using the registered trademark.

Copyright

According to the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》) last amended by the SCNPC on 11 November 2020 and implemented on 1 June 2021, and the Implementation Rules of the Copyright Law of the People’s Republic of China (《中華人民共和國著作權法實施條例》) last amended by the State Council on 30 January 2013 and implemented on 1 March 2013, works of Chinese citizens, legal persons or unincorporated organisations, i.e. intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction.

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According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on 20 February 2002 and the Regulation on Computers Software Protection (《計算機軟件保護條例》) amended by the State Council on 30 January 2013 and effective on 1 March 2013, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) and the Regulation on Computers Software Protection (《計算機軟件保護條例》).

Domain Names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology of the People’s Republic of China (the “MIIT”) on 24 August 2017 and effective from 1 November 2017, the establishment of domain name root servers and domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the territory of the PRC shall obtain permission from the MIIT or the communications administration department of the province, autonomous region or municipality directly under the central government. The principle of “first come, first served” applies to domain name registration service. The Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which was promulgated by the MIIT on 27 November 2017 and came into effect on 1 January 2018, stipulates the obligations of Internet information service providers and other entities to combat terrorism and maintain network security.

LAWS AND REGULATIONS RELATING TO ANTI-MONOPOLY AND ANTI-UNFAIR COMPETITION

Anti-Monopoly Law

According to the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) (the “Anti-Monopoly Law”) promulgated by the SCNPC on 30 August 2007 and implemented since 1 August 2008, and last amended on 24 June 2022 and implemented since 1 August 2022, the Anti-Monopoly Law applies to the monopolistic practices in domestic economic activities in the PRC as well as the monopolistic practices outside the PRC which have exclusion or restriction effects on domestic market competitions. The monopolistic practices under the Anti-Monopoly Law include any monopoly agreement reached by any operators, abuse of market-dominating position by any operators and any concentration of operators which has eliminated or limited or may eliminate or limit the market competition. The anti-monopoly law enforcement agency of the State Council are responsible for enforcement of the Anti-Monopoly Law in accordance with the provisions thereof. The anti-monopoly law enforcement authorities

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of the State Council may, depending on the needs of their work, authorize the corresponding authorities of the people's governments of provinces, autonomous regions, and municipalities to be responsible for enforcement of the Anti-Monopoly Law. Operators who violate the provisions of the Anti-Monopoly Law shall be ordered by the anti-monopoly law enforcement authority to stop the illegal act and may be imposed a fine.

Anti-Unfair Competition Law

According to the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), or the Anti-unfair Competition Law, which was promulgated by the SCNPC on 2 September 1993 and implemented on 1 December 1993, and last revised on 23 April 2019, operators shall comply with the principle of voluntariness, equality, impartiality, integrity and abide by laws and business ethics in market transactions. Under the Anti-unfair Competition Law, unfair competition refers to an operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law in the production and operating activities. Operators who violate of the Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal responsibilities depending on the specific circumstances.

LAWS AND REGULATIONS RELATING TO INFORMATION SECURITY AND PRIVACY PROTECTION

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》), implemented by the NPC on 1 January 2021, the personal information of a natural person shall be protected. Any organization or individual shall legally obtain the personal information of others when necessary and ensure the safety of such personal information, and shall not illegally collect, use, process or transmit the personal information of others, or illegally buy or sell, provide or make public the personal information of others.

The PRC Cyber Security Law (《中華人民共和國網絡安全法》), which was promulgated on 7 November 2016 and became effective on 1 June 2017, prohibits individuals or entities from obtaining personal information through stealing or other illegal ways, selling or otherwise illegally disclosing personal information. Those who provide services through networks shall take technical measures and other necessary measures in accordance with laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities committed on the network, and maintain the integrity, confidentiality, and availability of network data. Any violation of the provisions and requirements under the PRC Cyber Security Law (《中華人民共和國網絡安全法》) may subject Internet service providers to warnings, fines, confiscation of illegal gains, revocation of licenses, close down of websites or even criminal liabilities.

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The PRC Data Security Law (《中華人民共和國數據安全法》), which was promulgated by the SCNPC on 10 June 2021 and became effective on 1 September 2021, stipulates that the entity carries out data processing activities shall abide by laws and regulations, show respect for social morality and ethics, observe business ethics and professional ethics, be honest and trustworthy, perform the obligations of data security protection and undertake social responsibilities, and shall not endanger national security or public interests, or damage the legitimate rights and interests of individuals or organizations. Any organization or individual shall collect data by lawful and proper means and shall not acquire data by theft or other illegal means.

The Cybersecurity Review Measures (《網絡安全審查辦法》), which was promulgated on 28 December 2021, and effective from 15 February 2022, stipulates that operators of critical information infrastructure purchasing network products and services, and network platform operators carrying out data processing activities that affect or may affect national security, shall conduct cybersecurity review. The Cybersecurity Review Measures further specifies that network platform operators who hold personal information of more than 1 million users, when applying for listing abroad, must report to the Cybersecurity Review Office for a cybersecurity review. The competent governmental authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security.

On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) which became effective from 1 November 2021. According to this law, the handling of personal information shall be for a definite and reasonable purpose, be directly related to the purpose of handling and shall be conducted in away that minimizes the impact on personal rights and interests. The collection of personal information shall be limited to the minimum scope for achieving the purpose of handling and it is not permitted to excessively collect personal information. A personal information processor shall be responsible for its handling of personal information and take necessary measures to ensure the security of the personal information handled. No organization or individual may illegally collect, use, process or transmit the personal information of others, illegally buy or sell, provide or make public the personal information of others, or engage in the handling of personal information that endangers the national security or public interests.

On September 24, 2024, the State Council promulgated the Administration Regulation on Cyber Data Security (《網絡數據安全管理條例》), which came into effect on 1 January 2025. the Administration Regulation on Cyber Data Security provides detailed implementing rules and guidance on various aspects of data compliance requirements under the existing data protection framework pillars of the The PRC Cyber Security Law, the PRC Data Security Law and the PRC Personal Information Protection Law. The Administration Regulation on Cyber Data Security supplement the requirements on several aspects of the PRC Personal Information Protection Law regarding notification, consent, and the exercise of personal rights, provide more detail on compliance requirements for processors of important data, and also provide more guidance to streamline cross-border data transfers.

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LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

Pursuant to the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) announced by the State Council on August 5, 2008 and effective on the same day, transactions involving goods, services, income and current transfers in the balance of payments are regarded as current accounts, under which the foreign exchange payments shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document; domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

According to the Circular on Issues Concerning the Administration of Foreign Exchange Involved in Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated on December 26, 2014 by the State Administration of Foreign Exchange of the PRC (the “SAFE”) and implemented since the same date, a domestic company shall, within 15 working days after the completion of its overseas listing and issuance, register the overseas listing with the local branch of the State Administration of Foreign Exchange of the place where it is incorporated. The funds raised by domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the use of funds shall be consistent with those as set out in the public disclosure documents such as the document or corporate bond issuance document, circulars to shareholders and resolutions of the board of directors or shareholders’ meeting.

On 13 February 2015, the SAFE issued the Circular of Further Simplifying and Improving Foreign Exchange Administration Policies on 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》), which was partially abolished in December 2019. It stipulates that banks shall directly examine and handle foreign exchange registration under overseas direct investment, and the SAFE and its branches shall implement indirect supervision over foreign exchange registration and examination of overseas direct investment through banks.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated on 16 March 2007 and last amended on 29 December 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) which was promulgated on 6 December 2007 and last amended on 6 December 2024 and implemented on 20 January 2025, the income tax rate for both domestic and foreign-invested enterprises is 25%. Furthermore, resident enterprises, which are enterprises that are set up in accordance with PRC law, or that are set up in accordance with the law of a foreign country (region) but with their actual administration institution in the PRC, must pay enterprise income tax originating both within and outside the

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PRC. While non-resident enterprises that have set up institutions or premises in the PRC shall pay enterprise income tax in relation to their income originating from the PRC and obtained by their institutions or establishments, and their income incurred outside the PRC but where there is an actual relationship with the institutions or establishments set up by such enterprises. Non-resident enterprises that have not set up institutions or establishments in the PRC, or where institutions or establishments are set up but where there is no actual relationship with the income obtained by the institutions or establishments set up by such enterprises, they must pay enterprise income tax in relation to the income originating from the PRC at the rate of 10%.

Value-Added Tax

According to the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was last amended by the State Council on 19 November 2017 and came into effect on the same day, and the Detailed Rules for the Implementation of the Interim 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 last amended by the Ministry of Finance of the PRC (the "MOF") on 28 October 2011 and came into effect on 1 November 2011, all entities and individuals engaged in sale of goods or provision of processing, repair and maintenance services or importation of goods in mainland China are subject to value-added tax. Unless otherwise specified in the above-mentioned regulations, the value-added tax rate is generally 17% in respect of the sale or importation of goods by taxpayers.

According to the Circular of on Adjusting Value-Added Tax Rates of Ministry of Finance and the State Administration of Taxation (《財政部、稅務總局關於調整增值稅稅率的通知》) announced by the MOF and the State Administration of Taxation of the PRC (the "SAT") on 4 April 2018 and effective from 1 May 2018, where a taxpayer engages in a taxable sales activity for value-added tax purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) announced by the MOF, the SAT, and the General Administration of Customs on 20 March 2019 and effective from 1 April 2019, with respect to taxable sales or imported goods of a value-added tax taxpayer, the originally applicable value-added tax rate of 16% shall be adjusted to 13%, and the originally applicable value-added tax rate of 10% shall be adjusted to 9%.

The SCNPC promulgated PRC Value-added Tax Law (《中華人民共和國增值稅法》) on December 25, 2024, which will come into effect on January 1, 2026. According to the PRC Value-added Tax Law, the VAT rate for general VAT taxpayers engaging in sale of goods, processing, repair and replacement services, lease of tangible and movable goods or importation of goods is 13%, the VAT rate for general VAT taxpayers engaging in, among others, the sale of transportation services, postal services, basic telecommunications services, construction services, the lease and sale of real properties, and the transfer of land use rights is 9%. From the effective date of the PRC Value-added Tax Law, which will be January 1, 2026, the Interim Regulations of the PRC on Value-added Tax will be repealed.

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LAWS AND REGULATIONS RELATING TO SECURITIES [REDACTED] AND [REDACTED] BY DOMESTIC COMPANIES

The Securities Law, which was last revised by the SCNPC on 28 December 2019 and took effect on 1 March 2020, has comprehensively regulated the activities of the securities market in China, including the issuance and trading of securities, the acquisition of listed companies, stock exchanges, securities companies, and the responsibilities of securities regulatory agencies. The Securities Law further stipulates that enterprises in China that directly or indirectly issue securities overseas or list securities overseas shall comply with the relevant provisions of the State Council. The specific measures for subscribing and trading shares of companies in China in foreign currency shall be separately prescribed by the State Council. The CSRC is a securities regulatory agency established by the State Council, responsible for supervising and managing the securities market in accordance with the law, maintaining market order, and ensuring the legal operation of the market. At present, the issuance and trading of H shares are mainly regulated by regulations and rules promulgated by the State Council and the CSRC.

According to 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》) issued by the CSRC on 17 February 2023 and effective from 31 March 2023, where a domestic company issuer procures an overseas initial public offering or listing, it shall file with the CSRC within three business days after submitting application documents for overseas securities offering and listing.

According to 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》) jointly issued by the CSRC and other departments on 24 February 2023 and effective on 31 March 2023, in the overseas offering and listing activities of domestic companies, domestic companies, and securities companies and securities service institutions that provide corresponding services shall strictly comply with the applicable laws and regulations of the PRC and satisfy the requirements of these Provisions, enhance the legal awareness of safeguarding state secrets and strengthening archives administration, establish and improve the confidentiality and archives work system, and take necessary measures to fulfill the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public. A domestic company that, either directly or through its overseas listed entity, provides or publicly discloses to relevant securities companies, securities service institutions, overseas regulators, and other entities and individuals, any documents and materials that involve state secrets or work secrets of state organs, shall obtain approval from the competent department with the power of examination and approval according to the law, and report to the administrative department of confidentiality at the same level for filing.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

The history of our Company can be traced back to November 28, 1997. On September 16, 2010, it was converted into a joint stock company and then renamed Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司). Over near three decades of development, we have grown into a global leader in clean energy technology.

On November 2, 2011, our Company was listed on ChiNext market of the Shenzhen Stock Exchange under the stock code 300274. As of the Latest Practicable Date, our total issued share capital was RMB2,073,211,424, comprising 2,073,211,424 A Shares, of which approximately 30.46% was directly held by Mr. Cao.

KEY DEVELOPMENT MILESTONES

The following table sets out a summary of our Group’s key development milestones:

Year	Milestone
1997	The predecessor of our Company, Hefei Sungrow Company Limited (合肥陽光電源有限公司), was established.
2002	We participated in the national “Power Transmission to Villages (送電到鄉)” initiative.
2003	We developed China’s first 10kW grid-connected photovoltaic inverter with independent intellectual property rights.
2004	We began to layout in the wind power converter business.
2006	We began to layout our energy storage business, and the SC50 energy storage inverter was first applied in industrial energy storage systems. Our “SUNGROW” brand was successfully registered overseas.
2008	We established our first overseas office in France.
2009	We supplied PV inverters for the first PV grid-connected power generation concession project in China.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2010	We established our new energy vehicle department and started to develop our new energy vehicle drive systems business. We were converted into a joint stock company with our name changed to Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司)
2011	Our Company was listed on ChiNext market of the Shenzhen Stock Exchange (stock code: 300274).
2015	We established Sungrow Energy Storage Technology Co., Ltd. (陽光儲能技術有限公司) to provide energy storage systems solutions. We launched the first 3,300 V medium-voltage full power wind power converter in China.
2016	We commenced research and development of hydrogen energy equipment.
2019	We established the hydrogen energy department.
2021	We launched the 1+X modular inverter, pioneering a new category in the industry. We introduced the SG320HX string inverter, the world’s first string inverter with a power rating exceeding 300kW.
2022	We developed the world’s first 35kV medium-voltage direct-grid-connected PV inverter.
2023	We achieved grid connection and power generation with the world’s first 2000V photovoltaic inverter developed by us.
2024	According to BNEF, our energy storage systems and power conversion systems (PCS) rank first globally in terms of bankability. According to World Brand Lab, our brand value surpassed RMB100 billion.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2025	We launched the PowerTitan 3.0 AC intelligent energy storage platform, the industry’s first to feature mass-produced 684Ah large battery cells. The Plus version is the world’s largest single-cabinet lithium battery energy storage system, featuring the highest energy density. We launched the SG465HX, the world’s first string inverter with a power rating of 400kW. The world’s first 25MW ultra-high-power grid-forming wind power converter developed by us has been successfully deployed. We received the MSCI ESG AAA rating for the first time. We established the AIDC Power Division to strategically expand into the AIDC power supply business.

OUR MAJOR SUBSIDIARIES

The following table sets forth the principal activities and the date and place of incorporation/establishment in respect of each of our major subsidiaries as of the Latest Practicable Date (“**Major Subsidiaries**”):

No.	Name of major subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Principal activities
1. .	Sungrow Energy Storage Technology Co., Ltd. (陽光儲能技術有限公司)	June 15, 2015	PRC	Manufacturing
2. .	Sungrow Renewables Development Co., Ltd. (陽光新能源開發股份有限公司)	December 23, 2014	PRC	New energy development
3. .	Sungrow USA Corporation	March 21, 2014	USA	Sale of products
4. .	Sungrow Power (Hong Kong) Co., Limited (陽光電源(香港)有限公司)	March 20, 2014	Hong Kong, China	Sale of products
5. .	Sungrow Deutschland GmbH	September 23, 2011	Germany	Sale of products

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Our Company held entire or majority equity interests in the above Major Subsidiaries throughout the Track Record Period.

See “Appendix VI. Statutory and General Information — C. Changes in Share Capital of our Major Subsidiaries” for more details on share capital changes of the Major Subsidiaries.

COMPANY DEVELOPMENT AND MAJOR EQUITY CHANGES

Company Establishment and Early Development

The Company was established as a limited liability company under the laws of the PRC on November 28, 1997 by Su Shilin (蘇士林), Xiong Yanfang (熊艷芳), and Liu Fang (劉方), who respectively contributed 50%, 30% and 20% to the initial registered capital of RMB0.5 million by way of currency and physical assets.

In August 2001, Xiong Yanfang and Liu Fang transferred their equity interests to Mr. Cao, recognizing his expertise in the new energy sector. In addition, Mr. Cao made a capital contribution of RMB0.45 million to the Company through physical assets valued at RMB0.46 million. Another Independent Third Party contributed RMB50,000 to the Company through physical assets at RMB50,000. After this share transfer and capital injection, the registered capital of our Company reached RMB1.00 million, with Mr. Cao holding 70% of the Company’s share capital.

Upon the completion of several rounds of share transfers and capital injection, the share capital structure of our Company subsequent to the change was as follows as of May 2010:

<u>Name of Shareholder</u>	<u>Registered Capital (in RMB)</u>	<u>Percentage of Shareholding (%)</u>
Mr. Cao	17,400,000	58.00
Zhao Wei	300,000	1.00
Other five Independent Third Parties	12,300,000	41.00
Total	<u>30,000,000</u>	<u>100.00</u>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Conversion into Joint Stock Limited Company

In September 2010, Our Company was converted into a joint stock company as renamed Hefei Sungrow Power Supply Co., Ltd. (合肥陽光電源股份有限公司), with an initial registered capital of RMB120.00 million. As of September 16, 2010, the shareholding structure of our Company was as below:

Name of Shareholder	Number of Shares (Shares)	Percentage of Shareholding (%)
Mr. Cao	69,600,000	58.00
Zhao Wei	1,200,000	1.00
Other five Independent Third Parties	49,200,000	41.00
Total	120,000,000	100.00

In October 2010, three Independent Third Parties, and the then Shareholders of the Company entered into a capital increase agreement, pursuant to which, the registered share capital of our Company increased from RMB120.00 million to RMB134.40 million. Following the approval of our shareholders and the relevant regulatory authority, our Company was renamed Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司). Upon completion of the capital increase described above, our Company’s shareholding structure was as follows:

Name of Shareholder	Number of Shares (Shares)	Percentage of Shareholding (%)
Mr. Cao	69,600,000	51.79
Zhao Wei	1,200,000	0.89
Other eight Independent Third Parties	63,600,000	47.32
Total	134,400,000	100.00

Listing on the Shenzhen Stock Exchange

As approved by the CSRC, our A Shares were listed on the Shenzhen Stock Exchange under the stock code 300274 on November 2, 2011 (the “**A-Shares Listing**”). In the A-Shares Listing, we issued an aggregate of 44,800,000 A Shares, accounting for 25% of our Company’s then issued shares of 179,200,000 immediately following the A-Shares Listing.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The shareholding structure of our Company immediately after the A-Shares Listing was as follows:

Name of Shareholder	Number of Shares (Shares)	Percentage of Shareholding (%)
Mr. Cao	69,600,000	38.84
Zhao Wei	1,200,000	0.67
Other A Shareholders	108,400,000	60.49
Total	179,200,000	100.00

Other Major Shareholding Changes

Profit Distribution Plan and Incentive plan during the Track Record Period and as of the Latest Practicable Date

Since our listing on the Shenzhen Stock Exchange, our Company’s share capital changed multiple times due to profit distribution by Shares, adoption of incentive plans and private placement of A Shares. As of December 31, 2021, the share capital of our Company was RMB1,485,215,984.

In May 2022, the Shareholders’ meeting resolved to repurchase and deregister the 25,000 restricted Shares awarded to persons who had departed the Company. After completion of the repurchase and deregistration, the share capital of our Company was reduced from RMB1,485,215,984 to RMB1,485,190,984.

In May 2023, the Shareholders’ meeting resolved to repurchase and deregister the 40,000 restricted Shares awarded to persons who had departed from the Company. After completion of the repurchase and deregistration, the share capital of our Company was reduced from RMB1,485,190,984 to RMB1,485,150,984.

In May 2024, we adopted the 2023 annual profit distribution plan on conversion of capital reserve into share capital (the “**2023 Profit Distribution Plan**”). After deducting 14,999,883 Shares from the total share capital of 1,485,150,984 Shares, we used the remaining 1,470,151,101 Shares as basis and issued 4 additional Shares to all shareholders for every 10 shares held from the capital reserve, for a total of 588,060,440 Shares. After implementation of the 2023 Profit Distribution Plan, the share capital of our Company was increased from RMB1,485,150,984 to RMB2,073,211,424.

Restricted Share Incentive Schemes

Since our A Share listing in 2011, there have been several instances of share capital changes of our Company as a result of the repurchase and/or issuance of A Shares by our Company for employee incentive purposes. See “Appendix VI. Statutory and General Information — 4. Restricted Share Incentive Schemes.”

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PROPOSED GLOBAL DEPOSITARY RECEIPT APPLICATION

As approved by the Board on October 14, 2024 and by the shareholders of our Company on October 29, 2024, we proposed to issue Global Depositary Receipts (“**GDR**”) and list them on the Frankfurt Stock Exchange (the “**Proposed GDR Offering**”), with the new underlying A Shares. As of the latest Practicable Date, our GDR application is still under review by the regulatory authorities.

We are now proceeding to seek a [REDACTED] of our H Shares on the Stock Exchange. To the best of our Directors’ knowledge, they are not aware of (i) any other matters relating to the Proposed GDR Offering that are relevant to the [REDACTED] and should be reasonably highlighted in this document for investors to form an informed assessment of our Company; (ii) any enquiries from CSRC, the Shenzhen Stock Exchange or the Frankfurt Stock Exchange relating to the Proposed GDR Offering that would affect our Company’s suitability for [REDACTED] on the Stock Exchange; (iii) any other matters relating to the Proposed GDR Offering that may have implications on our Company’s suitability for [REDACTED] on the Stock Exchange or on the truthfulness, accuracy and completeness of information disclosed in this document; (iv) any disagreement or dispute between us and the professional parties involving in the Proposed GDR Offering; or (v) any other matters that need to be brought to the attention of the Stock Exchange and investors in Hong Kong in relation to the Proposed GDR Offering. Based on the independent due diligence conducted by the Sole Sponsor, no material issues have been identified that contradict the Directors’ views regarding the Proposed GDR Offering as disclosed above.

MAJOR ACQUISITIONS AND DISPOSALS

We had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

[REDACTED]

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Our Company has been listed on the Shenzhen Stock Exchange since November 2, 2011. As of the Latest Practicable Date, the Directors of Our Company confirmed that we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable inquiries, there was no material matter that should be brought to the attention of Hong Kong investors in relation to our compliance record on the Shenzhen Stock Exchange. According to confirmation from the PRC Legal Advisor, during the Track Record Period and as of the Latest Practicable Date, our Company has not been subject to any material administrative penalties or regulatory actions imposed by PRC securities regulatory authorities. Since our listing on the Shenzhen Stock Exchange, our Company has complied with all applicable laws and regulations relating to our A-share listing in all material respects as of the Latest Practicable Date. Based on the independent due diligence conducted by the Sole Sponsor, no material issues have been identified that would cause the Sole Sponsor to disagree with the Directors’ confirmation regarding our Company’s compliance record in connection with its listing on the Shenzhen Stock Exchange.

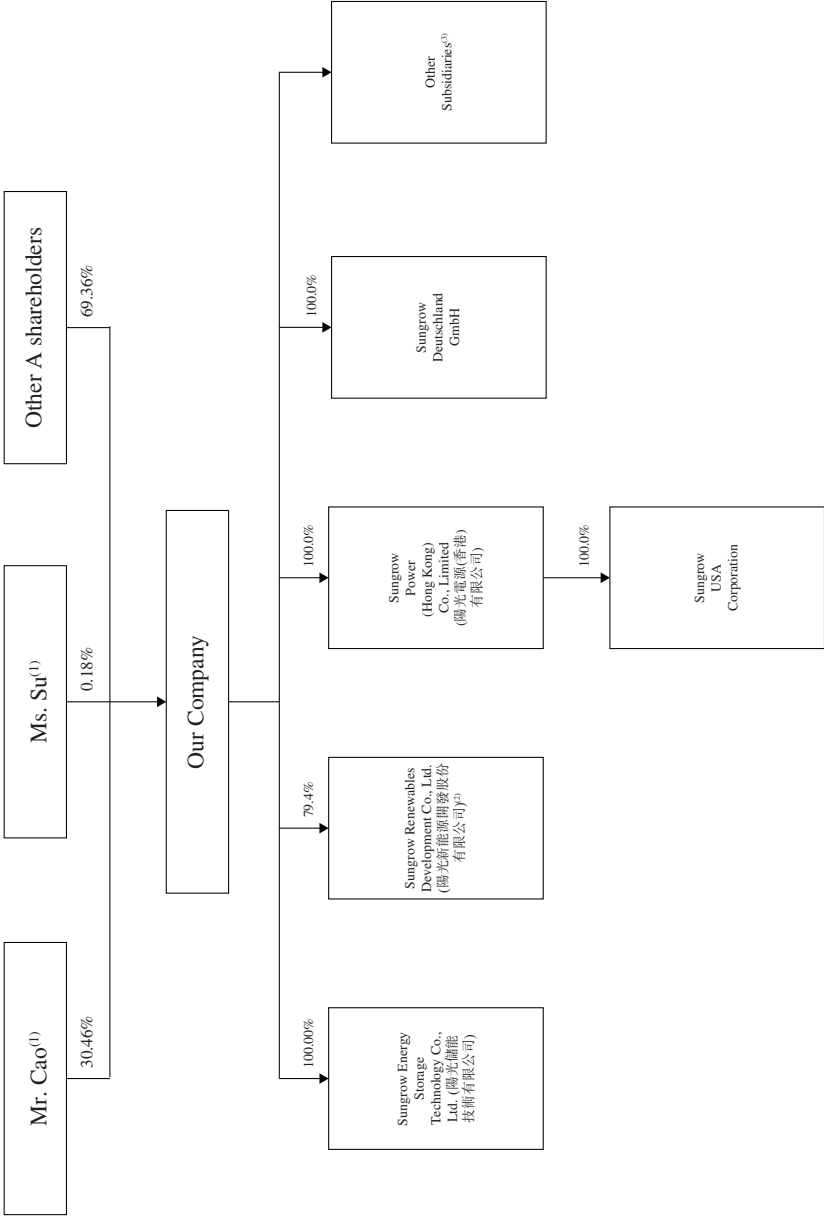
We believe the [REDACTED] and the [REDACTED] on the Hong Kong Stock Exchange will help advance our global strategic deployment, enhance our international profile, establish diversified financing channels, and further improve our Company’s core competitiveness. See “Business — Our Strategies” and “Future Plans and Use of [REDACTED].”

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately Before the [REDACTED]

The following chart depicts a simplified shareholding and beneficial ownership structure of our Group immediately prior to the completion of the [REDACTED] (assuming no changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED]):



HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

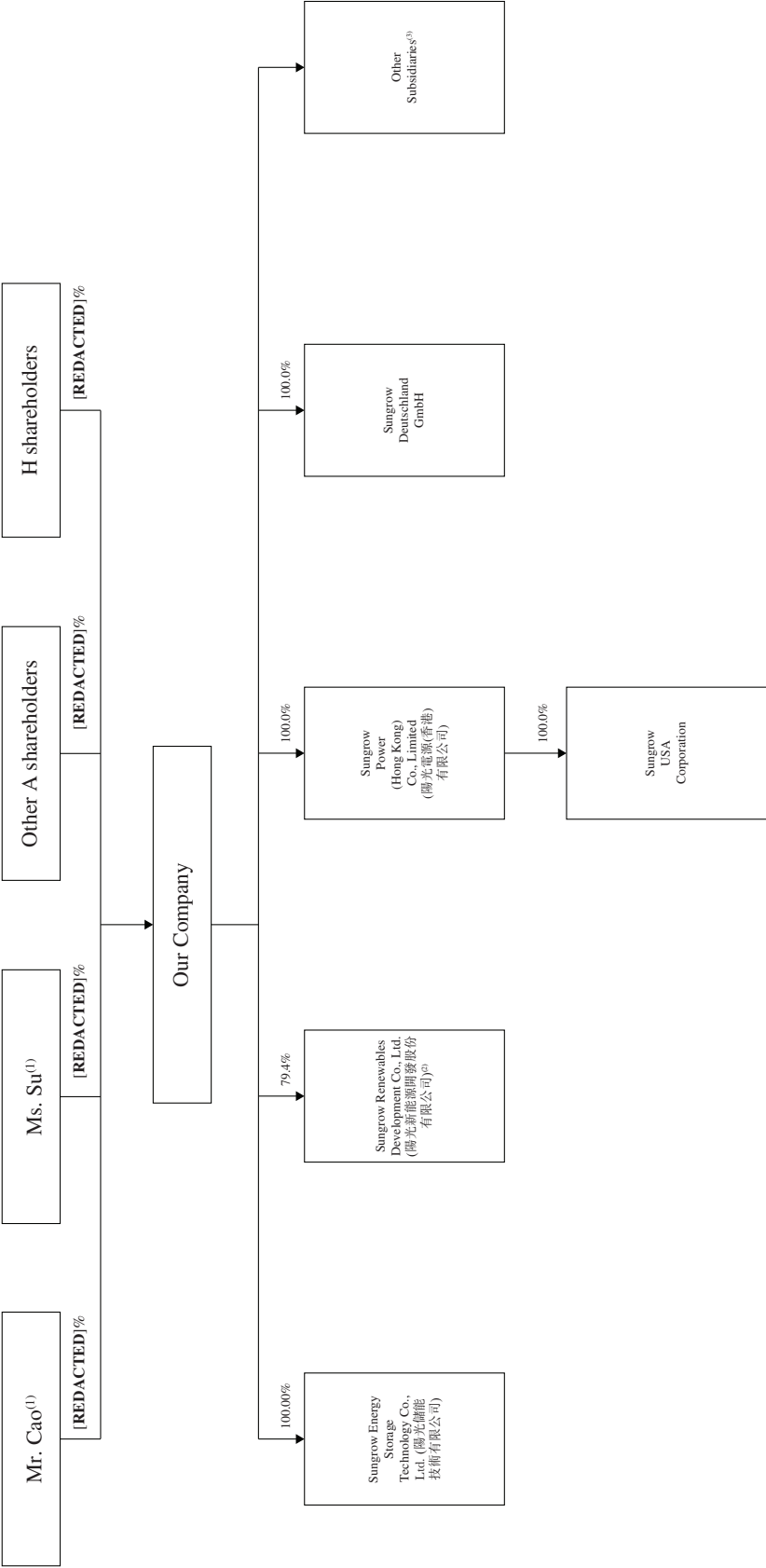
Notes:

- (1) Ms. Su is the spouse of Mr. Cao.
- (2) As of the Latest Practicable Date, the remaining interests in Sungrow Renewables Development Co., Ltd. (陽光新能源開發股份有限公司) were held as to 2.79% by Mr. Cao, 1.85% by Mr. Zhang Xucheng, 0.57% by Dr. Gu Yilei and nine other Independent Third Parties (including five of our employee stock-holding platforms) which each held less than 5% of the interest.
- (3) Our Group also maintains subsidiaries in other jurisdictions not shown in this chart, including but not limited to India, Thailand, and Singapore.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart depicts the shareholding and beneficial ownership structure of our Group immediately following the completion of the [REDACTED], assuming that the [REDACTED] and the [REDACTED] are not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and [REDACTED]:



Notes: See “— Shareholding and Corporate Structure Immediately Before the [REDACTED].”

BUSINESS

OVERVIEW

Our Mission

Clean power for all.

Our Vision

To become the global leader in clean power conversion technology.

Who We Are

We are a global leader in clean energy technology. Since our establishment in 1997, we have been focusing on the clean power sector, beginning with PV inverters and progressively expanding across five strategic areas: solar energy, wind energy, energy storage, electric vehicles and charging and hydrogen energy (“Solar — Wind — ESS — EV — Hydrogen (光風儲電氣)”). Our principal products include PV inverters, energy storage systems, wind power converter and transmission products, new energy vehicles’ electric control, power supply and charging equipment as well as hydrogen energy equipment, while we are committed to offering world-class full-lifecycle clean energy solutions.

We remain steadfast in our commitment to market-driven strategies, with technological innovation serving as our engine for development. We continuously transform our technological advantages into business competitiveness. Our major business segments, represented by PV inverters and energy storage systems, are all positioned at the forefront of the global market. According to Frost & Sullivan, our PV inverter products have maintained a leading position in terms of global shipment volumes for ten consecutive years, and the market share of our PV inverters accounted for approximately 25.2% globally in 2024 in terms of shipment volume. As of June 30, 2025, our energy storage systems had reached 70 GWh of cumulative shipments, maintaining a leading position globally. We have established a comprehensive global network, with our products and services sold to over 100 countries and regions worldwide as of June 30, 2025, underscoring our leadership in the global clean power conversion sector.

Our “SUNGROW” brand is widely recognized for our first-class products and services. According to the 2025 “Top 500 Most Valuable Chinese Brands” published by World Brand Lab, our brand value reached RMB116.14 billion, securing its place among the top 100 most valuable Chinese brands, with both brand value and ranking having risen for six consecutive years. In addition, we were awarded the MSCI ESG AAA rating for 2025 and were named “China’s Best Employer 2025” by Forbes China.

BUSINESS

Through relentless effort, we have earned broad recognition from customers around the world and received strong market endorsement, achieving remarkable results:

Power Conversion Devices Globally Leading for 10 Consecutive Years PV Inverter Market Share⁽¹⁾ Over 870 GW Cumulative Installed Capacity of Power Conversion Devices Globally⁽²⁾	Energy Storage Systems Globally Leading Cumulative Shipments⁽²⁾ 11.9% Global Market Share in 2024⁽³⁾	New Energy Investment and Development Over 57 GW Cumulative Capacity of New Energy Power Stations Developed Globally⁽²⁾ 15+ Countries and Regions Covered⁽²⁾
R&D Strengths RMB 13.55 Billion Cumulative R&D Investment from 2011 to H1 2025⁽⁴⁾ 10,500+ Cumulative Applied Patents⁽²⁾	Global Layout 58.4% Overseas Revenue Proportion (H1 2025) 50 GW Overseas Production Capacity for PV Inverters⁽²⁾ 98% Local Hiring Rate⁽²⁾	Brand Image No. 1 Globally Bankability Ranking of PV Inverters; Bankability Ranking of Energy Storage Systems and PCS⁽⁵⁾ RMB 116.14 Billion Brand Value⁽⁶⁾ AAA Rating 2025 MSCI ESG Rating

Notes:

(1) “10 consecutive years” refers to 2015-2024, and the market share was based on the shipment volume, according to Frost & Sullivan.

(2) As of June 30, 2025.

(3) The market share was based on the shipment volume, according to Frost & Sullivan.

(4) Based on the A-share public disclosure.

(5) According to BNEF report in 2024.

(6) According to the 2025 “Top 500 Most Valuable Chinese Brands” published by World Brand Lab.

Our Global Opportunities

The global consensus on low-carbon, green development has laid a solid foundation for the long-term growth of clean energy. The world’s energy system is undergoing a profound transition from fossil fuel dominance to renewable energy dominance. Improvements in the cost-effectiveness of renewable power generation are driving a continuous increase in its share of installed capacity, and the global power systems are accelerating toward next-generation power systems centered on renewable energy. For example, the LCOE for solar PV power fell by 89.7% from 2010 to 2024 according to Frost & Sullivan, making it comparable to or even more economical than traditional fossil fuels. The cumulative installed capacity of solar PV power and wind power as a percentage of the cumulative installed capacity of global power mix has increased from 4.4% in 2010 to 29.4% in 2024, and is expected to increase substantially to 68.0% by 2050.

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At the same time, the integration of high shares of highly variable renewable energy into the grid poses unprecedented challenges to the safe and stable operation of power systems. The controllable scope of the power system is expanding from primarily generation to encompass the full generation — grid — load — storage chain (“源網荷儲”). This evolution has created a substantial market opportunity for energy storage. According to Frost & Sullivan, the global newly installed capacity of lithium battery energy storage systems grew rapidly from 11.5 GWh in 2020 to 187.2 GWh in 2024, representing a CAGR of 100.7%. This figure is projected to reach 922.0 GWh by 2030, with a CAGR of 30.4% from 2024 to 2030. Additionally, the growing need for grid stability is driving higher requirements for advanced grid-forming technologies, and market applications for full-scenario “solar PV plus energy storage” grid-forming systems are expected to further expand.

The development of next-generation power systems is also fostering emerging applications such as microgrids, off-grid systems and zero-carbon zones. There will be a significant increase in future demand across society for integrated energy solutions spanning the generation — grid — load — storage chain. As a global leader in clean power conversion technology, we are not only well positioned to benefit from the market expansion driven by the energy transition, but are also set to play a critical role in the development of each key segment — generation, grid, load and storage — within next-generation power systems. We are well poised to seize unprecedented growth opportunities.

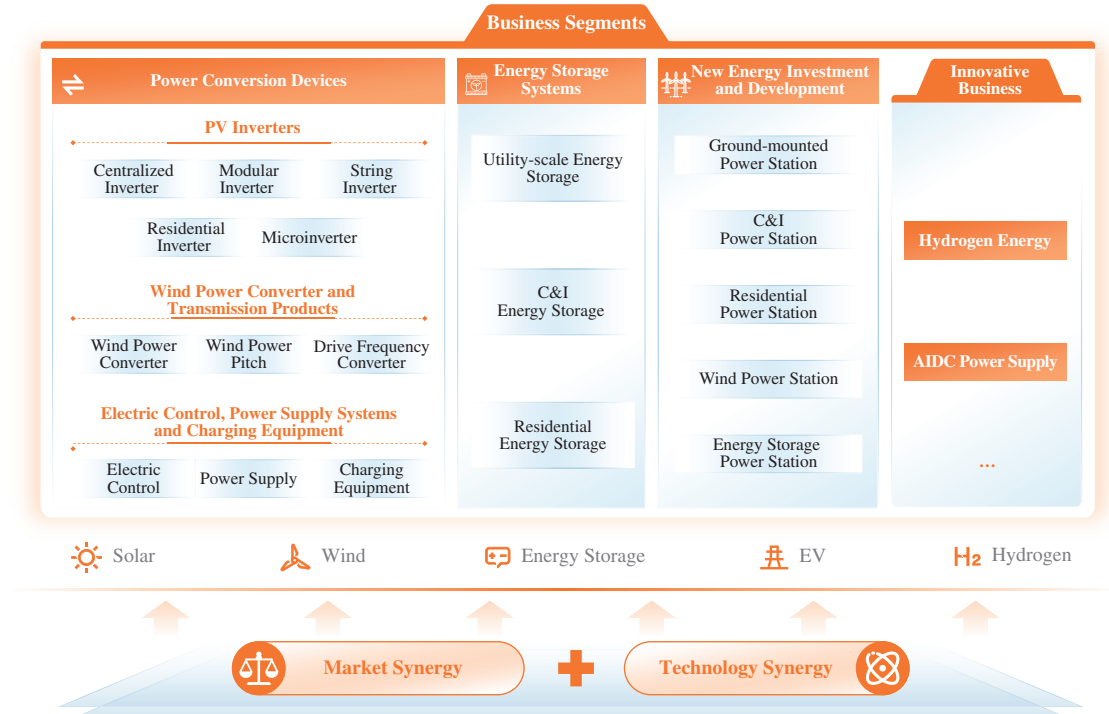
In addition, the AI-driven wave of data center construction is substantially boosting the demand for high-performance, high-reliability AIDC power systems, while key equipment such as HVDC power supplies and solid-state transformers is poised for significant market expansion. According to Frost & Sullivan, the global market for AIDC power supply is projected to grow from USD4.9 billion in 2024 to approximately USD26.2 billion by 2030, representing a CAGR of 32.2%.

Our Business Segments

We focus on clean power, with a business coverage across five strategic areas , “Solar — Wind — ESS — EV — Hydrogen (光風儲電氫).” Our principal products and services include PV inverters, energy storage systems, new energy investment and development, wind power converter and transmission products, new energy vehicles’ electric control, power supply and charging equipment, smart energy operation and maintenance services and floating PV system, while we have also strategically expanded into hydrogen energy and AIDC power supply business. During the Track Record Period, our revenue was primarily generated from PV inverters and other power conversion devices, energy storage systems and new energy investment and development.

BUSINESS

The following graph sets forth our major business segments:



Note: Our other business primarily includes power generation at new energy power stations, smart energy operation and maintenance services and floating PV system.

Power Conversion Devices

- PV inverters.** Since our establishment in 1997, we have been committed to the R&D and production of PV system equipment, centered around PV inverters. We are one of the earliest companies focusing on R&D and production of PV inverters in China. Our PV inverters portfolio covers centralized inverters, modular inverters, string inverters, residential inverters and microinverters, covering a power range from 0.45 kW to 9,600 kW, with wide applications in ground-mounted power stations, C&I power stations, as well as residential PV power stations. We were the first in the industry to introduce the “1+X” modular PV inverters, creating a new business category. Backed by deep technical expertise and sustained investment in R&D, we have consistently set the pace in technological innovation, delivering products with profound generational advantages and offering leading solutions. As of June 30, 2025, our cumulative PV inverter installed capacity was over 595 GW and we had sold our products to more than 100 countries and regions worldwide. According to Frost & Sullivan, the market share of our PV inverters accounted for approximately 25.2% globally in 2024 in terms of shipment volume, and the annual shipment volume of our PV inverters has been continuously maintaining a globally leading position since 2015.

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- ***Wind power converter and transmission products.*** We mainly offer wind power converters, wind power pitch and drive frequency converters, catering to various onshore wind site conditions, such as salt spray, extremely low temperature, high-altitude, coastal and high-humidity conditions, as well as offshore wind site conditions, such as near-shore and far-offshore conditions, compatible with principal wind turbine generators. We focus on high-power energy conversion and control technologies and have become the first in the industry to introduce the 1,800 V wind power converter. As of June 30, 2025, our cumulative global shipment of wind power converters had reached 165 GW. According to Frost & Sullivan, our market share in the wind power converter sector has maintained a leading global position for three consecutive years.
- ***New energy vehicles’ electric control, power supply and charging equipment.*** Leveraging our strong expertise in clean power electronic conversion technologies and R&D advantages, we have expanded into the automotive industry, offering drive system solutions, which primarily include high-quality electric control and power supply products, as well as charging equipment for new energy vehicles. Since 2010, we have been continuously offering products and services to passenger vehicles, commercial vehicles and construction machinery companies. As of June 30, 2025, the cumulative shipment volume of our new energy vehicles’ electric control and power supply products had exceeded 2.7 million units globally. As of June 30, 2025, our charging equipment had been sold in volume to over 30 countries and regions worldwide.

Energy Storage Systems

We are one of the earliest companies in China to enter the energy storage sector. Grounded on our globally leading “3-in-1” integration of power electronics, electrochemistry and grid support technologies, we have developed professional energy storage systems, offering solutions for new energy grid connection, frequency regulation, peak shaving, demand-side response, microgrids, C&I and residential scenarios. We highly value the safety of energy storage systems. In 2024, we successively completed the world’s first large-scale combustion test on energy storage systems, as well as the world’s largest and longest-duration real-life combustion non-spreading test, the latter of which was certified by DNV. According to Frost & Sullivan, the cumulative shipment volume of our energy storage systems had reached 70 GWh as of June 30, 2025, maintaining a leading position globally.

New Energy Investment and Development

We have engaged in new energy investment and development business globally, covering a wide range of scenarios including ground-mounted power stations, C&I PV power stations, residential PV power stations, wind power stations and energy storage power stations, committed to establishing a differentiated competitive advantage through technological innovation. The cumulative capacity of PV power stations and wind power stations we developed globally had reached 57 GW as of June 30, 2025.

BUSINESS

Hydrogen Energy Equipment

We are one of the earliest new energy companies in China to enter the hydrogen energy sector. We offer integrated and systematic hydrogen production equipment, covering PWM hydrogen power supplies, ALK and PEM electrolysis cell, electrolysis cell digital management systems, gas-liquid separation and purification equipment and smart hydrogen management systems. We have also developed hydrogen production system solutions for off-grid, grid-connected and microgrid scenarios. As of June 30, 2025, the production capacity of our hydrogen electrolysis cell had reached 3 GW. According to Frost & Sullivan, the market share of our hydrogen production equipment in terms of contract volume had achieved an industry-leading position in 2024.

AIDC Power Supply

We are committed to offering highly reliable, high-efficiency and high-power density full-stack power solutions for next-generation AI data centers. Our product portfolio covers end-to-end power products from medium-voltage grid level to chip level, with a particular focus on HVDC-related product series. Leveraging our long-established SST technology, full power range power electronics conversion technology and battery management technology, we prioritize the deployment of primary power supply systems and collaborate with leading internet and data center customers to promote the development of AI data centers. Simultaneously, to accelerate the industrialization of HVDC, we have expanded into HVDC-related products such as server internal power units.

Market and Technology Synergies Across Business Segments

Our business segments exhibit strong market and technology synergies. On the market side, our major customers are large global energy groups with diverse product and service needs, which allows us to cross-sell across different product lines and enhance customer service effectiveness and market development efficiency. On the technology side, we focus on power electronics conversion technology, which could be applied across multiple products, enabling technology sharing and collaborative development across product lines and significantly improving R&D efficiency. These enable us to provide comprehensive solutions that cover a wide range of application scenarios, meeting complex customer requirements while solidifying our sustainable growth.

Our Global Footprint

Since our inception, we have embedded “localization globally” into our corporate DNA, and we have built a worldwide business presence. We have cultivated deep and long-standing partnerships with numerous globally renowned customers. Our overseas revenue reached RMB25.4 billion in the six months ended June 30, 2025, accounting for 58.4% of our total revenue for the same period. As of June 30, 2025, our operations extended to more than 100 countries and regions, and we had established over 20 overseas branch offices and over 60 representative offices. Our global local hiring rate has reached 98%, while we had over 2,000 employees overseas, as of June 30, 2025.

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We provide highly responsive localized support and premium services to customers worldwide. As of June 30, 2025, our operations comprised over 520 service centers. We are able to respond to customer requests within 24 hours in China and within 48 hours in overseas markets. Leveraging our foresight into global demand trends, we had built up 50GW of overseas production capacity for PV inverters by June 30, 2025. The initiative not only provides a solid foundation for us to meet the boosting overseas market demand, but also significantly strengthens our delivery resilience and responsiveness through localized production.

Our globalization extends beyond product and service coverage. We have established research and development centers in Germany and the Netherlands, bringing together global expertise to drive continuous product innovation and solution upgrades through advanced technologies, and we remain closely attuned to local customer needs, thereby reinforcing our leadership position worldwide.

Our Brand

PV power stations and energy storage power stations are long-term assets that typically operate for over 20 years. Their reliability directly impacts the investment returns and asset security of our customers. The performance and stability of critical equipment, such as PV inverters and energy storage systems, are fundamental to safeguarding these returns. As a result, brand reputation has become a key consideration for customers when selecting their partners.

We view brand as the concentrated expression of a company’s long-term business philosophy and value proposition. Our power conversion devices and energy storage systems are not merely functional products. They encompass long-cycle service attributes including grid simulation, solution design, grid connection and delivery and ongoing operation and maintenance. Leveraging years of accumulated technical expertise, iterative product development and comprehensive services, our “SUNGROW” brand has established a significant global moat and become a preferred choice for customers worldwide. According to BNEF, our PV inverters ranked first globally in terms of bankability in 2024, and “SUNGROW” became the only renewable energy brand to achieve the top position five times. Our energy storage systems and PCS also ranked first globally in terms of bankability. Moreover, according to the 2025 “Top 500 Most Valuable Chinese Brands” published by World Brand Lab, our brand value reached RMB116.14 billion, securing its place among the top 100 most valuable Chinese brands, with both brand value and ranking having risen for six consecutive years.

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Our ESG Initiatives

ESG is not only essential for our own development, but also represents our commitment and responsibility to stakeholders, including customers, partners, employees and society at large. Guided by our sustainable development philosophy of “Green Mission, Better Life,” we consistently honor our commitments through concrete actions, systematically integrating sustainable development principles into our corporate strategy and daily operations, with a sustained focus on key areas such as governance, net-zero transition and industry chain collaboration.

In terms of environmental initiatives, we have established a clear pathway towards net zero: achieving operational carbon neutrality by 2028, supply-chain carbon neutrality by 2038 and supply-chain net-zero emissions by 2048. We collaborate with upstream and downstream partners to build a low-carbon supply chain. Our self-developed, one-stop, full life-cycle zero-carbon solution, the iCarbon system, has undergone multiple iterations, enabling precise calculation of product carbon footprints. The results are aligned with international certification authorities, supporting our partners in their net-zero transition. In 2024, we added a carbon footprint module to our Supplier Relationship Management (SRM) system, collecting carbon emission data for approximately 6,000 types of materials and conducting carbon audits for 139 suppliers. 28 of our core products obtained carbon footprint assessment/certification as of June 30, 2025. Our power conversion devices have achieved a cumulative installed capacity of over 870 GW globally, enabling customers to avoid approximately 540 million tons of CO₂ emissions globally each year.

In terms of social initiatives, we are committed to giving back to society through charitable donations and volunteer service activities, and have established the Sungrow Public Welfare Foundation. Leveraging our professional expertise, we strive to provide broad support in areas such as ecological improvement, community development, science education and disaster relief. As of June 30, 2025, the cumulative charitable donations of our Sungrow Public Welfare Foundation had reached approximately RMB200 million. We remain dedicated to cultivating a more inclusive, innovative, respectful and transparent organizational atmosphere, promoting cross-cultural integration within our global teams. In 2024, we supported over 1,900 employees in obtaining professional certifications and fully funded continued education programs.

In terms of governance initiatives, we have established a robust corporate governance structure and we operate in a prudent and compliant manner, with a strong focus on risk prevention and timely information disclosure. We have received an A-grade evaluation for information disclosure from the Shenzhen Stock Exchange for recent three consecutive years. We have been an industry pioneer in ESG practices, publishing our first sustainability report as early as 2015, and we had published sustainability reports for ten consecutive years as of the Latest Practicable Date.

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Through continuous optimization of our ESG management, we have achieved strong performance across multiple mainstream ESG ratings, including the MSCI ESG AAA rating for 2025.

Our Financial Performance

During the Track Record Period, we achieved rapid growth and demonstrated strong financial performance. In 2022, 2023, 2024 and the six months ended June 30, 2025, our revenue was RMB40,109.1 million, RMB72,159.3 million, RMB77,704.1 million and RMB43,437.1 million, respectively. Our net profit was RMB3,695.6 million, RMB9,608.7 million, RMB11,264.2 million and RMB7,830.2 million in the same periods, respectively. Between 2022 and 2024, our revenue and net profit increased at a CAGR of 39.2% and 74.6%, respectively. In 2022, 2023, 2024 and the six months ended June 30, 2025, our gross profit margin was 20.4%, 25.5%, 29.0% and 32.9%, respectively. During the same periods, our weighted average return on equity was 21.0%, 41.0%, 34.0% and 19.2% (not annualized), respectively.

OUR STRENGTHS

Our business success and market leadership are underpinned by a set of key strengths that are interrelated and mutually reinforcing, enabling us to maintain core competitiveness and development resilience in an intensely competitive landscape.

Early-Mover Advantage Grounded in Nearly Three Decades of Deep Engagement in Clean Power

Since our establishment in 1997, we have maintained robust expertise and focus in the clean power sector, with a long-term commitment to technological innovation. We have developed a synergistic business portfolio across solar energy, wind energy, energy storage, electric vehicles and charging and hydrogen energy, alongside a globally localized regional presence, all of which have contributed to our strong competitive edge. Driven by a visionary understanding of the global clean power landscape, we have consistently achieved industry-leading iterative advancements in our technologies and products.

- We identified the promising prospects of the global clean power sector at its early development stage and made a firm commitment to this field. In 2003, we successfully developed China’s first grid-connected PV inverter with proprietary intellectual property rights. We have also maintained our competitiveness through continuous innovation. Benefiting from the rapid growth of the global clean power market, the global PV inverter shipment volume has expanded over 300 times in the past 20 years, according to Frost & Sullivan. We also experienced rapid growth during this period, and in 2015 emerged as one of the world’s top PV inverter providers in terms of shipment volume for the first time, and we have maintained leading position ever since.

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- With foresight into the pivotal role of energy storage in enabling a reliable clean power supply, we began investing in energy storage technologies in 2006, becoming one of the earliest companies in China to enter this field. According to Frost & Sullivan, the global energy storage shipment volumes have grown more than 1,000-fold over the past decade, and the newly installed capacity of global energy storage is expected to grow at a CAGR of 30.4% from 2024 to 2030. Foreseeing the critical role of energy storage in next-generation power systems, we made early investments in the development of grid-forming energy storage technologies, which have been deployed in various markets worldwide, earning wide market recognition.
- We were early movers in international expansion. In the early stages of our development, we registered our “SUNGROW” brand overseas in 2006 and established our first overseas office in 2008. Grounded in these moves, we have developed deep insights into the power systems and grid requirements of different countries and regions, and have continuously designed products tailored to the needs of international markets. We have also ensured our products meet international certification standards and comply with overseas market entry requirements. We have progressively cultivated our global presence spanning sales, production and R&D. We had sold our products and services to over 100 countries and regions worldwide as of June 30, 2025, and “SUNGROW” is recognized as one of the leading brands in the global clean power industry.

Our early-mover positioning in the clean power sector has allowed us to accumulate further experience across technology, products, services, global sales and brand management compared with our competitors. Drawing on this, we have steadily strengthened our competitive advantages, with product shipments growing consistently each year and economies of scale continuously improving.

Comprehensive Product and Service Portfolio with Full-spectrum Coverage

We consistently pursue robust and far-reaching initiatives across our core operational priorities, including market development, product strategy and R&D. With clean power conversion technology at the core and empowered by our profound insights into global markets, we have cultivated a product and service portfolio that can address the diverse needs of customers across regions and application scenarios globally, thereby we are able to achieve full-spectrum coverage in terms of both market and product.

Market coverage: Leveraging our global presence spanning sales, production, R&D and operations, we gain deep insights into the needs of diverse market segments worldwide. This allows us to rapidly launch and continually iterate products tailored to local requirements. For instance, in response to Australia’s complex and unique grid systems, we developed a dedicated simulation platform compatible with the local grid, obtaining the Australian GPS grid-connection approval and successfully delivering energy storage systems. We are the first Chinese energy storage company to receive such approval. For Japan’s stringent and intricate grid equipment testing standards, we designed systems that meet such strict requirements for

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active islanding detection, earning certification from the Japan Electrical Safety & Environment Technology Laboratory (JET). For European customers with differentiated needs, we introduced large, medium and small C&I energy storage solutions, adapted to local grid conditions and diverse application scenarios.

Product coverage: Our PV inverter products cover a power range from 0.45 kW to 9,600 kW, including centralized inverters, modular inverters, string inverters, residential inverters and microinverters, with wide applications in ground-mounted power stations, C&I power stations, as well as residential PV power stations, where we have established leading positions in each segment. Our energy storage systems cater to large-scale energy storage power stations, C&I energy storage power stations, residential energy storage power stations, providing services such as support for new energy grid connection, frequency regulation, peak shaving, demand response, microgrids, C&I and residential storage, comprehensively addressing the omni-scenario needs in next-generation power systems. In the hydrogen sector, we offer PWM hydrogen power supplies, ALK and PEM electrolysis cells, covering mainstream hydrogen production technologies currently adopted in the industry. Our flexible hydrogen production is suitable for diverse applications in the energy power, industrial and transportation sectors. Our wind power converters cover a power range from 1.5 MW to 26 MW and are extensively used in onshore and offshore wind power stations in different environments with salt spray, extreme temperatures (both high and low) and high altitudes. Furthermore, our new energy investment and development business spans a wide range of scenarios including large-scale PV and wind power stations, floating PV power system, C&I PV power stations, energy storage power stations, charging stations and residential PV power stations.

Our business segments exhibit strong synergies. Our omni-scenario business coverage enables technology reuse, channel sharing and knowledge transfer across different business lines. For instance, our power electronics technologies can support the development of multiple products, including PV inverters, energy storage systems and hydrogen production equipment. Our customers typically require more than just one single product type, allowing us to leverage shared sales channels and cross-selling opportunities to strengthen customer loyalty, deliver more integrated solutions and dilute the marginal cost of individual business lines. In addition, our diversified footprint across multiple industry sub-sectors allows us to maintain strong resilience against industry fluctuations.

Our comprehensive market and product coverage enables us to systematically capture industry opportunities and continuously expand our business at minimal marginal cost, securing our leading market positions across multiple sectors.

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Cutting-edge R&D and Pioneering Product Innovation

Holistic R&D System Driving Sustainable Innovation

We have adopted a rigorous R&D framework, continuously strengthening our talent base and IP portfolio, while committing substantial resources to innovation to maintain our technological leadership. Our R&D expenses were RMB1,692.2 million, RMB2,447.4 million, RMB3,163.5 million, RMB1,486.2 million and RMB2,037.2 million in 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, respectively. As of June 30, 2025, our R&D team comprised over 7,000 employees, representing approximately 40% of our total workforce.

We have established a mature and well-structured R&D framework, with six major R&D centers located in Hefei, Shanghai, Nanjing, Shenzhen, Germany and the Netherlands. Our R&D architecture consists of a Central Research Institute and dedicated R&D teams within each business unit, providing leading technological support to develop globally competitive new energy products and services. Our Central Research Institute focuses on breakthroughs in fundamental research and transformative technologies, providing efficient platform services and innovative management mechanisms for our product and technology development. It strategically plans for key technologies over the next five to ten years. Once matured, these technologies could be shared across our business lines. The Central Research Institute also serves as a talent incubator for high-caliber R&D and management professionals. Each business unit has also established independent platform R&D teams and business R&D teams. Our platform R&D teams focus on general technologies and challenging technologies to support the entire business unit. Our business R&D teams concentrate on innovations at the product application level, staying closer to market and customer needs, thereby enabling rapid product innovation and iteration.

We have adopted an advanced integrated product development (“IPD”) process and our R&D personnel are managed under a matrix structure by product and technology. This approach ensures seamless technical integration across the whole R&D process, fosters synergy and significantly boosts overall R&D efficiency. We have invested in the world-leading high-performance electromagnetic compatibility (“EMC”) laboratories, low voltage ride-through (“LVRT”) testing systems, and other advanced product testing facilities. These resources provide rigorous conditions that closely replicate real-world application scenarios, and we are among the limited number of companies globally with the capability to conduct simulation tests across full application scenarios. As of June 30, 2025, we had applied over 10,500 patents. We are recognized as one of the few companies in the industry with mastery over numerous proprietary core technologies. See “— Research and Development — Major R&D Achievements” for further details.

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Technological Innovation Empowering Industry-Leading Products

Technological innovation underpins our strong product competitiveness. Consistently guided by market demand, and with technological innovation as the engine of our growth, we strive to achieve cost-efficient innovation. Across each segment of our business chain, we enhance R&D efficiency and continuously reduce product costs through technology innovation and streamlined operations. We maintain a strong competitive edge in the cost-effectiveness of our products and services. Particularly, according to Frost & Sullivan, a range of our products hold industry-leading positions:

- In the PV inverter sector, we have launched a series of high-power inverters tailored for ground-mounted power stations. For example, in 2023, we launched the world’s first 2,000V high-voltage inverter, and successfully deployed it in the Mengjiawan PV Project in Yulin, Shaanxi. This marked the industry’s first grid-connection verification of a 2,000V system. In 2025, we introduced SG465HX, the world’s first string inverter with a power rating exceeding 400 kW, which can significantly enhance the lifetime electricity output of ground-mounted power stations. We also launched the 1+X 2.0 modular PV inverter, the world’s first split-type modular inverter, combining the high power and low unit cost of traditional centralized inverters with the broad application adaptability and low O&M costs of string inverters. As of June 30, 2025, our global cumulative installed capacity of PV inverters exceeded 595 GW.
- In the energy storage sector, we have integrated power electronics, electrochemistry and electrical grid support technologies to become the first to realize the large-scale application of grid-forming solutions. Our PowerTitan series is developed for large-scale energy storage power stations and had reached a cumulative global shipment of over 50 GWh as of June 30, 2025. As of the Latest Practicable Date, our PowerTitan series have evolved to version 3.0, which features the world’s first mass-producible 684Ah large-capacity battery cell, and the Plus version is the lithium battery energy storage system with the world’s highest single-cabinet capacity and highest energy-density. It also marks the global first large-scale application of silicon carbide (“SiC”) PCS, with single-cabinet capacity reaching a world-leading 12.5 MWh, substantially reducing investment costs for system owners. We place strong emphasis on the safety of energy storage systems. In 2024, we completed the world’s first large-scale combustion test on our PowerTitan 1.0 system. Later in the same year, we completed the largest and longest-duration real-life combustion non-spreading test on our 20 MWh PowerTitan 2.0 system, certified by DNV. Our grid-forming technology has been widely deployed in global markets helping rapidly restore frequency in the UK’s national grid to prevent widespread power outages, and has been successfully applied in dozens of projects, including the NEOM multi-energy (wind, solar, energy storage and hydrogen) complementary project in Saudi Arabia, the largest of its kind globally.

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- In the hydrogen energy equipment sector, according to Frost & Sullivan, we were the first in China to propose the concept of flexible hydrogen production and to launch a corresponding system solution. We also pioneered the introduction of PWM hydrogen power supplies, setting new performance benchmarks in the industry and lowering the cost of hydrogen production. For electrolysis cells, both our ALK and PEM technologies are industry-leading. For example, we supplied both hydrogen production powers and electrolysis cells for Songyuan Hydrogen Industrial Park Project by China Energy Engineering, which is currently the world’s largest integrated project for green hydrogen, green ammonia and green methanol. We played a key role and were responsible for the largest part of the project. In addition, we successfully implemented China’s first hybrid ALK–PEM hydrogen production system in the integrated green hydrogen-powered mining project in Daye City, which combines green power generation, hydrogen production, energy storage and refueling. This system leverages the low cost and high stability of ALK technology together with the fast response and wide power range control of PEM technology. It provides a flexible solution for large-scale consumption of green power.

Advanced Localized Operations Worldwide

We have established an industry-leading global operational network with deeply localized capabilities across sales, production, R&D and operations, enabling us to deliver products and services tailored to local market needs, creating greater value for customers worldwide.

- ***Sales, Delivery and Service.*** We remain customer-centric, striving to create value for our customers. We have established localized sales and service teams composed of sales representatives, application engineers and technical experts worldwide. Our global teams provide comprehensive coverage across all stages from pre-sales and delivery to after-sales service, offering tailored solutions to meet the diverse needs of customers in different regions. As of June 30, 2025, we had more than 520 service outlets and hundreds of key channel partners, enabling us to respond rapidly to various customer needs within 48 hours. We had sold our products and services to over 100 countries and regions worldwide as of June 30, 2025.
- ***Production.*** We are committed to building a resilient global production system and we arrange our production facilities in line with customer needs. As of June 30, 2025, our overseas PV inverter production capacity had reached 50 GW. Thus, we demonstrate robust capabilities of localized delivery with flexibility globally.
- ***Research and Development.*** We have established six R&D centers worldwide, with leading global talent and strong capabilities in localized product design. Our German R&D center focuses on advanced hydrogen technologies and product industrial design, and leverages the strengths of local universities and research institutes to actively pursue industry-academia-research collaborations related to our business. Meanwhile, our Netherlands R&D center specializes in core software

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development for charging infrastructure and integrates closely with the European local charging ecosystem. Localized R&D enables us to precisely identify local customer needs, improving the adaptability of our products and services.

- **Operations.** We have deeply implemented the integration of globalization and localization at the operational level, building a globally localized operations system. This ensures that each regional market is led by local teams familiar with the culture, regulations and market characteristics, enabling effective management of employee relations and community affairs, thereby enhancing the efficiency of localized operations. As of June 30, 2025, we established over 20 branch offices overseas and 60 representative offices, supported by a workforce of more than 2,000 employees. In addition, we have founded the Sungrow Public Welfare Foundation and actively participated in global public welfare, with cumulative charitable donations reaching approximately RMB200 million as of June 30, 2025.

Insightful Management Team with Steadfast Strategic Focus

Our management team has deep expertise and extensive experience in the clean power conversion sector. Most of our core leadership members have over 20 years of solid industry background, combining strategic vision and technical expertise. They possess sharp insight into the evolving industry trends of clean energy and the direction of technological advancement. Many members of the team have participated in multiple draftings of key industry standards. Collectively, they have achieved hundreds of scientific research outcomes and patents, demonstrating strong R&D capabilities and rich experience in industrialization. With deep industry knowledge built over years of dedicated involvement, the management team is well-positioned to identify market opportunities, drive continuous innovation and lead steady business growth.

Our management team is committed to a long-term approach, directing resources and focus toward areas that create enduring value for our customers. They strive to establish industry leadership across all dimensions including product philosophy and technological advancement. Under their leadership, we remain dedicated to our mission of “Clean power for all.” With a strategic and visionary focus, we have proactively positioned ourselves across key sectors including solar energy, wind energy, energy storage, electric vehicles and charging and hydrogen energy, gaining an early-mover advantage and establishing ourselves as a global leader in the clean power industry.

We have also cultivated a set of core values: sincerity and pragmatism, rigor and openness, innovation and respect, and commitment to customer success. We serve our customers with sincerity and pragmatism, approach product and technological innovation with rigor and openness and foster a culture that respects and values employees’ innovative efforts and diverse ideas. We are dedicated to maximizing value for our customers and driving their success. These values form the foundation of our continued growth and progress.

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OUR STRATEGIES

We concentrate on the clean power sector, harnessing cost-efficient innovation and layered development to build a technological edge and strong brand momentum, achieving rapid and sustainable growth.

Cultivate Multi-Dimensional Growth Trajectories through Focusing on the Core Sectors of “Solar — Wind — ESS — EV — Hydrogen (光風儲電氫)”

We will continue to focus on clean energy, with concentrated efforts in “Solar — Wind — ESS — EV — Hydrogen.” Leveraging our technology foundation in clean power conversion, we aim to advance our strategy of full-spectrum product and market coverage. In terms of product coverage, in light of the regional variations in grid characteristics and customer requirements worldwide, we will continue to deepen our understanding of global customer needs, further expand and refine our product and service portfolio and accelerate their iteration and upgrade. We aim to consistently introduce new offerings designed to address the diverse, localized and personalized demand of customers worldwide. In terms of market coverage, we recognize the rapid growth in the installed capacity of renewable energy and energy storage system in emerging markets such as Asia, Africa and Latin America, each exhibiting distinctive local characteristics. While maintaining our strong presence in established markets including Europe, the Americas and Australia, we aim to intensify our penetration in these emerging regions, enhancing both the depth and breadth of our global market reach. Through these initiatives, we are dedicated to establishing a robust foundation to fuel our long-term and sustainable growth.

While maintaining a focus on existing business, we plan to further unlock new growth opportunities to ensure long-term profitability. In the hydrogen energy sector, we are committed to delivering flexible, renewable-energy based hydrogen production systems and solutions that are efficient, intelligent and safe. By accelerating technological iteration and scaling production capacity, we aim to lead the commercialization of green hydrogen production systems globally. In the AIDC power supply sector, we are strategically developing a comprehensive suite of power products, spanning medium-voltage grids to the chip level. Our goal is to empower next-generation data centers with full-chain solutions that deliver high-reliability, high-efficiency and high-power-density. Additionally, we are actively developing integrated energy solutions tailored to diverse application scenarios, including microgrids and integrated energy systems covering generation — grid — load — storage, as well as zero-carbon zones.

Further Enhance R&D Innovation to Sustain Technological Leadership

We intend to continuously focus on clean power and enhance our innovation to advance both the depth and integration of our core technologies. Through sustained and substantial investment in research and development, we aim to achieve significant breakthroughs in power electronics, electrochemistry and grid support technologies. We are promoting the deep integration of AI into our R&D and key product development processes. We are also

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strengthening the application and convergence of our core technologies across end-use scenarios to develop integrated “solar — wind — energy storage (光風儲)” solutions, “solar — energy storage — hydrogen production (光儲氫)” solutions, “solar — energy storage — charging (光儲充)” solutions and AIDC power supply solutions. Our goal is to deliver integrated solutions tailored to a broad spectrum of application scenarios, continuously creating value for our customers through the technological convergence of “Solar — Wind — ESS — EV — Hydrogen.”

In addition, with foresight into the evolving requirements of next-generation power systems, we recognize that photovoltaic and energy storage solutions will face increasingly stringent technical demands. In response, we plan to prioritize R&D investment in areas such as grid and grid-forming technologies, network security systems and capabilities, advanced thermal management, high power density and high voltage platforms for “solar — energy storage — charging (光儲充)” integration solutions, next-generation energy storage systems and next-generation high-efficiency intelligent PV inverters. We also plan to establish and upgrade our R&D centers in Hangzhou, Nanjing and Hefei. Furthermore, we plan to integrate AI with energy management to further enhance the utilization and economic efficiency of renewable energy, enabling customers to achieve optimal multi-energy management in a variety of scenarios across “solar — energy storage — charging (光儲充)” integration, virtual power stations and integrated energy systems covering generation — grid — load — storage.

We view innovation as the cornerstone of corporate advancement and talent as the foremost driver of research and development. We place great importance on cultivating a global workforce and plan to further strengthen our talent pipeline in cutting-edge, foundational technologies. By attracting and nurturing outstanding individuals with an innovative spirit worldwide, we aim to invigorate our ongoing efforts in research and development as well as technological innovation.

Advance Localization Strategy Globally to Solidify Market Leadership

We remain committed to advancing our “localization globally” strategy, with the aim of aligning more closely with customer needs in distinct markets worldwide, strengthening our delivery capabilities and reinforcing our position as an industry leader.

- ***Sales and Services.*** We will continue to optimize our global sales and service network, further enhancing our competitive edge in core markets while accelerating expansion into emerging ones. In established markets such as Europe, North America and Australia, we intend to invest in and expand our localized sales and service infrastructure. Simultaneously, we will allocate additional resources to fast-growing markets including Asia, Africa and Latin America, expanding channel networks and building more local service centers. We expect to shorten delivery and after-sales response times, provide high-quality customer services and further enhance customer satisfaction.

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- **Products and R&D.** Building on our increasingly robust global sales network and R&D teams, we are well-positioned to deepen our understanding of local customer needs and the delivery of products suited to regional markets. We have established six R&D centers worldwide. Going forward, we will continue to enhance our global R&D system and recruit more local professionals. Through these initiatives, we aim to ensure that our product development is closely aligned with local customer demand, thereby delivering greater value to customers.
- **Supply Chain.** We plan to reinforce the localization and diversification of our supply chain, including through the establishment of additional overseas production bases, with the objective to enhance supply chain resilience, localized delivery capability and operational flexibility. In parallel, we intend to work closely with our global supply chain partners to drive low-carbon transition and advance ESG development across the industry.

Accelerate Comprehensive Digital and Intelligent Upgrades to Enhance Operational Quality and Efficiency

We view digital and intelligent transformation as our important strategic initiative to address global competition and to support sustainable, high-quality development. To this end, we have set forth a strategic objective of “Building a Smart and Digital Sungrow, Achieving Global Leadership.” We have established a digital transformation management committee to drive the implementation of our digital and intelligent transformation initiatives. Taking a long-term approach, we are continuously advancing digital and intelligent transformation and making substantial investments to enhance data and AI-driven productivity. Our goal is to build an agile organization with fully digitalized, integrated and highly efficient processes, empowering Sungrow to achieve sustainable, resilient and high-quality growth through digital and intelligent operations.

We have achieved initial digitalization and transparency in our business operations and management, driving transformation in both operational workflows and management practices. Through our data platform, we are steadily progressing towards refined operational management. Looking ahead, we will continue to increase our investment in digital and intelligent transformation, building a solid foundation in three key areas: data management, technology applications and AI. We are developing global digital marketing, digital R&D and intelligent production platforms to accelerate our digitalization process and enhance lean operational capabilities.

Continuously Elevate the “SUNGROW” Brand Image

Our brand serves as a key vehicle for conveying our value proposition and enabling effective marketing. Through ongoing value creation for our customers, we continuously deepen the connection between the brand “SUNGROW” and our customers, forming sustained trust and respect in the marketplace.

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In 2024, we undertook a significant upgrade of our brand positioning, evolving from a “technology-oriented powerhouse” to an “agile and innovative clean energy expert.” As a “clean energy expert,” we boast deep industry expertise, proven technological capabilities and long-term partnership reliability. Agility and innovation reflect our ability to respond swiftly to change and our commitment to continuous improvement, which enables us to deliver optimal solutions for customers across a wide range of scenarios. We have also articulated a clear brand value proposition: “Bridge to a sustainable future.” Through technological innovation and practical applications, we are committed to converting natural resources into stable and accessible clean power, building bridges of clean power conversion and transmission. Through these bridges, we connect closely with global customers, industry partners and ecosystem stakeholders to jointly advance towards a sustainable future. According to the 2025 “Top 500 Most Valuable Chinese Brands” published by World Brand Lab, our brand value reached RMB116.14 billion, a testament to the strong market recognition of our brand-building achievements.

Looking ahead, we will anchor our brand in technological innovation, reliable solutions and high-quality services, continuously creating value for our customers and striving to establish “SUNGROW” as a globally renowned brand. We firmly believe that we will play an increasingly important role in the global energy transition, together with our customers and partners, help shape a greener and more sustainable future.

OUR PRODUCTS AND SOLUTIONS

We focus on clean power with a business coverage across five strategic areas, “Solar — Wind — ESS — EV — Hydrogen.” Our principal products and services include PV inverters, energy storage systems, new energy investment and development, wind power converter and transmission products, new energy vehicles’ electric control, power supply and charging equipment, smart energy operation and maintenance services and floating PV system, while we have also strategically expanded into hydrogen energy and AIDC power supply business. We have become the global industry-leader of PV inverter. The market share of our PV inverters accounted for approximately 25.2% globally in 2024 in terms of shipment volume, according to Frost & Sullivan. We have leveraged our advanced technologies in clean power conversion and a well-established customer base in the clean energy industry and extended our offerings to energy storage. As of June 30, 2025, our energy storage systems had reached 70 GWh of cumulative shipments. We also branched out our business into other industry sectors, including wind energy, electric vehicles and charging and hydrogen energy, establishing a comprehensive product and service portfolio. Going forward, we are committed to offering high-efficiency and high-power density full-stack power solutions for next-generation AI data centers. Leveraging our long-established SST technology, full power range power electronics conversion technology and battery management technology, we prioritize the deployment of primary power systems and collaborate with leading internet and data center customers to promote the development of AI data centers.

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We have achieved robust business growth since our inception, as demonstrated by the increases in our product shipment volume and revenue. The following table sets forth the shipment volume of certain of our major products as of the dates indicated:

	Year Ended December 31,			Six months Ended June 30,	
	2022	2023	2024	2024	2025
PV inverters (GW)	77	130	147	65	76
Energy storage systems (GWh)	7.7	10.5	28.0	7.8	19.5

The cumulative capacity of PV power stations and wind power stations we developed globally had reached 31 GW, 40 GW, 54 GW and 57 GW as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively.

The following table sets forth a breakdown of our revenue by product in absolute amount and as a percentage of our revenue for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousand except for percentages)										
(Unaudited)										
PV inverters and other power conversion devices	17,178,675	42.8	27,653,074	38.3	29,127,039	37.5	13,093,203	42.3	15,327,462	35.3
Energy storage systems .	10,126,475	25.2	17,801,524	24.7	24,959,166	32.1	7,815,768	25.2	17,802,778	41.0
New energy investment and development . . .	11,515,268	28.7	24,733,981	34.3	21,003,004	27.0	8,954,969	28.9	8,397,881	19.3
Others ⁽¹⁾	1,288,699	3.3	1,970,674	2.7	2,614,925	3.4	1,096,571	3.6	1,908,980	4.4
Total	40,109,117	100.0	72,159,253	100.0	77,704,134	100.0	30,960,511	100.0	43,437,101	100.0

Note:

- (1) Primarily include power generation at new energy power stations, smart energy operation and maintenance services, floating PV system and charging equipment.

BUSINESS

PV Inverters and Other Power Conversion Devices

PV Inverters

PV inverters serve as the bridge between PV power stations and the grid, and are one of the most critical components of PV stations. They convert the direct current (“DC”) generated by solar panels into alternating current (“AC”) with adjustable frequency and amplitude to meet grid connection requirements. Therefore, the design and production of PV inverters must take a system-wide perspective, considering not only conversion efficiency but also comprehensive protection, stable operation, safety and reliability, and grid compatibility. We focus on the R&D, production and sale of PV inverters and offer a full range of PV inverters serving various application scenarios from ground-mounted power stations, C&I power stations to residential power stations. Our PV inverters portfolio covers centralized inverters, modular inverters, string inverters, residential inverters and microinverters, covering a power range from 0.45 kW to 9,600 kW, compatible with different application scenarios, securing grid stability and safety for PV power stations throughout their lifecycle. Our PV inverters have been accredited by authoritative international institutions such as TÜV, CSA and SGS. As of June 30, 2025, we had sold our PV inverters to over 100 countries and regions worldwide.

As a leading global PV inverter provider, we have consistently achieved advancements in key technologies. For example, we launched SG320HX string PV inverters in 2021, which could reduce the cost of balance of system through the optimization of subarrays and power ratings, and undergo upgrades in safety, reliability and electrical grid support. In addition, we launched 1+X modular PV inverters in 2021, which are capable of addressing diversified customer needs, as they integrate the advantages of both traditional string PV inverters and centralized PV inverters with their flexibility, high cost-effectiveness and convenient installation and maintenance. In 2025, we launched our 1+X 2.0 modular PV inverter, which is the first split modular inverter in the world. Our 1+X 2.0 modular PV inverters feature a more scalable block design with a maximum power configuration of up to 9.6 MW. Our 1+X 2.0 modular PV inverters also integrate an AI-driven safety management system and pioneering grid-forming technology which further enhance its operation safety, reliability and cost-effectiveness.

BUSINESS

The following table sets forth a brief description of our major PV inverter products:

Product	Description
“1+X 2.0” Modular PV Inverter. 	We have launched the 1+X 2.0 modular PV inverter for large-scale ground-mounted power stations. Building on the first-generation modular inverter, the single unit capacity has been upgraded to 800 kW. Through multi-unit parallel connection, a flexible configuration of 0.8 MW to 9.6 MW can be achieved. This solution features an upper and lower split modular design, improving reliability and reducing LCOE. Combined with AI technology, it delivers revolutionary upgrades in operation, safety and environmental friendliness, providing an enhanced user experience.
SG320HX String Inverters (overseas model: SG350HX series) 	To meet the demands of the widespread application of high-power modules, we introduced this high-power string inverter specifically designed for ground-mounted power stations. The application of advanced technologies, such as the AI-based air duct health management, the MPPT-class insulation monitoring, AC/DC terminal temperature sensing and the HV/LV grid adaptation, contributed to the upgrade in intelligent operation and maintenance, safety and reliability and support for the power grid, continuously leading the market of 300 kW+ high-power series inverters.
SG465HX String Inverters 	We have launched the first-generation high-power string inverter, SG465HX, increasing the maximum inverter power to 465 kW per unit — the highest globally. It is also the world’s first 400 kW+ string inverter, offering a 28% increase in power density and a 0.2% improvement in system efficiency. Over the lifetime of a GW-scale power station, this can generate an additional 90 million kWh of electricity. The inverter features full-current protection technology to prevent string backflow, and is the first in the industry to achieve comprehensive anti-corrosion protection for harsh industrial environments, addressing the challenge of inverter reliability in difficult conditions. It is also the first PV inverter with a full life-cycle safety protection system.

BUSINESS

Product	Description
SG30-125CX-P2 String Inverters (for C&I scenarios) 	This inverter is a 125 kW high-power C&I inverter. Featuring high power, 1+II lightning protection and AFCI2.0, this product guarantees the safety of C&I power stations, and has achieved large-scale application worldwide.
SG150CX series inverter . 	This 150 kW C&I inverter features advanced Smart Arc Detection 3.0, supporting 48A current and 450m cable detection. This inverter includes a 20ms instant trip switch for enhanced safety. It has upgraded variable frequency self-cleaning technology that ensures daily dust removal, maintaining system efficiency.
SG10-17T-CN Residential Inverter 	To meet the demands of the widespread application of high-power PV modules and the demands for larger residential PV power stations, we made all-round upgrades to this Residential Triple series of products. The input current of a single string has been increased to 18A, allowing it to flexibly adapt to high-power PV modules and double-sided PV modules. The power range of this inverter has also been expanded to address diversified residential installation needs.
SG50T-CN Residential Inverter 	To meet the growing demand for high-power user-side inverters in complex application scenarios, we have launched a new 50 kW product. This model offers greater flexibility in the number of modules and site adaptation, features multiple MPPT design and supports unlimited multi-unit parallel connections as well as both long and short string configurations, providing a highly flexible solution.

BUSINESS

Product	Description
SG20~33T-P2-CN Residential Inverter . . . 	With the continuous increase in domestic 210 module currents, we have launched the upgraded SG20~33T-P2-CN inverter for the Chinese market. Each unit supports the connection of high-power, high-current modules. The product features enhanced heat dissipation, ensuring no derating at temperatures up to 45°C, and is generally equipped with full MPPT functionality. It supports parallel string scanning, real-time tracking of maximum power points, and multiple safety protections. The AC voltage range meets grid requirements, with automatic voltage adjustment to avoid overvoltage and undervoltage, reducing equipment failure rates and improving system stability. With two to three independent MPPTs and support for multiple string connections, it is suitable for various complex scenarios, supports both long and short string configurations, and offers flexible design options.
SH8.0-10RS Residential Inverter 	As our newly launched high-power single-phase storage inverter for residential users, the product offers a power range of 8-10 kW and is compatible with SBR/SBH high-capacity batteries, enabling fully green-powered home. It also features user-friendly installation, multi-level protection design and is equipped with advanced safety technologies such as AFCI2.0, providing households worldwide with a more convenient and safer green energy experience.
SH5.0-25T Residential Inverter 	This latest generation of three-phase residential storage inverters offers a single-unit power range of 5 to 25 kW and supports parallel operation. Compatible with SBR/SBH series high-capacity batteries, it meets the needs of various residential and small commercial energy storage applications. The product features multi-level protection with SHT, and advanced safety technology such as AFCI2.0, ensuring safe and reliable operation for users. It also adopts a user-friendly installation design for simplified maintenance.

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Product	Description
S450S/S800S/ S1000S/S1600S Micro PV Inverter 	Our series of microinverter products, S450S, S800S, S1000S and S1600S, offer rated power outputs of 450 W, 800 W, 1,000 W and 1,600 W, respectively, and are suitable for various application scenarios. Featuring high-efficiency heat dissipation, no high-voltage DC, high reliability and stable power generation even under harsh conditions, they can maintain normal operation at temperatures up to 60°C with only a slight reduction in power output. The products are designed for easy installation, supporting plug-and-play connections, which reduces installation time by 30%. Intelligent safety protection includes 200 safety checks and 12 core protection functions. The inverters are rated IP67 for dust and water resistance and feature independent MPPT for each module. They operate from a low DC start voltage of 60 V and support rapid shutdown for both AC and DC sides, ensuring maximum safety.

According to Frost & Sullivan, as of June 30, 2025, our cumulative global installed capacity of PV inverters exceeded 595 GW. The market share of our PV inverters accounted for approximately 25.2% globally in 2024 in terms of shipment volume.

Wind Power Converter and Transmission Products

Wind power converters are one of the key devices in a wind turbine generator system, which convert the variable frequency and voltage power generated by wind turbine generators into a stable power output that can be fed into the electrical grid through AC-DC-AC conversion. We focus on the R&D, production and sale of wind power converters. We mainly offer wind power converters, wind power pitch and drive frequency converters. Our wind power converters come with power ratings ranging from 1.5 MW to 26 MW and output voltages of 360V, 690V, 1,140V, 1,380V and 1,800V, including full-power wind power converters and double-fed wind power converters that are compatible with principal wind turbine generators produced in China. We focus on high-power energy conversion and control technologies and we are the pioneer in the industry to introduce 1,800V wind power converters. Our wind power converters are designed to withstand various onshore wind site conditions, such as salt spray, extreme low temperature, high-altitude, coastal and high-humidity conditions, as well as offshore wind site conditions, such as near-shore and far-offshore conditions. With over 20 years of experience in wind power converter development, we have developed industry-leading technologies that maintain our competitive edge in the market.

BUSINESS

The following table sets forth a brief description of our major wind power converter and transmission products:

Product	Description
Doubly-fed 4.x MW – 16 MW Wind Power Converter	This product features an integrated heat dissipation design that improves heat dissipation efficiency and product stability, a high power density design and integrated components for a compact structure, an integrated design of main control and converters for larger load-carrying capacity and strong environmental adaptability for customization in various application scenarios.
	
Full-Power 5.x MW – 26 MW Wind Power Converter	This product features the highest unit power of wind power converters in China. It can proactively adapt to complex grid environments to ensure grid friendliness, and it is built with an enhanced anti-corrosion and anti-condensation design to effectively cope with the marine environment; cabin-mounted applications and a special anti-vibration structure help to meet the strict vibration requirements.
	
Wind Turbine Pitch Drive	This product is highly integrated, safe and reliable, featuring a quadruple safety chain design to ensure the safety of wind turbines. The pitch control system converts wind energy into mechanical energy by adjusting the blade angle of the fan. In safe conditions, it adjusts the blade angle together with the main control to enable power control of the fan. In the event of malfunctions, it acts as a brake to ensure the safety of the fan.
	

BUSINESS

Product	Description
Drive Frequency Converter	With low-voltage transmission models covering 380V/690 V/1140V/1380V/1800V and medium- to high-voltage transmission models covering 3.3 kV/6 kV/10 kV/35 kV, this product is widely used in industrial transmission and new energy fields, suitable for various load types such as fans, pumps, constant torque and soft start of motor. Available in cabinet or container configuration, and supporting two-quadrant or four-quadrant circuit topology, it can adapt to various voltage levels, with the power of medium- to high-voltage transmission models reaching 60 MW.



We are one of the world’s leading wind power converter suppliers. Our market share in the wind power converter sector maintaining a leading global position for three consecutive years, according to Frost & Sullivan. As of June 30, 2025, our cumulative global shipment of wind power converters had reached 165 GW.

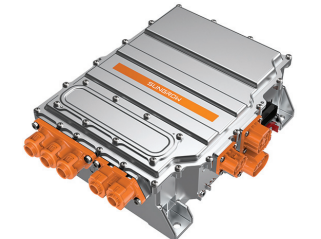
New Energy Vehicles’ Electric Control and Power Supply System

With our impressive accumulation of technology and R&D advantages in clean power conversion, we have extended the application of inverters to the new energy vehicle industry, offering drive system solutions, which primarily include high-quality electric control and power supply products, such as motor controllers and on board power supply products. Our products and services cater to various types of new energy vehicles, including passenger vehicles, commercial vehicles and construction machinery. We have supplied our products to multiple automobile enterprises and have earned the trust of customers with high-quality products and stable delivery capabilities, continuously boosting our market share. As of June 30, 2025, we had established multiple automated production lines for electric control and power supply products, with an annual production capacity of 2.0 million units. As of June 30, 2025, the cumulative shipment volume of our new energy vehicles’ electric control and power supply products had exceeded 2.7 million units globally.

We have actively promoted innovation in the research and development of electric control and power supply systems, and achieved multiple technological breakthroughs in the areas of electromagnetic compatibility and functional safety design of motor controllers, as well as parallel connection of power devices. As of June 30, 2025, we have obtained IATF16949, ISO14001 and ISO45001 certifications, as well as ISO26262 ASIL-D process certification, building a product development and management system that fulfill the highest standards of functional safety. With our advanced technologies, reliable product quality and stable delivery capabilities, we have gained market recognition, including the first prize for Science and Technology Award from the China Electrotechnical Society, the first prize for Science and Technology Progress Award from the China Power Supply Society and the Red Dot award.

BUSINESS

The following table sets forth a brief description of our major electric control and power supply systems:

Product	Description
HEM series hybrid dual electric control for passenger vehicles 	The product is suitable for A and B class hybrid passenger cars. Adopting a thin power array package (TPAK) parallel power module, it has excellent device compatibility and power expansion flexibility to meet the demand of multi-power configuration of the same platform models. The product is the first to be equipped with the SiC boost module, ensuring smooth and efficient power output, and significantly improves the driving experience and energy utilization of the whole vehicle.
EE31 series controller . . 	With main motor controller, DCDC, OBC and PDU integrated, the product is suitable for light commercial vehicles such as minivans and minitrucks. It features high integration, high reliability and flexible adaptation.
EP37 series in-vehicle power supply 	The product integrates OBC and DCDC and is compatible with 400 V/800 V electrical platforms. It features external discharge functionality and is suitable for Class A and Class B new energy passenger vehicles. With high power density, strong grid adaptability and comprehensive functionality, it achieves ASIL-C functional safety standards.

BUSINESS

Energy Storage Systems

We focus on the R&D, production, sales and service of electrochemical energy storage systems, offering solutions for various scenarios including new energy grid connection, frequency regulation, peak shaving, demand-side response, microgrids, C&I and residential applications. Our energy storage system solutions are designed to accommodate various AC- or DC- coupled residential, C&I and utility scenarios. As an early entrant into the energy storage industry, we have achieved scaled operations in a number of overseas markets and established a strong global business framework.

Our premium energy storage systems are underpinned by the superior integration capabilities of their three core components: battery management systems (“BMS”), power conversion systems (“PCS”) and energy management systems (“EMS”). We integrate power electronics, electrochemistry and electrical grid support technologies and pioneer the launch of integrated energy storage products and ensure high compatibility and cooperativity between different systems by integrated structure and control logic design. Leveraging our power electronics, electrochemistry and electrical grid support technologies, we launched our industry-leading PowerTitan and PowerStack liquid-cooled energy storage systems in 2022, catering to utility, C&I scenarios respectively. We have continuously iterated our energy storage systems since their introduction, which significantly extend their lifetime, improve charging and discharging efficiency and reduce power loss, resulting in a reduction of the levelized cost of storage by over 20%. In 2023, we introduced a 10 MWh liquid-cooled energy storage system, PowerTitan 2.0, which is a liquid-cooled energy storage system targeting large-scale application in overseas markets. Built with the Stem-Cell Grid-Forming Tech we introduced in 2023, the PowerTitan 2.0 is more efficient, safe and user friendly. In 2025, we launched the ground-breaking PowerTitan 3.0 energy storage system, and the Plus version is the lithium battery energy storage system with the world’s highest single-cabinet capacity and highest energy-density, capable of reducing land footprint by 45% and significantly reducing capital expenditure. Our PowerTitan 3.0 is embedded with our Stem-Cell Grid-Forming Tech 2.0, which systematically integrates DC-side battery management with AC-side grid-forming control, to ensure safe and efficient battery charging and discharging on the DC-side, providing stable energy support for the AC side under varying grid conditions, environmental factors and application requirements.

We highly value the safety of energy storage systems. In 2024, we successively completed the world’s first large-scale combustion test on energy storage systems, as well as the world’s largest and longest-duration real-life combustion non-spreading test, the latter of which was certified by DNV demonstrating robust capabilities in explosion venting, flame resistance and impact resistance. Also in 2024, we launched ArcDefenderTM DC arc technology and the iSolarBPS cell pre-diagnosis system to increase safety level. In addition, we successfully conducted the first full-scenario solar-storage grid integration test with key partners, and our energy storage converter received the grid integration technology certification from the China Quality Certification Center. Our energy storage systems have a good safety record. As of the Latest Practicable Date, our energy storage systems had not caused any material safety accidents.

BUSINESS

The following table sets forth a brief description of our major energy storage systems:

Product	Description
PowerTitan 3.0 Large-scale Ground Energy Storage System 	PowerTitan 3.0 is a next-generation energy storage system that continues the integrated design of direct current and battery systems with PCS in a single cabinet. PowerTitan 3.0 includes Flex, Classic and Plus versions, all of which incorporate the latest third-generation large-capacity battery cells and comprehensive intelligent technology upgrades, enabling full-scenario, all-round intelligent energy management. The Plus version offers a single-unit capacity of 3.125 MW/12.5 MWh, with an energy density of 500 kWh/m². It achieves a 10% increase in continuous discharge time, a 45% reduction in land use and a significant reduction in capital expenditures.
PowerTitan 2.0 Large-scale Ground Energy Storage System 	As the new generation of energy storage system built with the “3-in-1” integration concept, PowerTitan 2.0 is equipped with embedded PCS to enable AC storage. This product can support a configuration capacity of 2.5 MW/5 MWh in a standard 20-foot energy storage cabinet, greatly improving the energy density of the system. Liquid cooling for the entire system, intelligent cluster-level management and Stem Cell Tech contribute to a product that is more efficient, user-friendly and safe. These features help next-generation power systems operate reliably in all scenarios.
PowerStack 255CS C&I Energy Storage System 	Carrying forward our tradition of “3-in-1” integration and “Independent development across all stacks,” PowerStack 255CS features deep integration of power electronics, electrochemistry and grid support technologies. Leveraging the innovative use and integration of AI technology, the design employs an “intelligence and storage integrated” approach to deliver EMS, PCS and BMS functionalities, achieving a system capacity of up to 257 kWh. The product demonstrates leading advantages in generating revenue for users, low-maintenance use and comprehensive safety, which helps address three major pain points of users, namely revenue, operation and maintenance and safety, and eliminating the concerns in C&I power distribution and storage.

BUSINESS

Product	Description
PowerStack 835CS C&I Energy Storage System 	PowerStack 835CS is our first liquid-cooled energy storage system designed specifically for large-scale C&I scenarios at 10/20kV, marking a new era of scenario-based customization. We have focused on meeting the higher requirements of industrial users for cost-effectiveness, convenience and safety. With an optimal 836 kWh capacity, AC storage architecture, advanced grid support technology and a customised EMS, the system incorporates industry-leading innovations to deliver greater economic value, ease of use and enhanced safety, redefining the energy experience for large industrial users.
SBH100-400 Residential Battery..... 	With the continued growth of the residential energy storage market, we upgraded our integrated residential storage solutions. Building on the original SBR series battery modules, the system has been comprehensively enhanced. The module capacity has been increased to 5 kWh per unit, supporting up to 8 modules in parallel for a maximum capacity of 40 kWh. The charging and discharging capability has been upgraded to support a 50 A ultra-high discharge current, enabling rapid full-power output. Safety features have also been enhanced, with electrical isolation design and module-level protection. The system is equipped with the latest SHT and SHRS technologies, allowing for flexible expansion and backup across the entire home, meeting diverse residential energy storage needs.
SBR064-256 Residential Battery..... 	Capitalizing on the channel advantages, we accelerated the residential PV-storage business and introduced the new generation of SBR series residential battery solutions. This product features convenient installation, flexible configuration, safety and reliability as well as outstanding performance.

BUSINESS

Product	Description

SBS050 Residential
Battery



Our new-generation 5.12 kWh residential battery product, SBS050, features an ultra-slim 182mm design and supports flexible configuration with one to four modules, allowing a maximum capacity of 20.48 kWh. Equipped with SHRS-20, it enables 50A high-current discharge and is also compatible with diesel generator systems, offering enhanced aesthetics, flexibility, performance and safety. It is an excellent choice for small-scale residential energy storage.

According to Frost & Sullivan, the cumulative shipment volume of our energy storage systems had reached 70 GWh as of June 30, 2025, maintaining a leading position globally.

New Energy Investment and Development

We have engaged in new energy investment and development business globally, covering a wide range of scenarios including ground-mounted power stations, C&I PV power stations, residential PV power stations, wind power stations and energy storage power stations, committed to establishing a differentiated competitive advantage through power station technological innovation. We mainly adopt a development, build and transfer (“DBT”) business model for power station development, where we develop the power stations and subsequently transfer them to customers.

The following table sets forth a brief description of certain of our major power station projects:

Product	Description

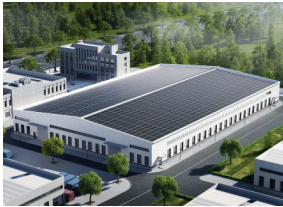
Ground-mounted PV
Power Station



Utilizing our market-leading technologies, we develop ground-mounted PV power station solutions tailored to diverse application scenarios, achieving optimal LCOE and return on investment, creating greater value for customers and setting integrated development examples for comprehensive environmental treatment and new energy industry applications.

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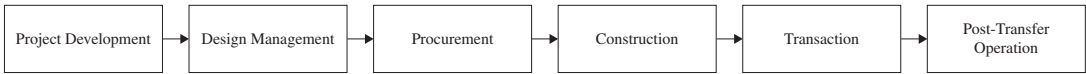
Product	Description

BIPV Power Station 	iBuilding — the BIPV power station integrates optimized module-tile design and patented tile profiles to accelerate installation and boost energy yield, featuring rapid deployment and high efficiency. The 360-degree rolled-edge waterproofing design does not require drilling and sealing efforts and ensures absolute safety. Our proprietary ECO cooling technology optimizes thermal pathways to reduce module temperature and ensure high power generation efficiency.

Home Energy Power Station 	Home energy power station is an all-in-one green power station product exclusively designed for premium villas and residences in China. It features 24/7 storage response for optimal compatibility and multi-orientation roof adaptability. Its Home Energy Management System (“HEMS”) seamlessly integrates “power generation, storage and consumption” through advanced intelligence.

The primary stages of power station development encompass project development, project design, construction and acceptance handover stages. Upon contract signing, we will organize a dedicated project team to initiate planning activities, which include conceptual design, filing of records and environmental impact assessment applications, grid connection approval applications, project planning, procurement of materials, construction briefings and safety training. Once the procured equipment and materials arrive at the project site, the construction phase begins, with the contractor responsible for installation and system integration. Typically, the construction and building of power station projects are carried out by third-party contractors, with the supply chain management center overseeing the external bidding process for project construction. Upon completion of construction, we perform internal pre-acceptance, make grid connection application and complete final acceptance processes before ultimately handing the project over to the owner.

The following flowchart illustrates a simplified construction process of our stations under the new energy investment and development business segment:



The cumulative capacity of PV power stations and wind power stations we developed globally had reached 57 GW as of June 30, 2025.

BUSINESS

Other Businesses

Power Generation at New Energy Power Stations

In addition to building and transferring power stations to customers, we also own and operate a few self-developed power stations and sell the electricity generated by such power stations to grid companies. As of June 30, 2025, we operated 11 self-developed new energy power stations with an aggregate installed capacity of 739 MW, as well as 34 distributed PV power stations with an aggregate installed capacity of 152 MW in China.

Smart Energy Operation and Maintenance Services

We provide smart energy operation and maintenance services for photovoltaic, energy storage, wind power and other new energy power stations, grounded on our expertise in power electronics conversion and power station integration. Leveraging our independently developed and proprietary digital intelligence operation and maintenance platform for new energy power stations, SolarEye, which is equipped with station-level “digital smart all-round practitioner,” iSolarHealth, we can quickly identify full-link equipment anomalies, accurately pinpoint root causes and dynamically adjust power station operation and maintenance strategies. This ensures asset security while maximizing returns. As of June 30, 2025, we had provided O&M services for clean energy power stations, with our business covering 31 provinces and municipalities in China and extending to overseas markets.

Floating PV System

We offer one-stop floating PV system solutions to global customers suitable for different water areas. Our floating PV system solutions are eco-friendly, reliable and efficient. We have established a dedicated and experienced R&D team for floating PV technologies and yielded considerable achievements. As of June 30, 2025, we had been granted over 290 patents with respect to key floating PV system technologies, including system design, materials, product structure and arrays and anchoring systems. We have also participated in the formulation of multiple standards related to floating systems, and our products have been certified and tested by a number of international certification bodies including TÜV, DNV, WRAS, SGS and CGC. We are the first GW-level floating PV system supplier globally and have maintained a leading position for seven consecutive years in terms of market share, according to S&P Global and Frost & Sullivan.

EV Charging Equipment

Based on our long-term R&D and application experience in outdoor high-performance power electronics products, we have been actively driving technological advancement in electric vehicle charging equipment and solutions. We are committed to improving our customer’s return on investment while securing their assets safety. Our product portfolio consisted of EV charging equipment, including DC and AC charging poles. Leveraging our proprietary “Isolated Air-Cooling” technology, our products feature superior protection,

BUSINESS

exceptional reliability, maintenance-free operation and extended lifespan. As of June 30, 2025, our products had been sold in volume to over 30 countries and regions worldwide, earning widespread acclaim from vehicle owners and operators. As of June 30, 2025, we have launched our 400 kW, 480 kW, 720 kW and MW-class ultra-fast charging product matrix for heavy truck, which comprehensively accommodate the demand from short-, medium- to long-range logistics applications.

The following table sets forth a brief description of our major new energy vehicle charging equipment:

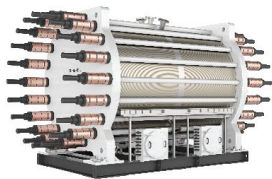
Product	Description
National standard 720 kW Split-type DC Charging Pole 	The fast charging terminal can be flexibly paired with the ultra-fast charging terminal, supporting simultaneous charging of up to 18 vehicles. With intelligent dynamic power allocation and a granularity of 40 kW, it delivers more efficient charging.
National & European standard 480 kW isolated air-cooled ultra-fast charger 	We introduce the industry-first isolated air-cooling technology to the ultra-fast charging field, delivering advantages including high protection, exceptional reliability, extended lifespan, and maintenance-free operation. Equipped with a matrix-based dynamic power allocation strategy, it achieves charging power granularity as fine as 30 kW, enabling precise matching of vehicle charging demands. Compared to traditional through-ventilation ultra-fast chargers and liquid-cooled chargers, isolated air-cooled ultra-fast chargers empower customers to achieve superior investment returns.
European standard 22 kW AC pole 	With high IP65 protection, The European standard AC pole is suitable for the slow charging needs of public field charging stations. It supports the integration of European household PV and storage systems, providing a one-stop solution.

BUSINESS

Hydrogen Energy Equipment

As the pioneer of the hydrogen sector in China, we offer flexible hydrogen production systems and solutions powered by renewable energy, featuring efficiency, intelligence and safety. We offer integrated and systematic hydrogen production equipment, covering PWM hydrogen power supplies, ALK and PEM electrolysis cell, electrolysis cell digital management systems, gas-liquid separation and purification equipment and smart hydrogen management systems. We have also developed hydrogen production system solutions for off-grid, grid-connected and microgrid scenarios. We have secured certifications including ISO 9001/14001/45001, American Society of Mechanical Engineers (ASME) Certification, GC2, TÜV and CNAS. Our production center for hydrogen energy equipment has incorporated the first automated electrolysis cell assembly line in China, increasing the total production capacity of our production base by 3 GW and boosting the production efficiency by 60%. We have the first 30 MW electrolytic hydrogen production demonstration base in China, which has operated stably for over 15,000 hours, providing rigorous data to advance hydrogen production technologies. According to Frost & Sullivan, the market share of our hydrogen production equipment in terms of contract volume had achieved an industry-leading position in 2024.

The following table sets forth a brief description of our major hydrogen production products:

Product	Description
PWM rectifier power supply 	The product leverages the IGBT full-control power devices and PWM control technology to rectify and convert AC into DC required for the electrolytic cell, which is suitable for large-scale renewable energy AC-coupling hydrogen production scenarios.
2,000+ Nm³/h series large-scale alkaline water electrolysis cell . 	The product employs high-activity catalysts and reverse-current resistant electrodes, delivering high current density, low energy consumption, start-stop durability, and exceptional operational flexibility. Integrated with the smart management system, it provides three core functionalities safety management, status analysis and performance optimization to enhance hydrogen production efficiency, minimize operational degradation and ensure superior adaptability to fluctuating operating conditions.

BUSINESS

Product	Description
PEM electrolyzed water hydrogen production equipment 	The product uses direct current to electrolyze pure water into hydrogen and oxygen, and obtains high-purity finished hydrogen after gas-liquid separation and purification. It consists of a PEM electrolysis cell, gas-liquid separation and purification equipment and utilities equipment.

RESEARCH AND DEVELOPMENT

Since our establishment in 1997, we have been focusing on the field of clean power and taking technological innovation along with market-oriented philosophy as the principal drivers for growth. Our R&D structure consisted of a Central Research Institute and dedicated R&D teams within each business unit. Our Central Research Institute conducts in-depth and advanced technological research to build high-value IP portfolios in the early stages and address critical technological issues. It is responsible for establishing innovative management mechanisms to foster R&D activities throughout all business units. Each of our business units includes platform R&D teams and business R&D teams. Our platform R&D teams are responsible for developing general technologies and addressing technical challenges, while our business R&D teams apply the general technologies to develop customized and business-driven solutions. We have established six R&D centers, including four R&D centers in Hefei, Shanghai, Nanjing and Shenzhen in China, and two R&D centers in Germany and the Netherlands, with world-leading electromagnetic compatibility laboratories, high-performance and large-capacity low-voltage ride-through facilities, as well as various power supply and grid simulators that meet strict experiment and test requirements. Furthermore, we have established a professional R&D team with extensive experience and strong capabilities in independent innovation. As of June 30, 2025, our R&D team comprised 7,120 employees that accounted for 39.1% of our workforce, of whom 40.8% possessed a master’s degree or above. In addition, we engage in strategic collaborations with research institutes and universities. As of June 30, 2025, we had collaborated with many reputable universities and research institutions, and had participated in more than 20 important research and technological innovation projects. These collaborations focus on multiple cutting-edge technology fields, aiming to meet practical needs and continuously promote technological breakthroughs and commercialization.

In 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, our total R&D expenses amounted to RMB1,692.2 million, RMB2,447.4 million, RMB3,163.5 million, RMB1,486.2 million and RMB2,037.2 million.

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Research and Development Model

We strive to achieve innovation to meet market demands at optimal cost. We introduced an advanced IPD model in 2010 to enhance R&D management efficiency and optimize R&D processes. The IPD model enables us to shorten R&D cycles and lower product costs, securing high cost-effectiveness of our products and solutions.

We have established a collaborative R&D management system under the IPD model. We set up an integrated portfolio management team, comprising responsible members of strategy planning, finance and human resources at the company level, which is responsible for formulating our Group’s overall R&D strategic objectives. In addition, we have built an integrated technology management team to formulate our technology development strategies for the coming three to five years. The integrated technology management team is also responsible for providing technical guidance to the technology and product development teams, as well as managing the R&D teams in each business division.

We have adopted an advanced IPD model guiding us in technology reserves and product development based on comprehensive analysis of customer requirements, technological trends and competitive strategies. New products undergo a rigorous process encompassing concept formulation, planning, development, validation, pilot production and, ultimately, mass production. We set clear and measurable quality benchmarks at each stage to ensure that all products launched are of superior quality and meet the stringent standards expected by our customers.

We have adopted the IPD framework as our core management process, integrating specific business requirements and combining the requirements of Advanced Product Quality Planning (“APQP”) and the Capability Maturity Model Integration (“CMMI”). By adopting tailored combination management models for different R&D projects, we enhanced the framework’s effectiveness in quality control, process standardization, risk management, cross-functional collaboration and resource integration throughout the R&D process.

Major R&D Achievements

As of June 30, 2025, we had participated in the formulation of multiple industry standards and had applied over 10,500 patents in China and overseas, becoming one of the few companies in the industry with mastery over numerous independent core technologies. See “—Intellectual Property.”

We set out below the details of certain major R&D projects:

- ***2,000V high-voltage technology project.*** 2,000V DC high voltage technology is applied in PV inverters and energy storage converters. This project addresses the challenges of 2,000V DC high-voltage technology across three dimensions: hardware, software and systems. Compared to the 1,500V DC system, the efficiency of the 2,000V PV system could be enhanced by 0.5% to 1%, while the efficiency of the energy storage system could be enhanced by 0.4% to 0.7%.

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- ***High-efficiency, high power density inverter technology project.*** High-efficiency, high power density inverter technology is applied in PV inverters, energy storage converters and wind power converters. We have developed the high-efficiency, high power density PV inverter based on our significant breakthroughs achieved in the research and engineering applications of technologies such as silicon carbide hybrid three-level topology, new power semiconductor packaging, magnetic components with high saturation magnetic flux density, high-capacity large ripple capacitors, phase-change thermosiphon cooling and soft switching. The highest efficiency of this inverter has surpassed 99%, reaching a world-leading level.
- ***Voltage fault ride-through technology project.*** Voltage fault ride-through technology is used in PV inverters, wind power converters and energy storage inverters. This project addresses the continuous voltage fault ride-through issues in systems of wind power, solar power and energy storage under both strong and weak grid conditions. In response to grid requirements for low-voltage ride-through (“LVRT”) and high-voltage ride-through (“HVRT”) in grid-connected power generation systems, we have proposed several advanced strategies. These include an LVRT control strategy based on fast phase-locked loop, an HVRT control strategy based on virtual variable impedance, intelligent rapid regulation of bus voltage, impedance reshaping and a reactive current compensation method for three-phase grid-connected inverters during grid voltage unbalance.
- ***Grid-forming technology project.*** With the increasing integration of renewables such as wind and solar worldwide, traditional grid connection solutions are no longer sufficient to ensure grid stability. Grid-forming technology enables energy storage converters or renewable generation equipment to actively establish and maintain grid voltage and frequency, supporting stable grid operation even in weak grids or without a main power source. We are continuously upgrading our stem cell grid technology, pioneering a three-level collaborative architecture of “battery — converter — power station.” We have been conducting R&D in grid-forming technologies since 2006 and has accumulated core technologies, including flexible inertia support, wide-band oscillation suppression, enhanced continuous high or low voltage ride-through, microsecond-level voltage construction, adaptive harmonic suppression, rapid off-grid commissioning, grid-connected and off-grid transition and GW-level black start capacity.

We believe that the following technological advantages have enabled us to become a versatile expert in clean energy:

- In terms of power electronics technologies, we maintain a leading position in high-power devices by leveraging our technological synergies between the solar energy and wind power business sectors. In 2021, we launched the SG320HX string PV inverter, which boasts a maximum power output of 352 kW, pioneering string PV inverter technologies above 300 kW. In the field of wind power, we also developed the industry-leading three-level converters to solidify our advantages in high power

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rating technologies. In addition, we launched 1+X modular PV inverters in 2021, which feature flexible power station construction and convenient O&M by parallel connection of multiple inverter modules, combining the advantages of the traditional string and centralized PV inverters. Building on our first-generation modular inverter, we have launched the 1+X 2.0 modular PV inverter in 2025, featuring an upgraded single unit capacity of 800 kW, which enabled a flexible configuration of 0.8 MW to 9.6 MW. By incorporating AI technology for fault detection and leveraging our industry-leading grid-forming capabilities, our 1+X 2.0 modular PV inverters achieve further improvements in flexibility, reliability, efficiency and grid support, and are protected by multiple patented technologies.

- In terms of energy storage systems, we integrate power electronics, electrochemistry and electrical grid support technologies to develop our proprietary PCS, BMS and EMS, the three core hardware and software components of energy storage systems. We empower customers with our advanced system integration capabilities and launched the integral liquid-pooled energy storage system, PowerTitan and PowerStack series, each catering to ground-mounted and C&I scenarios. Our PowerTitan and PowerStack series prioritize full-lifecycle energy storage safety, while significantly extending the lifetime of lithium batteries, improving the charging and discharging efficiency and reducing the power loss, resulting in a significant reduction of LCOE over the full lifecycle. In particular, our newly launched PowerTitan 3.0 Large-scale Ground Energy Storage System Plus version features an energy density exceeding 500 kWh/m³, the highest globally by the Latest Practicable Date according to Frost & Sullivan. With enhanced liquid cooling ensuring superior heat dissipation and system stability, PowerTitan 3.0 series has set an industry benchmark for efficient, high-density and safe energy storage.
- In terms of hydrogen production equipment, we are at the forefront of both ALK water electrolysis and PEM water electrolysis technologies, which allow our electrolyzers to further reduce the LCOE. We have also applied power electronics conversion technology to develop a PWM hydrogen production power supply. This PWM hydrogen power supply demonstrates excellent performance, is grid-friendly, and can significantly reduce the LCOH. In addition, with our advanced flexible hydrogen production capabilities, our systems can dynamically adjust the operating load in response to fluctuations in renewable energy sources such as solar and wind power. Compared with conventional hydrogen production methods, flexible hydrogen production can operate efficiently under variable or low-power conditions and maintain stable output even during intermittent energy supply. It enables real-time load adjustment and optimized cluster management, thereby better accommodating the fluctuating characteristics of renewable energy sources such as solar and wind power.

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SALES, MARKETING AND CUSTOMER SERVICE

Geographical Coverage

As of June 30, 2025, we had established over 20 overseas branch offices and over 60 representative offices, over 520 global service outlets and hundreds of key channel partners. As of June 30, 2025, we had sold our products and services to over 100 countries and regions worldwide.

The following table sets forth our revenue by geographic regions for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousand except for percentages)										
(Unaudited)										
Mainland China	21,050,661	52.5	38,801,908	53.8	41,417,615	53.3	17,487,195	56.5	18,058,621	41.6
Other countries/regions . .	19,058,456	47.5	33,357,345	46.2	36,286,519	46.7	13,473,316	43.5	25,378,480	58.4
Total	40,109,117	100.0	72,159,253	100.0	77,704,134	100.0	30,960,511	100.0	43,437,101	100.0

Sales Channels

During the Track Record Period, we adopted both direct sales and channel sales to address the requirements of different market segments. The following table sets forth a breakdown of our revenue by sales model in absolute amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousand except for percentages)										
(Unaudited)										
Direct sales	36,677,884	91.4	64,811,594	89.8	71,557,495	92.1	28,008,442	90.5	39,586,401	91.1
Channel sales	3,431,233	8.6	7,347,659	10.2	6,146,639	7.9	2,952,069	9.5	3,850,700	8.9
Total	40,109,117	100.0	72,159,253	100.0	77,704,134	100.0	30,960,511	100.0	43,437,101	100.0

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Direct Sales

We mainly adopt direct sale models to sell our products and solutions to customers. We primarily provide PV inverters, energy storage systems, wind power converter and transmission products, new energy vehicles’ electric control, power supply and charging equipment, and hydrogen energy equipment to direct sale customers, including PRC and overseas. As of June 30, 2025, we have established more than 520 service outlets worldwide to expand our sales channels. Our primary downstream customers of our PV inverters and energy storage systems are EPC contractors, project owners and project investors. We acquire customers through various channels including participating in industry exhibitions, customer referrals within the industry, engaging in tender processes and proactive customer visits. Over the years, we have developed a comprehensive global sales channel and established strong cooperative relationships with a number of well-known enterprises both in China and overseas. Our sales department initially approach customers for business negotiations, while our solutions department provides tailored professional solutions for the customers. We then secure contracts with our customers through processes including public tendering, competitive negotiation and commercial negotiation.

The salient terms of our typical direct sales agreements of our PV inverters and energy storage systems are set forth as follows:

- ***Product specification.*** We specify the type, specifications, model, quantity, unit price and detailed items in each direct sales framework agreement.
- ***Credit terms.*** The credit period we grant to customers is typically within 180 days.
- ***Logistics.*** We are typically responsible for the delivery of products to the designated locations of our customers at our own logistics costs.
- ***Warranty.*** We typically provide no less than five-year warranty services for our PV inverters and energy storage systems.
- ***Confidentiality.*** Our customers are obligated to maintain confidentiality regarding our business, technical and other proprietary information.

Channel Sales

We collaborate with channel partners to sell our products and solutions, leveraging the channel partners’ established sales network to reach residential and C&I users. We primarily sell energy storage systems and PV inverters for residential and C&I scenarios through channel partners. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had 82, 133, 194 and 172 channel partners, respectively.

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The following table sets forth the number of our channel partners and their movements for the periods indicated:

	Year ended December 31,			Six months ended June 30, 2025
	2022	2023	2024	2025
Number at the beginning of the year	88	82	133	194
Number of channel partners newly engaged	59	63	90	47
Number of channel partners we terminated cooperation with	65	12	29	69
Net increase/(decrease) in the number of channel partners	<u>(6)</u>	<u>51</u>	<u>61</u>	<u>(22)</u>
Number of channel partners as at the end of year	<u>82</u>	<u>133</u>	<u>194</u>	<u>172</u>

We maintain a buyer-seller relationship with our channel partners. All of our contracts with channel partners are structured as outright sales, and channel partners are regarded as our end customers. We select our channel partners based on various factors, including their track record, company size, sales experience, reputation and logistic and transport capabilities. We also evaluate our distributors on a regular basis. To our best knowledge, all of our channel partners engaged during the Track Record Period were Independent Third Parties.

We believe the risk of channel stuffing within our channel network is low, considering that (i) we maintained long-term collaboration relationship with channel partners; and (ii) we typically do not allow channel partners to return products to us unless there are product quality issues caused by us. We also believe that the risk of cannibalization within our channel network is low, considering that the product types and geographical coverages vary among our channel partners, who generally place orders on an as-needed basis.

The salient terms of our standard channel sales agreements are set forth as follows:

- ***Duration.*** The duration of our agreement is typically one year.
- ***Minimum purchase requirement.*** We do not have compulsory requirements for minimum purchase amount but we provide suggested minimum shipment volume per order.
- ***Designated channel sales area.*** We generally allocate specific sales areas to channel partners, who are not allowed to conduct sales outside the designated areas.

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- **Payment and credit term.** Channel partners are generally required to settle the full amount through bank transfer: (i) within ten working days after shipment for agreements in China; or (ii) within 30 days after the date of the commercial invoice issued by us for agreements in other regions.
- **Logistics.** Products are typically sold in accordance with Incoterms 2020 and the agreed standard terms.
- **Warranty.** Channel partners are primarily responsible for providing after-sales services and warranties to their downstream buyers and end users. We provide warranties directly to channel partners. We only provide warranties to end users under expressly specified terms in our sales agreement.
- **Confidentiality.** Channel partners are obligated to maintain confidentiality and prohibited from disclosing commercial information or trade secrets to third parties without our prior consent.
- **Product return.** We typically do not allow product return from our channel partners.

During the Track Record Period and up to the Latest Practicable Date, we did not materially breach any channel sales agreement with our channel partners.

Branding

We are dedicated to building our reputation as an “agile and innovative clean energy expert.” We promote our “SUNGROW” brand for all our business segments in order to generate strong market synergies. We formulate diversified marketing strategies for different business sectors tailored to market competition and customer features in the industry. Historically, by leveraging our established brand recognition in the global clean energy industry, we were able to effectively drive up sales of our new products and solutions, rapidly extend our reach to potential customer bases and scale up our new businesses under the brand “SUNGROW.” According to BNEF, our PV inverters ranked first globally in terms of bankability in 2024, and “SUNGROW” became the only renewable energy brand to achieve the top position five times. Our energy storage systems and PCS also ranked first globally in terms of bankability. Moreover, according to the 2025 “Top 500 Most Valuable Chinese Brands” published by World Brand Lab, our brand value reached RMB116.14 billion, securing its place among top 100 most valuable Chinese brands, with both brand value and ranking having risen for six consecutive years.

Pricing Strategy

The pricing of our products and services are based on a comprehensive evaluation of production costs, sales objectives and market demand. Our prices vary across PRC markets and overseas markets as we take into consideration the local pricing trends for each market. In specific, the prices of our PV inverters and energy storage systems are determined by our brand

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positioning, prevailing market competition and after-sales service costs across different regions. We also consider fluctuations in key raw material costs. See “Industry Overview — Raw Material Cost Analysis.” Under direct sales, we determine our prices with reference to public tenders and commercial negotiations. Under channel sales model, we determine our prices with reference to competition in local markets and the profitability for our channel partners.

Customer Services

Leveraging our extensive global marketing and service network, we provide customer-centric services to continuously enhance customer satisfaction. As of June 30, 2025, we had over 520 global service outlets. Our customer services primarily include consultations, localized technical support, installation and testing of equipment, as well as requisite training and operational guidance. Additionally, we offer in-depth after-sales services covering the full lifecycle of our products and solutions, such as evaluation and optimization of power generation efficiency, inspection and upgrades of equipment and cloud platform-based services. We place a high priority in responding promptly to customer requests and guarantee a response time of less than 24 hours for our customers in China and less than 48 hours for overseas customers. Moreover, we have implemented comprehensive procedures for handling customer complaints efficiently and actively seek feedback to understand customer experiences and enhance our services accordingly.

PRODUCTION

We have established production footprint both in China and overseas. As of June 30, 2025, the total construction area of our production base that has completed construction in China was approximately 441.1 thousands sq.m., primarily producing PV inverters and energy storage systems. The total construction area of our overseas production bases that have completed construction was approximately 180.8 thousands sq.m., primarily producing PV inverters. The following table sets forth our design production capacity condition as of June 30, 2025:

Geographical locations	Products	Design Production Capacity ⁽¹⁾
China	PV inverters	119 GW
	Energy storage systems	28 GWh
Overseas	PV inverters	50 GW

Note:

- (1) Registered capacity or planned capacity. Our actual capacity can be flexibly increased through measures such as adding shifts and optimizing scheduling.

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Production Process

We have formed an integrated production process. Through our relentless efforts in production automation and production process refinement, we have effectively enhanced our product quality and production efficiency.

PV inverters. Our production process of PV inverters primarily includes component pre-processing, PCBA processing, wire processing, assembly and testing. The details of the production processes of our PV inverters are set forth as follow:

- *Component pre-processing.* We conduct inspections and pre-processing on all incoming raw materials to ensure the fulfillment of quality standards and prepare for further processing or assembly.
- *PCBA processing.* Electronic components are mounted onto printed circuit board (“PCB”) through surface mount technology and through-hole technology to create functional circuit board assemblies.
- *Wire processing.* Wires are precisely cut and stripped, fitted with the correct terminals or connectors and then systematically routed and bundled into harnesses for subsequent assembly.
- *Assembly.* We integrate the prepared components, including AC membrane capacitors, DC load switches, resistors, capacitors, printed circuit boards and transformers of the PV inverters, into the final product.
- *Testing.* Upon the completion of assembly, we connect wires to the products and conduct several rounds of functional testing and inspection on the PV inverter products.

Energy storage systems. Our production process of energy storage systems includes component pre-processing and installation, preliminary examination, assembly and testing. The details of the production process of our energy storage products are set forth as follow:

- *Component pre-processing and installation.* We conduct inspections and pre-processing on all incoming raw materials to ensure the fulfillment of quality standards. We pre-process the wires first and then assemble the power distribution cabinet, DC-DC converters and battery packs to generate the semi-finished products.
- *Preliminary examination.* We conduct preliminary examinations on the semi-finished products to ensure the safety and functionality.

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- *Assembly.* After preliminary examining of the semi-finished products, we proceed to assemble the semi-finished products into containers to generate the final product.
- *Testing.* We conduct multiple rounds of functional testing and inspection on the final products. Our comprehensive testing includes visual inspections, safety tests, battery detections, temperature control tests and complete machine function tests.

Smart Production

Our production capabilities have been profoundly enhanced by AI and automation, culminating in an intelligent production system that covers everything from precision circuit manufacturing to final system assembly. We leverage advanced manufacturing technologies, such as AI vision and automated production equipment, to improve product quality and production efficiency. In particular, our smart production equipment for our major products is set forth as follows:

- ***PV inverters.*** We employed automated production lines for the production of PCBA and the assembly of string and residential inverters. For example, our high-speed SMT placement machines (高速貼片機) utilize AI vision spotting technologies to precisely control the quality of our PCBA. Our PV inverter assembly lines are equipped with automated screw locking machines (自動鎖螺絲機), automated dispensing machines (自動點膠機) and flexible AGV transportation systems, (柔性AGV輸送系統), enabling automated production, smart monitoring and flexible production capabilities.
- ***Energy storage systems.*** We employed automated production lines for the production of battery packs and the assembly of energy storage systems. For example, our production lines of battery packs employ advanced equipment, including automated cell feeding systems, (電芯自動上料系統), automated module stacking machines (模組自動堆疊機), automated encapsulation gluing machines (箱體自動塗膠) and automated assembly and locking systems (自動裝配鎖附系統). This technological foundation ensures precision processing, full traceability and automated production capabilities. In addition, our skid-type assembly line (儲能系統滑橇式總裝線) for energy storage systems is equipped with heavy-duty skid conveying systems (重載滑橇輸送線), compatible lifting equipment (兼容性吊裝設備) and automated battery packs insertion mechanisms (電池包自動入箱裝置), enabling automated assembly of heavy-duty units, significantly enhancing production efficiency and safety.

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Production Expansion Plan

To meet the product delivery requirements from customers globally, we plan to further expand our production capacity by establishing several new production bases abroad. Our overseas production bases will enhance our service efficiency, reduce logistics fees, improve delivery flexibility and certainty, and strengthen localized supply capabilities, thereby ensuring a stable supply chain for our customers. We intend to fund this capacity expansion plan through a combination of the net [REDACTED] from the [REDACTED] and our funds generated from ongoing operations. See “Future Plans and Use of [REDACTED].”

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Procurement

We have formulated a comprehensive supplier management system that covers supplier selection, certification and evaluation. Our Purchasing Center is responsible for the procurement of raw materials. We meticulously select qualified suppliers based on their technological advantages, qualification and market reputation. Approved suppliers will be included in the list of qualified suppliers. Qualified suppliers that fulfilled our selection requirements are required to undergo a certification process, including sample testing and contract signing. We sign a procurement framework agreement and place orders with these suppliers, and the orders specify the categories of products to be purchased, warranty for product quality, settlement methods and delivery plans. We also carry out stringent inspections on incoming supplies and conduct regular performance evaluations of suppliers, taking into account their product quality, delivery timeliness and pricing. We have established a qualified supplier management system with regular assessments of supplier product quality and delivery time. Our Purchasing Center closely coordinates with our production bases, quality management center and quality inspection center to implement our supplier selection, certification and evaluation procedures. Over the years, we have formed stable and positive relationships with our key suppliers. We continue to build a resilient and cost-effective global supply chain that is responsive to evolving global customer needs. During the Track Record Period, we primarily procured (i) transformers, IGBTs, inductive magnetic components, resistors and other electronic components and structural parts for production of our PV inverters; (ii) battery cells, structural components and electrical parts for production of our energy storage systems; and (iii) equipment (such as PV modules), materials and construction service for new energy investment and development. To secure stable and sufficient supplies of raw materials, we have established long-term and in-depth collaborations with reputable suppliers to ensure timely supply of key materials. In addition, we stock up on certain core raw materials and closely monitor the relevant market conditions and price fluctuations to optimize our procurement plan and reduce procurement costs.

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Inventory Management

We determine our production targets based on the sales plans. As such, we emphasize a flexible and demand-driven inventory management approach. Production is planned based on rolling sales forecasts and actual order contracts, allowing for adjustments according to delivery requirements. By integrating sales forecasts, current inventory levels and production equipment status, we ensure that inventory is managed effectively to support our production schedule and meet customer demand without overstocking. As of December 31, 2022, 2023, 2024 and June 30, 2025, we had inventories of RMB19,060.1 million, RMB21,441.5 million, RMB29,027.6 million and RMB29,706.3 million, respectively. See “Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Inventories.”

Warehousing and Logistics

Warehousing

We have warehouses both in China and overseas. We primarily adopted an intelligent warehousing system to ensure efficient material flow from procurement through production to delivery. Our dedicated warehouse units are responsible for managing the receipt, storage and dispatch of materials, semi-finished goods and finished products across different business lines. Our intelligent warehousing system consisted of warehouse management system (WMS) and smart storage. In addition, our intelligent warehousing system seamlessly integrated with other digital system, including Enterprise Resource Planning (ERP) and Manufacturing Operations Management (MOM) system, to manage material receipt, dispatch, inventory and production distribution tasks. We are also implementing digital systems in our overseas warehouses. See “— Information Technology.” Upon the receipt of raw materials, we perform verification, complete storage and synchronize quality inspection results. The qualified items are shelved, while defective ones are isolated. Our inventories are categorized by type and usage frequency. Our inventories are stored in a controlled environment, subject to regular counting and inspection to ensure product integrity. When the stored items are required for production, our system automatically generates picking instructions and the optimized routes for item pick-up.

Logistics

We engaged third-party providers for logistics services to ensure efficient and high-quality delivery of our products to a wide range of markets and customers. We meticulously select service providers with prompt delivery capabilities, sufficient delivery capacity and reasonable prices. To integrate with our in-house warehousing and logistics system seamlessly, we assign dedicated work groups and leverage our information technology systems to enable transparent management and timely issue spotting to ensure efficient logistics operations.

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QUALITY CONTROL

We attach great importance to the quality control of our products and have instituted multiple quality control systems, including ISO9001:2015, ISO14001 and ISO45001, to comprehensively control our production quality. We have formulated a full-lifecycle quality control system covering R&D, raw materials, production processes and customer services. Our quality control system allows for consistent control of materials, quality and testing standards to ensure that all products are produced to the same standard and quality at all our production bases.

- ***R&D Control.*** We have introduced the IPD model and adopted the advanced product quality plan to prevent the design and quality issue during the R&D phase. We designate dedicated personnel to supervise and inspect over the completeness of the R&D process, validity of review and quality of deliverables at each R&D stage for an R&D program.
- ***Raw Material Control.*** We meticulously select qualified suppliers based on quality requirements and technical standards of the raw materials. We selectively purchase raw materials from qualified suppliers and carry out stringent incoming inspections on supplies to ensure the quality of raw materials for production.
- ***Production Process Control.*** We strictly follow the process standards to reduce and avoid the occurrence of unqualified products, and take timely measures to deal with the relevant problems in production. We supervise and inspect the various production processes, correct the non-conforming factors in a timely manner and prevent unqualified products in volume.
- ***Customer Services.*** We have established a global marketing and service network to provide localized technical support and services covering the full lifecycle of our products and services. In addition, we have implemented customer complaint handling procedures to handle customer complaints in a timely manner and actively seek feedback from customers and improve our services correspondingly.

Benefiting from our stringent quality control system, our products have passed a number of authoritative international certifications, including UL, TÜV, CE, Enel-GUIDA, AS4777, CEC, CSA and VDE.

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TRANSFER PRICING ARRANGEMENT

Overview

In 2022, 2023 and 2024, our intra-group transactions primarily included: (i) sales of products, mainly including PV inverters and energy storage systems; (ii) provision of services, mainly including sales and marketing, R&D, supply chain management and processing services; (iii) leasing of properties, mainly including production facilities and office premises; (iv) licensing of intangible assets, mainly including trademark and IP; and (v) financing activities.

In determining the pricing of our intra-group transactions, we take into account the function and risk profiles of the respective group entities in order to ensure the arm’s length nature of these transactions and compliance with transfer pricing laws and regulations of the jurisdictions in which such transactions are consummated. Each entity involved in such intra-group transactions is generally compensated in a manner which is in line with its respective economic values and contribution. Specifically, the prices paid to the intra-group sellers of goods are fixed at the market price of the products, the prices paid to the intra-group providers of services are fixed at the costs of producing and providing the goods or services, plus a markup of margin in line with comparable transactions of companies in similar industries, and geographic markets and the intra-group financing arrangements are fixed at the market interest rates.

Ongoing Compliance

As a part of our Group’s wide practice to comply with applicable transfer pricing laws and regulations, we have been monitoring and managing our intra-group transactions to ensure that these transactions are conducted on an arm’s length basis. On an annual basis, we have engaged independent tax advisors who are reputable and qualified in their local jurisdictions to offer relevant advice, perform transfer pricing analysis and review and evaluate our Group’s transfer pricing arrangements. The tax consultants prepare annual reports in accordance with the transfer pricing guidelines of the Organization for Economic Cooperation and Development (“OECD”). The transfer pricing guidelines of the OECD provide guidance on the application of the “arm’s length principle” for the valuation of cross-border transactions between associated enterprises for tax purposes.

To determine whether our intra-group arrangements were conducted on an arm’s length basis pursuant to the transfer pricing guidelines of the OECD, we utilized a variety of methods, primarily including: (i) comparable uncontrolled price method, under which the assessment is conducted by comparing the arrangements for the sales of products in the transfer pricing arrangements to the arrangements of transactions between independent parties under similar and comparable circumstances; (ii) transactional net margin method, under which the assessment is conducted by referencing to markups charged by unrelated companies in a comparable circumstance; and (iii) benchmarking against peer companies in similar markets.

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In 2022, 2023 and 2024, we had not received any reports or findings from the tax consultants that indicate unfair intra-group transactions or transactions not conducted on an arm’s length basis. The tax consultants did not recommend any adjustments or provisions in relation to our intra-group transactions in 2022, 2023 and 2024.

Based on the foregoing and upon consideration of the analysis conducted by the tax consultants, we are of the view that we have observed the transfer pricing laws and regulations of the relevant jurisdictions and our intra-group transactions complied with the arm’s length principle under the transfer pricing guidelines of the OECD in 2022, 2023 and 2024.

See “Risk Factors — Risks Relating to Our Business and Industry — Our transfer pricing arrangements may be subject to scrutiny by the relevant tax authorities in the countries and regions where we operate.”

OUR CUSTOMERS

We offer our products and services globally. The downstream customers of PV inverters and other power conversion devices and energy storage system businesses are primarily EPC contractors, project owners and project investors. The customers of our new energy investment and development business are primarily project owners and project investors. In 2022, 2023, 2024 and the six months ended June 30, 2025, our revenue from our five largest customers amounted to RMB11,382.3 million, RMB24,840.1 million, RMB15,405.9 million and RMB10,232.0 million, which accounted for 28.4%, 34.4%, 19.8% and 23.6%, respectively, of our total sales in the respective period.

The following tables set forth the details of our five largest customers by revenue in each year or period during the Track Record Period:

For year ended December 31, 2022

No.	Customers	Major business background	Location of headquarters	Listing status	Major products and services sold	Credit terms	Revenue <i>(RMB in thousands)</i>	% of our total revenue
1.	Customer A	Power development, investment, construction, operation and related business	PRC	Not listed	New energy investment and development	Payment by schedule according to the contract	5,460,491	13.6
2.	Customer B	Power generation and sales	PRC	Not listed	New energy investment and development	Payment by schedule according to the contract	1,827,685	4.6

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No.	Customers	Major business background	Location of headquarters	Listing status	Major products and services sold	Credit terms	Revenue (RMB in thousands)	% of our total revenue
3.	Customer C	Power investment, construction and operation business	PRC	Not listed	New energy investment and development	Payment by schedule according to the contract	1,457,319	3.6
4.	Customer D	Large-scale energy storage power station development and operation business	Overseas	Not listed	Energy storage systems	30 days	1,338,807	3.3
5.	Customer E	Clean energy assets planning, deployment and operation business	Overseas	Listed	Energy storage systems	30 to 60 days	1,298,032	3.2
Total							11,382,334	28.4

For year ended December 31, 2023

No.	Customers	Major business background	Location of headquarters	Listing status	Major products and services sold	Credit terms	Revenue (RMB in thousands)	% of our total revenue
1.	Customer A	Power development, investment, construction, operation and related business	PRC	Not listed	New energy investment and development	Payment by schedule according to the contract	9,404,503	13.0
2.	Customer B	Power generation and sales	PRC	Not listed	New energy investment and development	Payment by schedule according to the contract	7,641,727	10.6
3.	Customer F	Energy storage power station-related procurement and management business	Overseas	Not listed	Energy storage systems	30 days	3,449,133	4.8
4.	Customer G	PV system technology solutions	Overseas	Listed	PV inverters	90 days	2,301,722	3.2
5.	Customer H	Development, construction and operation of clean power industry, such as wind power and PV power industries	PRC	Not listed	New energy investment and development	Payment by schedule according to the contract	2,042,972	2.8
Total							24,840,057	34.4

BUSINESS

For year ended December 31, 2024

No.	Customers	Major business background	Location of headquarters	Listing status	Major products and services sold	Credit terms	Revenue	% of our total revenue
							(RMB in thousands)	
1.	Customer B	Power generation and sales	PRC	Not listed	New energy investment and development	Payment by schedule according to the contract	4,083,405	5.3
2.	Customer H	Development, construction and operation of clean power industry, such as wind power and PV power industries	PRC	Not listed	New energy investment and development	Payment by schedule according to the contract	3,711,168	4.8
3.	Customer A	Power development, investment, construction, operation and related business	PRC	Not listed	New energy investment and development	Payment by schedule according to the contract	3,698,951	4.8
4.	Customer I	Power construction-related business	PRC	Not listed	PV inverters and energy storage systems	30 to 90 days	2,146,946	2.8
5.	Customer C	Power investment, construction and operation business	PRC	Not listed	New energy investment and development	Payment by schedule according to the contract	1,765,448	2.3
Total							15,405,918	19.8

For the six months ended June 30, 2025

No.	Customers	Major business background	Location of headquarters	Listing status	Major products and services sold	Credit terms	Revenue	% of our total revenue
							(RMB in thousands)	
1.	Customer J	New energy power stations engineering, procurement and construction business	Overseas	Not listed	Energy storage systems	60 to 90 days	4,004,035	9.2

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No.	Customers	Major business background	Location of headquarters	Listing status	Major products and services sold	Credit terms	Revenue (RMB in thousands)	% of our total revenue
2.	Customer K	Urban renewal, engineering construction, mineral resource development and utilization, and new energy investment and development business	PRC	Not listed	New energy investment and development	Payment by schedule according to the contract	2,535,589	5.8
3.	Customer L	Engineering design, equipment supply and project management services for energy, oil and gas, and infrastructure projects	Overseas	Not listed	Energy storage systems	90 days	1,543,879	3.6
4.	Customer M	Global power industry integrated solutions	PRC	Not listed	PV inverters and energy storage systems	30 to 60 days	1,161,329	2.7
5.	Customer N	Energy storage power station development and operation business	Overseas	Not listed	Energy storage systems	30 days	987,145	2.3
Total							10,231,977	23.6

To the best of our knowledge, each of our five largest customers in each year or period during the Track Record Period was an Independent Third Party. To the best of our knowledge, none of our Directors, their close associates or any Shareholders of our Company, who or which to the knowledge of the Directors owned more than 5% of our Company’s issued share capital, had any interest in any of our five largest customers in each year or period during the Track Record Period.

OUR SUPPLIERS

We source our raw materials from suppliers globally. During the Track Record Period, we primarily procured (i) transformers, IGBTs, inductive magnetic components, resistors and other electronic components and structural parts for production of our PV inverters; (ii) battery cells, structural components and electrical parts for production of our energy storage systems; and (iii) equipment (such as PV modules), materials and construction service for new energy investment and development. In 2022, 2023, 2024 and the six months ended June 30, 2025, our purchase from our five largest suppliers amounted to RMB9,986.6 million, RMB8,462.3 million, RMB11,891.6 million and RMB6,642.8 million, which accounted for 27.4%, 16.8%, 22.0% and 28.3%, respectively, of our total purchases in the respective period.

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The salient terms of our typical procurement framework agreements with suppliers are set forth as follows:

- **Product specification.** We specify the type, specifications, model, quantity and detailed items in each purchase order of required materials.
- **Price.** We typically determine the prices in our procurement agreements. We only allow price adjustment when material changes in market situations occur.
- **Payment and credit terms.** We can settle our payments with suppliers through bank accepted bills or bank transfers. The credit period granted by suppliers to us is typically within 180 days.
- **Inception and returns.** We carry out product inception upon product delivery. We have the rights to return the defective materials that fail to meet the agreed quantity and quality standards. Our suppliers shall provide remedies, including product exchange and return.
- **Logistics.** Our suppliers are typically responsible for the delivery of products to our designated location.
- **Termination.** Our procurement agreement typically terminates automatically upon the expiration of the agreed term. We can terminate the agreements early under certain conditions.

The following tables set forth the details of our five largest suppliers by purchase amount in each year or period during the Track Record Period:

For year ended December 31, 2022

No.	Suppliers	Major business background	Location of headquarters	Listing status	Major products and services provided	Credit terms	Purchase amount (RMB in thousands)	% of our total purchase amount
1.	Supplier A	Research, development, production and sales of EV batteries and ESS batteries	PRC	Listed	Battery Cells	30 to 90 days	4,960,844	13.6
2.	Supplier B	Research, development, production and sales of lithium-ion power batteries and energy storage batteries	PRC	Listed	Battery Cells	30 to 90 days	1,746,457	4.8

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No.	Suppliers	Major business background	Location of headquarters	Listing status	Major products and services provided	Credit terms	Purchase amount <i>(RMB in thousands)</i>	% of our total purchase amount
3.	Supplier C	Production and sales of PV modules	PRC	Not listed	PV modules	120 to 180 days	1,130,956	3.1
4.	Supplier D	Production and sales of PV modules	PRC	Listed	PV modules	30 days	1,094,065	3.0
5.	Supplier E	Research, development, production and sales of lithium-ion power batteries and energy storage batteries	PRC	Listed	Battery Cells	60 days	1,054,276	2.9
Total							9,986,598	27.4

For year ended December 31, 2023

No.	Suppliers	Major business background	Location of headquarters	Listing status	Major products and services provided	Credit terms	Purchase amount <i>(RMB in thousands)</i>	% of our total purchase amount
1.	Supplier A	Research, development, production and sales of EV batteries and ESS batteries	PRC	Listed	Battery Cells	30 to 90 days	2,545,698	5.1
2.	Supplier F	Research, development, production and sales of power supplies and power supply components for industrial and consumer applications	PRC	Listed	Transformers	30 to 60 days	1,610,218	3.2
3.	Supplier G	Research, development, production and sales of PV modules	PRC	Not listed	PV modules	30 to 60 days	1,595,780	3.2
4.	Supplier H	Electric component trading	PRC	Not listed	Electric components	30 to 90 days	1,378,478	2.7
5.	Supplier C	Production and sales of PV modules	PRC	Not listed	PV modules	120 to 180 days	1,332,138	2.6
Total							8,462,312	16.8

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For year ended December 31, 2024

No.	Suppliers	Major business background	Location of headquarters	Listing status	Major products and services provided	Credit terms	Purchase amount <i>(RMB in thousands)</i>	% of our total purchase amount
1.	Supplier A	Research, development, production and sales of EV batteries and ESS batteries	PRC	Listed	Battery Cells	0 to 90 days	4,231,105	7.8
2.	Supplier I	Research, development, production, and sales of lithium-ion power batteries, energy storage batteries, and battery management systems	PRC	Listed	Battery Cells	30 to 60 days	3,493,925	6.5
3.	Supplier F	Research, development, production and sales of power supplies and power supply components for industrial and consumer applications	PRC	Listed	Transformers	120 to 180 days	1,597,958	3.0
4.	Supplier J	Research, development, production and sales of PV silicon materials, PV cells and PV modules	PRC	Listed	PV modules	60 days	1,294,460	2.4
5.	Supplier K	Research, development, production and sales of PV modules, PV power stations and system products, as well as O&M services for PV power stations	PRC	Listed	PV modules	60 days	1,274,175	2.3
Total							11,891,623	22.0

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For the six months ended June 30, 2025

No.	Suppliers	Major business background	Location of headquarters	Listing status	Major products and services provided	Credit terms	Purchase amount <i>(RMB in thousands)</i>	% of our total purchase amount
1.	Supplier I	Research, development, production, and sales of lithium-ion power batteries, energy storage batteries, and battery management systems	PRC	Listed	Battery Cells	30 to 60 days	3,469,542	14.8
2.	Supplier A	Research, development, production and sales of EV batteries and ESS batteries	PRC	Listed	Battery Cells	30 to 90 days	1,189,983	5.1
3.	Supplier L	Research, development, production and sales of power transmission and distribution and power control equipment, wind turbines and related core components	PRC	Not listed	Transformers	90 to 180 days	700,865	3.0
4.	Supplier F	Research, development, production and sales of power supplies and power supply components for industrial and consumer applications	PRC	Listed	Transformers	120 to 180 days	671,128	2.9
5.	Supplier M	Research, development, design, production and sales of lithium-ion batteries	PRC	Listed	Battery Cells	30 to 90 days	611,298	2.5
Total							6,642,816	28.3

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To the best of our knowledge, each of our five largest suppliers in each year during the Track Record Period was an Independent Third Party. To the best of our knowledge, none of our Directors, their close associates or any Shareholders of our Company, who or which to the knowledge of the Directors owned more than 5% of our Company’s issued share capital, had any interest in any of our five largest suppliers in each year or period during the Track Record Period.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, Customer A, Customer B, Customer G, Customer I and Customer M were also our suppliers. Our purchases from each of these companies accounted for less than 0.3% of our total purchase amount in each year or period during the Track Record Period.

During the Track Record Period, Supplier A, Supplier F, Supplier J, Supplier K and Supplier L were also our customers. Our sales to each of these companies accounted for less than 0.6% of our total revenue in each year or period during the Track Record Period.

Our sales and purchases with these overlapping customers and suppliers were not inter-conditional with each other. All of our sales to and purchases from these companies were conducted in the ordinary course of business under normal commercial terms and on an arm’s length basis. The general terms with these companies were comparable to those with other suppliers and customers. Save as disclosed above, to the best of our knowledge, none of our five largest customers/suppliers in each year or period during the Track Record Period was a supplier/customer of us.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

ESG is not only essential for our own development, but also represents our commitment and responsibility to stakeholders, including customers, partners, employees and society at large. Guided by our sustainable development philosophy of “Green Mission, Better Life,” we consistently honor our commitments through concrete actions, systematically integrating sustainable development principles into our corporate strategy and daily operations, with a sustained focus on key areas such as governance, net-zero transition and industry chain collaboration.

Through continuous optimization of our ESG management, we have achieved strong performance across multiple mainstream ESG ratings, including the MSCI ESG AAA rating for 2025.

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Corporate Governance

We have established and have been continuously improving our ESG governance system, integrating ESG management into our strategic decisions and daily operations to promote the long-term sustainable development.

- *Governance level:* Our Board members have formed a Strategy and Sustainability Committee. Our Strategy and Sustainability Committee is responsible for making decisions and approvals on our ESG strategies, ensuring that their alignment with our long-term development strategies. In addition, the committee is responsible for reviewing and approving our ESG strategies, goals and key performance indicators, as well as monitoring their implementations.
- *Management level:* We have established a Sustainability Management Office to support the implementation of ESG initiatives under the guidance of the Strategy and Sustainability Committee. The office evaluates ESG strategies and policies, coordinates cross-departmental efforts, monitors performance, and reports regularly to the committee. In addition, we have recently set up our new ESG Development Center in 2024, responsible for coordinating the formation of our ESG strategic goals, mid-term or long-term planning, management policies and performance targets. It is also responsible for establishing ESG risk and opportunity assessment system, identifying material ESG issues and risks, as well as facilitating the implementation of our ESG strategies and the related goals.
- *Implementation level:* We have formed a Sustainability Implementation Working Group comprising representatives from different business units or centers. The working group is responsible for the implementation of our strategic plans according to the corresponding businesses of each department, thereby improving relevant ESG policies for each department and facilitate the achievement of ESG goals. In addition, the working group identifies, assesses and controls risks according to the corresponding businesses of each department, and collects ESG-related data and reports on the fulfillment of ESG performance regularly.

BUSINESS

Potential Climate Risks on Our Business Operations and Financial Results

We have integrated climate change into our overall strategy and established a process to identify, assess and monitor climate related risks and opportunities. The primary climate change risks identified are set forth as follow:

Type of Risk	Potential Impact	Response Measures
Physical risk	Floods and Heavy Rainfall: Floods may lead to the submergence of our production bases, resulting in damages to our production facilities. We need to carry out maintenance or replacement of equipment. Heatwave: Heatwaves may trigger government power consumption limits for high-energy enterprises, leading to supplier shipment delays, logistics disruptions, and potential factory shutdowns. High temperatures increase cooling demands and pose safety risks for employees, reducing production and installation efficiency and extending production cycles. Extreme Weather: Extreme cold, heavy snowfall, hurricanes or tornadoes may cause shipment delays, project suspensions, and damage to facilities, forcing temporary suspension of certain operations and extending production cycles.	Supply Chain Management: We implement a combined model of stock-based and order-based production to flexibly respond to changes in regional climate policies. We also conduct in-depth analysis of power restriction policies in supplier locations and optimize our resource allocation model. Product R&D: We continuously optimize product design to enhance cold resistance, water resistance and high-temperature performance, ensuring reliable operation under varying climatic conditions. Production: We implement climate-specific production plans, strengthen factory protection measures, establish an emergency management system and invest in labor protection materials to safeguard employees and maintain operational stability. Product Delivery: We optimize transportation plans based on weather alerts, prepare materials in advance and enhance customer communication to ensure logistics safety and timely delivery during extreme weather conditions. Product Operation and Maintenance: We evaluate and purchase property insurance for relevant products as needed to mitigate potential economic losses caused by extreme weather events.

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Type of Risk	Potential Impact	Response Measures
Policy and regulatory risk	Carbon Market: The rise in carbon prices may upstream suppliers in the supply chain to incur higher carbon costs, which could be passed on to us. In addition, high carbon costs may diminish the competitiveness of our products in the global market. Carbon Tariffs: The oversea markets introduce carbon tariff policies. If carbon tariffs apply to our products, we may face compliance pressure and higher costs. Carbon Emissions: We need to adjust our business operation according to the changes in carbon emission policies. If we do not fulfill the carbon emission requirements, our business operation and image may be affected.	Internal Carbon Inventory Assessment: We conduct internal carbon inventory assessment in accordance with the ISO 14064 and GHG Protocol standards. This helps us to gain a comprehensive understanding of our carbon emissions, providing essential data to formulate carbon reduction strategies and implement low-carbon initiatives. Reducing Operational Carbon Footprint: We have established a high-efficient energy management system to reduce consumption and optimize energy usage efficiency across production and operations. Driving Value Chain Carbon Reduction: We continuously enhance carbon management within our supply chain by conducting organizational carbon accounting, product carbon footprint assessment and green supply chain training. In addition, we hosted the Partner Conference - ESG Innovation and Development Forum for three consecutive years, supporting suppliers in establishing a sustainability-oriented management mindset.

Environmental Protections

We actively identify and comply with industry standards as well as environmental protection laws and regulations in the jurisdictions where we operate. See “Regulatory Overview — Laws and Regulations Relating to Environmental Protection.”

We have established and issued several policy documents, including our Environmental Management Policy, Pollutant Environmental Protection Regulations, Resource Conservation Management Guidelines and Management Regulations for Non-Value and Obsolete Materials, integrating environmental management into all aspects of our operations. Through robust management strategies, we continuously fulfill our environmental responsibilities. Our Environmental Management Policy clearly sets out our commitment to environmental protection, including reducing pollution, conserving resources, improving energy efficiency and enhancing environmental management across the entire supply chain. During the Track Record Period, we achieved 100% coverage of ISO 14001 Environmental Management System certification across our global production bases. As of the Latest Practicable Date, we did not incur any administrative penalties or lawsuits for violations of environmental laws and regulations and there were zero major environmental pollution incidents. We did not receive any administrative penalties from environmental regulatory authorities, and we maintain a 100% compliance rate for pollutant emissions.

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Metrics and Targets

We consume water, electricity and raw materials during the production process. We closely monitor the metrics indicative of the environmental effects of our business operations and rigorously adhere to the standards and targets established by our management and relevant authorities.

The following table presents our GHG emissions and use of resources in 2022, 2023 and 2024:

		Year ended December 31,		
	Unit	2022	2023	2024
<i>GHG Emissions</i>				
Scope 1 Emissions ⁽¹⁾	tCO ₂ e	3,459	3,806	6,426
Scope 2 Emissions ⁽²⁾	tCO ₂ e	39,798	42,996	117,487
				(location-based)/
				40,061
				(market-based)
Scope 3 Emissions ⁽³⁾	tCO ₂ e	/	8,953,862	9,062,835
<i>Exhaust Gas Management</i>				
Particulate matter emissions				
per unit product ⁽⁴⁾	kg/GW	24.64	12.89	12.28
VOC emissions per unit product ⁽⁵⁾	kg/GW	44.99	42.79	42.08
<i>Water consumption per unit</i>				
product	kg/kW	0.55	0.47	0.48

Notes:

- (1) Scope 1 GHG emissions refer to direct emissions from equipment and operations that are owned or controlled by our Company.
- (2) Scope 2 GHG emissions refer to indirect emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within our Company.
- (3) Scope 3 GHG emissions refer to all indirect emissions (not included in scope 2) that occur in our value chain, including both upstream and downstream emissions.
- (4) Particulate matter emission intensity is calculated by dividing the total particulate matter emissions by the electricity generated for the same period.
- (5) VOC emission intensity is calculated by dividing the total volatile organic compound emissions by the electricity generated for the same period.

GHG Emissions

We have revised our climate targets in line with ISO 14068-1:2023 and conduct carbon assessments in accordance with ISO 14064-1:2018 and the Greenhouse Gas Protocol. Our GHG emissions primarily arise from direct emissions in production operations, indirect emissions from purchased electricity and value-chain activities. We have established a clear pathway towards net zero: achieving operational carbon neutrality by 2028, supply-chain carbon neutrality by 2038 and supply-chain net-zero emissions by 2048.

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To achieve these targets, we are implementing comprehensive measures across all scopes. For Scope 1, we are phasing out fuel-powered vehicles and forklifts in favor of electric alternatives, converting canteens from gas to electricity and eliminating SF₆-containing ring main units. For Scope 2, we are increasing the proportion of renewable electricity and upgrading facilities to reduce energy consumption per unit of product. For Scope 3, we require suppliers to provide carbon inventories and material carbon-footprint data, conduct ESG audits and promote green packaging. Downstream, we optimize logistics routes, increase the share of electric and hybrid vehicles and promote low-carbon products. For unavoidable emissions, we purchase carbon credits to offset residual emissions and ensure progress towards our carbon-neutrality commitments.

Exhaust Gas Management

We have established control measures with defined responsibilities under our Pollutant Environmental Protection Management Regulations and implemented systems and procedures to strengthen exhaust-gas management, supported by a monitoring plan involving regular testing. We targeted a 75% reduction in particulate-matter emissions intensity by 2025 versus 2020 and a 30% reduction in VOC emissions intensity by 2025 versus 2020, both of which have been achieved ahead of schedule.

Through our production bases, we reduce exhaust gas emissions through source substitution and optimization of treatment facilities. We are expanding the use of UV-cured coating materials, with VOC content of 22 g/L, to replace polyurethane solvent-based three-proof coatings, with VOC content of 529 g/L, achieving a substitution rate of 64%. We have also optimized and upgraded exhaust-gas pipelines to improve overall collection efficiency, enhanced dust-removal processes and filtration efficiency, and lowered particulate-matter emission concentrations.

Water Management

Our operations mainly use domestic water for offices, cafeterias, landscaping and dormitories, sourced from municipal supplies. Some water is also used for spray tests during material and product inspections. We comply with the relevant laws and regulations, and have introduced internal water management rules. We set a goal to reduce water consumption per unit of product by 40% from 2020 levels by 2025, which we achieved ahead of schedule. We monitor and disclose water usage regularly and implement measures to conserve resources. These include prioritizing low-water-consumption equipment, integrating rainwater collection in new projects and upgrading facilities with sensor faucets, centralized cooling towers, water-saving chillers and efficient sprinklers.

Social Responsibility

We believe that our continued growth rests on integrating social values into our business and serving the community at large.

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Occupational Safety and Employee Welfare

We emphasize the importance of occupational health and safety and comply with applicable safety laws and regulations in the jurisdictions where we operate. Safety representatives are appointed within departments to assist in audits, hazard inspections and the implementation of safety measures. We have adopted a tiered safety management grid to ensure full coverage of responsibilities at all operational levels. We have established a human rights management system and obtained SA8000®:2014 certification. Our policies prohibit discrimination and forced labor, ensuring a fair and inclusive workplace. In 2024, we launched social responsibility training via the Sungrow e-Learning Platform, covering topics such as freedom of employment, working hours and child labor, with over 2,680 training hours. We also issued a Global Human Rights Policy and an Equity, Inclusion & Diversity Policy for mandatory learning. We strictly comply with labor laws and regulations in the PRC and overseas jurisdictions, ensuring salary compliance through benchmarking and monitoring.

We comply with domestic and international EHS-related laws and regulations. We monitor policy developments through official channels and third-party databases and conduct compliance risk assessments to ensure adherence to legal requirements. Internally, we have issued 32 management procedures, including the Occupational Health and Safety Operation Control Procedure and the EHS Incident Reporting and Handling Procedure and publicly released our Health and Safety Management Policy. During the Track Record Period, we did not have any general or major work safety incidents occurred and 80% of our global production sites have obtained ISO 45001 certification.

During the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable laws and regulations on health and work safety in all material respects, and we did not encounter any safety-related accidents that may materially affect our operations.

Sustainable Supply Chain

Our supply chain sustainability is primarily managed by the Purchasing Center, which is responsible for planning, implementation, supervision, risk assessment and performance evaluation across the supplier lifecycle. To align with our sustainability strategy, a dedicated Supplier Management Team has been established to oversee supplier management and sustainability matters, maintain communication with the ESG Development Center and Legal and Compliance Department and report progress to the Strategy and Sustainability Committee.

We have established and implemented comprehensive regulations and agreements, including the Procedure of Supplier Management, Supplier Sustainability Management Regulations and the Supplier Code of Conduct, which is based on international standards such as International Labor Organization (ILO) Labor Standards, the United Nations (UN) Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance. Sustainability requirements are embedded in supplier admission, selection, audits and daily management, covering human rights, health and safety, environmental protection, business

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ethics and management systems. We regularly review procurement practices to ensure compliance, support suppliers in meeting sustainability requirements and avoid conflicts between procurement practices and sustainability goals, thereby promoting a responsible and resilient supply chain.

Charity

In terms of social initiatives, we are committed to giving back to society and have established the Sungrow Public Welfare Foundation. Leveraging our professional expertise, we strive to provide broad support in areas such as ecological improvement, community development, science education and disaster relief. As of June 30, 2025, the cumulative charitable donations of our Sungrow Public Welfare Foundation had reached approximately RMB200 million.

For example, in October 2024, together with the Nature Conservancy and the Deyang Management Branch of Giant Panda National Park, we launched Phase III of the “Sun Forest Program,” piloting restoration in the Jiudingshan — Tudiling Corridor: we formulated a nature-based restoration plan, carried out habitat restoration and monitoring on 100 mu of key habitat and built six artificial nests, with a five-year plan to plant 500 mu of suitable trees and edible bamboo to rebuild the life corridor. On community development, the “Sungrow Positive Energy Public Welfare Action” supports rural revitalization — education, elderly care and medical aid — with projects such as Smart Classrooms, Sungrow Elderly Care and Blue Wealthy Village Project in areas such as Qinghai, Guangxi and Gansu. In January 2025, we initiated the “Sungrow Action” community public welfare project through our charity fund, providing assistance to 50 families in communities including Xingyuan Center, Tianle Center and Shulu Center in Hefei City.

INFORMATION TECHNOLOGY

Information technology systems are essential to competitiveness and efficient operations. We have instituted a systematic information technology system covering all material aspects of our operations, including production, quality control, assets and energy management, data and artificial intelligence management. Taking a long-term approach, we are continuously advancing digital and intelligent transformation and making substantial investments to enhance data and AI-driven productivity. Our goal is to build an agile organization with fully digitalized, integrated and highly efficient processes, empowering Sungrow to achieve sustainable, resilient and high-quality growth through digital and intelligent operations. Our information technology team is responsible for developing, upgrading and maintaining IT systems and customizing them to meet our business needs. Our key information technology systems are set forth below:

- ***Production and Quality Control.*** Our Product Lifecycle Management (“PLM”) system spans the entire process from conceptual design to production, enabling centralized management of R&D data and traceable version control. It supports real-time collaboration across departments and regions, breaking down information barriers, optimizing process efficiency and accumulating reusable knowledge assets

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to enhance organizational capability and foster continuous improvement. Our Manufacturing Operations Management (“MOM”) system covers the core operations of our PV inverter and energy storage system production facilities. It enables online management of planning, production, processes, testing, warehousing, quality and equipment, integrating the entire manufacturing workflow. This enhances production transparency and management efficiency, providing robust digital support for informed decision making. Our integrated Quality Management System (“iQMS”) provides a unified quality management platform covering the entire product lifecycle. By standardizing procedures and embedding quality management into every stage, the iQMS improves efficiency and shifts quality assurance upstream. Our focus on value creation in quality ensures that our products remain competitive in the market, consistently meeting or even surpassing customer expectations.

- ***Assets and Energy Management.*** Our Energy Management System (“EMS”) enables unified control and energy-saving measures through edge and cloud-based algorithms, capably supporting our carbon reduction targets. Our Industrial Internet of Things (“IIoT”) system standardizes equipment modeling and analytics, facilitating device interconnectivity, process control and health management by breaking down data barriers, extending equipment life and optimizing resource use for digital factory development. Our Enterprise Resource Planning (“ERP”) system integrates core business functions across global regions, streamlining processes and providing a unified platform for business and financial management to support both core and innovative operations. Our Enterprise Asset Management (“EAM”) system oversees the full asset lifecycle, from planning to operation, enhancing asset value and operational efficiency through comprehensive tracking, resource optimization and specialized equipment management.
- ***Data and Artificial Intelligence Management.*** Our data platform consolidates resources from R&D, production, supply chain, marketing and finance, transforming them into highly available data. This platform enables agile, business-driven data consumption and supports a wide range of applications, including data products, reporting, business analysis and services, enhancing data sharing and reuse across the organization. Our AI platform integrates algorithm and intelligent agent capabilities, offering model management, data labeling and streamlined model development and deployment. With strong governance and security, it enables efficient, compliant and cost-effective AI application and innovation across business functions.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any information technology system failure or downtime that had a material adverse effect on our business operations.

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DATA PRIVACY AND PROTECTION

In providing our products, we may come into contact with certain demographic and transactional information of our end consumers. We are committed to complying with data protection and privacy laws and protecting data security.

We have devised a number of strict data protection policies and measures to ensure that our personal information protection and the sourcing, processing, storage and usage of data are in compliance with applicable laws and with prevalent industry practice. These policies and measures include:

- **Data sourcing.** We conduct compliance assessments when collecting data and keep records of the collection process.
- **Data processing.** We strictly process data in a manner that protects the legitimate rights of data subjects. We process data for specific and reasonable purposes and limit our data processing activities to the minimum scope for achieving the purpose.
- **Data storage.** We store data in encrypted form and strictly manage account privileges. We have established data backup and recovery management practices to ensure timely recovery of critical information.
- **Data usage.** Our data classification and classification management system establish authorization and approval procedures and security assessment mechanisms for different types and levels of data usage.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material violation of any mandatory requirements under applicable laws and regulations in respect of the collection, storage, use and protection of personal data.

RISK MANAGEMENT AND INTERNAL CONTROL

We have put in place a set of internal control and risk management policies and procedures to address potential operational, financial, legal and market risks identified in relation to our operations. We also periodically review these procedures to ensure their effectiveness.

To monitor the ongoing implementation of our risk management policies and corporate governance measures, we have adopted the following major risk management measures:

- Our Board is responsible for monitoring our internal control system, assessing its effectiveness and maintaining suitable and effective risk tolerance levels.

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- Our audit department assists our management with developing risk management policies and reviewing major risk management matters, providing guidance to relevant departments on risk management measures and overseeing the implementation of risk management policies.
- Our financial center, legal and compliance department, HR center and other relevant departments are responsible for implementing our risk management policies and conducting daily risk management activities.

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 regularly review our risk management policies and internal management procedures, adopt strict accountability internally, and conduct compliance training. We are of the view that our enhanced internal control system is adequate and effective for our current operations.

EMPLOYEES

As of June 30, 2025, we had 18,217 full-time employees, with 16,177 located in China and 2,040 overseas. The following table sets forth the number of our employees by business function as of the same date:

Function	As of June 30, 2025	
	Number of Employees	Percentage
	(%)	
R&D and Technology	7,120	39.1
Production	5,951	32.7
Sales	2,621	14.4
Administration	2,263	12.4
Finance	262	1.4
Total	18,217	100.0

We believe that our success depends on a team of experienced and well-trained employees at all levels. We provide structured training programs for our employees from entry-level to management to meet different job requirements and foster the career development of our employees. We have established the online “Sungrow e-Learning (陽光e起學)” platform to facilitate knowledge sharing between different departments and upskill our employees. We believe our workforce has sufficient experience to face the challenges that may arise in our day-to-day operations and that our training programs have contributed to increased employee productivity.

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We are committed to establishing a competitive remuneration mechanism based on different job positions and duties. To effectively motivate our employees, we continually refine our remuneration and incentive policies. We conduct performance evaluation for our employees periodically, considering the operating characteristics of our business, to provide feedback on their performance. Compensation for our employees typically consists of basic salary and a performance-based bonus.

We have maintained strong, positive relationships with our workforce and did not have any material labor disputes during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain a wide range of insurance, including property insurance, public liability insurance, commercial general liability insurance, professional liability insurance, export credit insurance, transportation insurance and installation engineering insurance, which we believe cover the major risks in our daily operations. However, there can be no guarantee that our insurance coverage is sufficient to cover all our potential losses. See “Risk Factors — Risks Related to Our Business and Industry — We may have limited insurance coverage, which could expose us to additional costs.” We will continue to review and assess our risk portfolio and make the necessary and appropriate adjustments to our insurance plans to align with our needs and with industry practice. According to Frost & Sullivan, our insurance coverage during the Track Record Period and up to the Latest Practicable Date was in line with industry practices. During the Track Record Period and up to the Latest Practicable Date, we did not make any material insurance claims in relation to our business.

PROPERTIES

Our headquarters are located in Hefei, Anhui. We own and lease properties in the PRC. As of June 30, 2025, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (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 June 30, 2025, our Company and Major Subsidiaries owned 50 properties that exceed 2,000 sq.m. in the PRC with an aggregate GFA of approximately 881,602 sq.m., primarily used for production, R&D, offices and warehousing. As of June 30, 2025, we had two properties that exceed 2,000 sq.m. which had not obtained the property ownership certificates in the PRC. While we had not yet obtained the property ownership certificates for certain buildings that we owned as of June 30, 2025 (the “Buildings without Property Ownership Certificates”), considering that (i) for the two Buildings without Property Ownership

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Certificates, we had received written confirmation from relevant government authorities, which recognized our use of the Buildings without Property Ownership Certificates; and (ii) the GFA of the remaining Buildings without Property Ownership Certificates only accounted for a relatively small percentage of the aggregate GFA of the buildings we owned, our PRC Legal Advisors are of the view that the lack of property ownership certificates for the abovementioned buildings that we owned would not have any material adverse effect on our business, financial condition and results of operations. In addition, as of June 30, 2025, we had properties in oversea countries and regions, such as Thailand, primarily used for production, offices and warehousing.

Leased Properties

As of June 30, 2025, our Company and Major Subsidiaries leased four properties that exceed 2,000 sq.m. in the PRC, with an aggregate GFA of approximately 16,251 sq.m., primarily used for production, R&D and offices. As of June 30, 2025, we had not obtained valid title certificate from the relevant landlords for one leased property with approximately 7,375 sq.m. Considering that (i) the GFA of the such property only accounted for a relatively small percentage of the aggregate GFA of the properties we owned and leased; (ii) no property ownership disputes have arisen during the lease term that would affect our use of the premises; and (iii) we had obtained written confirmation from relevant government authorities, stating that the lack of valid title certificate does not constitute an illegal or non-compliant incident and it will not compel us to cease operations and vacate such properties. Our PRC Legal Advisors are of the view that the aforementioned situation would not have any material adverse effect on our business, financial condition and results of operations. In addition, as of June 30, 2025, we had leased properties in overseas countries and regions, such as Thailand and India, primarily used for production, offices and warehousing.

COMPETITION

We operate in a rapidly changing industry resulting from technological innovation. The industry is becoming increasingly competitive as more competitors are enhancing their international penetration and competitiveness. Moreover, as the application scenarios for clean energy technologies become more extended, we may face competition from competitors across different industries. We have invested substantially in building up our R&D capabilities, supply chain management capabilities, production capabilities, sales and service capabilities, as well as financial management capabilities. We believe that our robust operating capabilities and extensive industry experience and expertise could solidify our current competitive edge and sustain our long-term development. See “Industry Overview.”

INTELLECTUAL PROPERTY

Intellectual property rights are critical to our business. We rely on a combination of patent, trademark, trade secret and other intellectual property protection laws in China and other jurisdictions, as well as confidentiality procedures and contractual provisions with our employees, suppliers, customers and others to protect our intellectual property. As of June 30, 2025, we had applied over 10,500 patents in China and overseas. See “Appendix VI — Statutory and General Information.”

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We have in place various measures and tools to minimize our risk exposure to intellectual property rights infringement. We have established a series of intellectual property management measures based on the relevant laws and regulations. We have introduced an authoritative patent database that allows for searches on patents in relation to products to be designed and developed, providing early warnings on potential patent-related risks. In addition, we incorporate intellectual property search and analysis into the evaluation of new product designs to prevent our infringement of intellectual property rights. If the intellectual property search results indicate potential risks in relation to a product design specified by customers, we will promptly inform the customers of such risks. We also have an experienced in-house intellectual property team and have established an expert committee for intellectual property review within the Group. If the intellectual property search results identify potential risks from the supplier side, we will ask the supplier to provide a commitment of non-infringement to minimize our risk exposure to infringement of intellectual property rights.

LICENSES, PERMITS AND APPROVALS

We are required to obtain a number of licenses, permits, approvals and certificates for our business. We have duly obtained the requisite licenses, permits, approvals and certificates from the applicable authorities that are material to our operations, which primarily include electric power business license, construction enterprise qualification license and pollutant discharge permit, from applicable authorities, and such licenses, permits, approvals and certificates were valid and subsisting as of the Latest Practicable Date. We renew the licenses, permits, approvals and certificates from time to time to comply with the relevant laws and regulations. There is no material legal impediment to renewing our licenses, permits, approvals and certificates required for our operations.

LEGAL PROCEEDINGS AND COMPLIANCE MATTERS

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any non-compliance incidents that 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 or results of operations. We are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions in which we operate during the Track Record Period and up to the Latest Practicable Date.

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AWARDS AND RECOGNITIONS

We have received a number of awards and accolades in recognition of our brand and products since our inception. The following table sets forth a summary of significant awards and recognitions that we have received during the Track Record Period and up to the Latest Practicable Date:

Year	Awards/Certificate	Awarding/Certification Body
2025 . . .	Forbes China Best Employer	Forbes China
2025 . . .	ESG AAA Rating	MSCI
2024 . . .	Most Influential Company Award	Electrical Energy Storage Alliance (EESA)
2024 . . .	China’s Top 30 Multinational Companies	Forbes
2024 . . .	China’s Top 50 Tech Companies	Fortune
2024 . . .	China 500 (ranked 263rd)	Fortune
2024 . . .	Best Managed Companies in China	Deloitte
2024 . . .	China Globalization Future Rising Stars	Fortune
2023 . . .	“Solar Energy Cup” Photovoltaic Industry Awards 2023 — Most Influential Photovoltaic Storage Solution Company	“Solar Energy Cup” Photovoltaic Industry Appraisal Committee
2023 . . .	China’s Top 50 Most Innovative Companies	Forbes
2023 . . .	Most Influential Company Award	10th China International Photovoltaic Energy Storage and Charging Conference Organizing Committee
2023 . . .	China 500 (ranked 344th)	Fortune
2022 . . .	2022 China Energy Storage Industry Awards — Best System Integration Solution Award	Solarbe, “Solar Energy Cup” Appraisal Committee
2022 . . .	China’s Most Innovative Companies List	Forbes China

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon [REDACTED], our Board of Directors consists of nine Directors, comprising five Executive Directors, and four independent non-executive Directors. Our Directors are elected for a term of three years and are subject to re-election.

Our senior management is responsible for the daily operations of our Company.

Directors and Senior Management

The following table sets forth certain information regarding our Directors:

Name	Age ¹	Position(s)	Date of Joining our Group	Date of Appointment as a Director	Role and Responsibility
Executive Directors					
Mr. Cao Renxian (曹仁賢先生).	57	Chairman of the Board and President	July 1998	July 2001	Responsible for overall strategic planning and development of our Group
Dr. Gu Yilei (顧亦磊博士).	47	Vice Chairman of the Board and Senior Vice President	September 2015	May 2022 (Director) and May 2023 (Vice Chairman of the Board)	Assisting in formulating our Group’s strategic planning and responsible for photovoltaic and energy storage business
Mr. Zhang Xucheng (張許成先生).	53	Director	January 2003	August 2010	Assisting in formulating our Group’s strategic planning and responsible for new energy investment and development business
Dr. Zhao Wei (趙為博士).	52	Director and Senior Vice President	November 2003	August 2010	Serving as our Group’s Chief Scientist and responsible for the research and development
Mr. Wu Jiamao (吳家貌先生).	53	Director and Senior Vice President	March 2005	May 2023	Responsible for the global sales of our Group’s photovoltaic and energy storage business

DIRECTORS AND SENIOR MANAGEMENT

Name	Age ¹	Position(s)	Date of Joining our Group	Date of Appointment as a Director	Role and Responsibility
Independent non-executive Directors					
Ms. Gu Guang (顧光女士) . .	62	Independent non- executive Director	May 2020	May 2020	Supervising and providing independent opinion and judgment to the Board
Dr. Li Mingfa (李明發博士).	62	Independent non- executive Director	May 2020	May 2020	Supervising and providing independent opinion and judgment to the Board
Mr. Zhang Lei (張磊先生) . .	45	Independent non- executive Director	May 2023	May 2023	Supervising and providing independent opinion and judgment to the Board
Dr. Wei Lai (魏 鍊博士)	36	Independent non- executive Director	[REDACTED]	[REDACTED]	Supervising and providing independent opinion and judgment to the Board

The following table sets out certain information regarding the senior management (excluding Directors) of our Company.

Name	Age ¹	Position(s)	Date of Joining our Group	Date of Appointment as senior management	Role and Responsibility
Mr. Chen Zhiqiang (陳志強先生).	45	Vice President	August 2005	December 2016	Responsible for our Group’s production, procurement and quality control management
Mr. Peng Chaocai (彭超才先生).	48	Vice President	May 2018	October 2020	Responsible for the wind and hydrogen energy business of our Group
Mr. Deng Dejun (鄧德軍先生).	49	Vice President	January 2011	December 2018	Responsible for the production management of our Group

DIRECTORS AND SENIOR MANAGEMENT

Name	Age ¹	Position(s)	Date of Joining our Group	Date of Appointment as senior management	Role and Responsibility
Mr. Lu Yang (陸陽先生) . .	43	Vice President and the Secretary to the Board	August 2016	October 2021	Responsible for our Group’s capital market and other Board- related matters
Mr. Tian Shuai (田帥先生) . .	42	Vice President and Chief Finance Officer	September 2021	June 2022	Responsible for our Group’s financial management and accounting
Ms. Wang Lei (汪雷女士) . .	46	Vice President	June 2003	May 2023	Responsible for our Group’s human resources, sungrow business research institute, brand and legal and compliance management

¹ Ages are calculated based on the year of birth.

None of our Directors and members of senior management is a relative to other Directors or members of senior management.

Save as disclosed in this section, (i) none of our Directors held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document; (ii) to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

BOARD OF DIRECTORS

Directors

Mr. Cao Renxian (曹仁賢先生), our Chairman of the Board and President. He is primarily responsible for overall strategic planning and development of our Group.

Mr. Cao has been our Chairman of the Board since August 2007, the Director since July 2001 and the President since July 1998. Mr. Cao has been re-designated as an Executive Director in September 2025 (effective upon [REDACTED]).

DIRECTORS AND SENIOR MANAGEMENT

Prior to joining our Group, Mr. Cao served as a teacher and researcher at Hefei University of Technology (合肥工業大學) from June 1993 to July 1998.

Mr. Cao obtained his bachelor’s degree in industrial electrical automation from Hefei University of Technology (合肥工業大學) in July 1990, and his master’s degree in automation from Hefei University of Technology (合肥工業大學) in June 1993.

Dr. Gu Yilei (顧亦磊博士), our Vice Chairman of the Board and Senior Vice President. Dr. Gu is primarily responsible for assisting in formulating our Group’s strategic planning and be responsible for photovoltaic and energy storage business.

Dr. Gu joined our Group since September 2015. Dr. Gu has been our Vice Chairman of the Board since May 2023, the Director since May 2022, Senior Vice President since May 2020 and the president of photovoltaic and energy storage division since December 2018. He served in several positions in our Company, such as the vice president and president of the Central Research Institute from September 2015 to December 2018, the executive director of Sungrow Energy Storage Technology Co., Ltd. (陽光儲能技術有限公司) since February 2019. Dr. Gu has been re-designated as an Executive Director in September 2025 (effective upon [REDACTED]).

Prior to joining our Group, Dr. Gu served as the manager of Eaton (China) Investment Co., Ltd. (伊頓(中國)投資有限公司) from 2013 to 2015, the manager of Santak Electronics (Shenzhen) Co., Ltd. (山特電子(深圳)有限公司) from 2007 to 2013, the technical director of Shenzhen Kangdawei Electronic Technology Co., Ltd. (深圳康達緯電子技術有限公司) from 2006 to 2007.

Dr. Gu obtained his bachelor’s degree in applied electronic technology from Zhejiang University (浙江大學) in July 1999 and his doctor’s degree in power electronics and power transmission from Zhejiang University (浙江大學) in August 2008.

Mr. Zhang Xucheng (張許成先生), our Director. Mr. Zhang is primarily responsible for assisting in formulating our Group’s strategic planning and be responsible for new energy investment and development business.

Mr. Zhang joined our Group since January 2003. Mr. Zhang has been our Director since August 2010. He served in several positions in our Company, such as the deputy procurement manager, logistics manager, human resources manager, deputy general manager, Senior Vice President from January 2003 to October 2020, and the Vice Chairman of the Board from May 2020 to May 2023. Mr. Zhang has served as the chairman and president of Sungrow Renewables Development Co., Ltd. (陽光新能源開發股份有限公司) since October 2021 and since October 2020, respectively. He has served as the chairman of the board of Hefei Taihe Intelligent Technology Group Co., Ltd.(合肥泰禾智能科技集團股份有限公司), whose shares are listed on Shanghai Stock Exchange (stock code: 603656) since December 2024. Mr. Zhang has been re-designated as an Executive Director in September 2025 (effective upon [REDACTED]).

DIRECTORS AND SENIOR MANAGEMENT

Prior to joining our Group, Mr. Zhang served as the procurement manager of USTC CHUANGXIN CO., LTD., Zhongjia Branch. (科大創新股份有限公司中佳分公司) from 2001 to 2003, the procurement supervisor of Shenzhen Huajing Electronics Co., Ltd. (深圳華晶電子有限公司) from 2000 to 2001.

Mr. Zhang obtained his MBA from University of Science and Technology of China (中國科學技術大學) in November 2007.

Dr. Zhao Wei (趙為博士), our Director and Senior Vice President. Dr. Zhao serves as our Group’s Chief Scientist and primarily responsible for the research and development.

Dr. Zhao joined our Group since November 2003. Dr. Zhao has been our Director since August 2010 and served as the Vice Chairman of the Board from October 2014 to May 2020. Dr. Zhao also has been the Chief Scientist of our Group since January 2025, and Senior Vice President since December 2016. Dr. Zhao also served in several positions in our Company, such as the deputy director, director of R&D center, and deputy general manager. Dr. Zhao has been re-designated as an Executive Director in September 2025 (effective upon [REDACTED]).

Dr. Zhao obtained his bachelor’s degree in safety engineering from Beijing Institute of Technology (北京理工大學) in July 1993, his master’s degree in power electronics and power transmission from Hefei University of Technology (合肥工業大學) in July 1999 and his doctor’s degree in power electronics and power transmission from Hefei University of Technology (合肥工業大學) in May 2003.

Mr. Wu Jiamao (吳家貌先生), our Director and Senior Vice President. Mr. Wu is primarily responsible for the global sales of our Group’s photovoltaic and energy storage business.

Mr. Wu joined our Group since March 2005. Mr. Wu has been our Director, Senior Vice President and the global marketing president of photovoltaic and energy storage division since May 2023. He served in several positions in our Group, such as the sales manager, the Vice President, vice president of the photovoltaic and energy storage division and the general manager of Sungrow Power Supply (Shanghai) Co., Ltd. (陽光電源(上海)有限公司). Mr. Wu has been re-designated as an Executive Director in September 2025 (effective upon [REDACTED] Date).

Mr. Wu obtained his MBA from University of Science and Technology of China (中國科學技術大學) in July 2007 and his EMBA from China Europe International Business School (中歐國際工商學院) in 2012.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Ms. Gu Guang (顧光女士) has been our independent Director since May 2020 and has been re-designated as an independent non-executive Director in September 2025 (effective upon [REDACTED] Date). Ms. Gu is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Ms. Gu has served as an independent director of Jiefeng Automotive Power Systems Co., Ltd. (傑鋒汽車動力系統股份有限公司) since April 2025 and an independent director of Wuhu Atech Automotive Electronics Co., Ltd. (蕪湖埃泰克汽車電子股份有限公司) since December 2022.

Prior to that, she served as an independent director of Anhui Sunhere Pharmaceutical Excipients Co., Ltd. (安徽山河藥用輔料股份有限公司), whose shares are listed on Shenzhen Stock Exchange (the stock code: 300452) from August 2018 to July 2024, an independent director of Anhui Hongyu Wuzhou Medical Equipment Co., Ltd. (安徽宏宇五洲醫療器械股份有限公司), whose shares are listed on Shenzhen Stock Exchange (the stock code: 301234), from July 2017 to July 2023, an independent director of Anhui Taida New Materials Co., Ltd. (安徽泰達新材料股份有限公司), whose shares are listed on National Equities Exchange and Quotations (the stock code: 430372), from April 2018 to April 2023, the deputy director and director of the accounting department, director of the financial management department and master’s supervisor in accounting, director of the Master of Accounting (MPAcc) Education Center of business school of Anhui University (安徽大學) from June 2001 to July 2016, and from April 2012 to February 2023 respectively.

Ms. Gu obtained her bachelor’s degree in economy management from Anhui University (安徽大學) in July 1986 and her master’s degree in management from Anhui University (安徽大學) in July 2006. Ms. Gu holds the qualification of Certified Public Accountant in China (non-practicing member) issued by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in July 2000.

Dr. Li Mingfa (李明發博士) has been our independent Director since May 2020 and has been re-designated as an independent non-executive Director in September 2025 (effective upon [REDACTED]). Dr. Li is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Li has served as an independent director of Wuhu Sanlian Forging Co., Ltd. (蕪湖三聯鍛造股份有限公司), whose shares are listed on Shenzhen Stock Exchange (the stock code: 001282) since December 2020.

Prior to that, Dr. Li served as the independent director of Anhui Estone Materials Technology Co., Ltd. (安徽壹石通材料科技股份有限公司), whose shares are listed on Shanghai Stock Exchange (the stock code: 688733), from September 2019 to August 2025, an independent director of Tongling Jingqiang Electronic Technology Co., Ltd. (銅陵競強電子科技股份有限公司), whose shares are listed on National Equities Exchange and Quotations (the

DIRECTORS AND SENIOR MANAGEMENT

stock code: 874111), from December 2020 to November 2023, an independent director of Anhui Wantong Technology Co., Ltd. (安徽皖通科技股份有限公司), whose shares are listed on Shenzhen Stock Exchange (the stock code: 002331), from June 2020 to December 2022, the executive vice president of graduate school of Anhui University (安徽大學) from July 2010 to January 2019 and the Dean of faculty of law of Anhui University (安徽大學) from September 2004 to June 2010.

Dr. Li obtained his doctor’s degree in civil commercial law from China University of Political Science and Law (中國政法大學) in June 2004.

Mr. Zhang Lei (張磊先生) has been our independent Director since May 2023 and has been re-designated as an independent non-executive Director in September 2025 (effective upon [REDACTED]). Mr. Zhang is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Zhang has served as the secretary-general of China Power Supply Society (中國電源學會) since November 2017. He also held positions such as the director of exhibition department, office director and deputy secretary-general of China Power Supply Society (中國電源學會) from 2005 to 2017.

Mr. Zhang obtained his bachelor’s degree in international trade from Southeast University (東南大學) in June 2003.

Dr. Wei Lai (魏鍊博士), has been our independent non-executive Director, (effective upon [REDACTED]). Dr. Wei is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Wei has served as a professor and head of the department of finance of Lingnan University (嶺南大學), since September 2023 and since May 2024, respectively. Prior to that, Dr. Wei served as an associate professor and an assistant professor of Lingnan University (嶺南大學) from September 2019 to August 2023 and from September 2016 to August 2019, respectively.

Dr. Wei obtained a bachelor’s degree of economics and finance from the University of Hong Kong (香港大學) in August 2012 and a doctor’s degree in finance from the University of Hong Kong (香港大學) in August 2016.

SENIOR MANAGEMENT

For biographical details of Mr. Cao Renxian (曹仁賢先生) see “— Board of Directors — Directors.”

For biographical details of Dr. Gu Yilei (顧亦磊博士) see “— Board of Directors — Directors.”

DIRECTORS AND SENIOR MANAGEMENT

For biographical details of Dr. Zhao Wei (趙為博士) see “— Board of Directors — Directors.”

For biographical details of Mr. Wu Jiamao (吳家貌先生) see “— Board of Directors — Directors.”

Mr. Chen Zhiqiang (陳志強先生), our Vice President. Mr. Chen is primarily responsible for our Group’s production, procurement and quality control management.

Mr. Chen joined the Group in August 2005. Mr. Chen has been the Vice President of our Company since December 2016. He served in several positions in our Company, such as the quality control manager and management representative. He served as the employee supervisor from November 2011 to March 2013, the Chairman of the Board of the Supervisors from March 2013 to December 2016. Mr. Chen has served as the supervisor of Sungrow Renewables Development Co., Ltd. (陽光新能源開發股份有限公司) since December 2014.

Prior to joining our Group, Mr. Chen served as the manager of quality department of Anhui New Silk Road Optoelectronic Communication Co., Ltd. (安徽新絲路光電通信有限公司) from July 2003 to August 2005.

Mr. Chen obtained his MBA from University of Science and Technology of China (中國科學技術大學) in November 2020.

Mr. Peng Chaocai (彭超才先生), our Vice President. Mr. Peng is primarily responsible for the wind and hydrogen energy business of our Group.

Mr. Peng joined the Group since May 2018. Mr. Peng has been the Vice President of our Company since October 2020, and the president of wind energy division since May 2018. Mr. Peng has served as the chairman of the board and the general manager of Sungrow Hydrogen SCI.&TECH. Co., Ltd. (陽光氫能科技有限公司) since May 2022.

Prior to joining our Group, Mr. Peng served as the sales director of Delta Electronics (Shanghai) Co., Ltd. (台達電子企業管理(上海)有限公司) from June 2012 to May 2018, the manager of the marketing department at Sinoma Technology Wind Power Blade Co., Ltd (中材科技風電葉片股份有限公司), whose shares are listed on Shenzhen Stock Exchange (the stock code: 002080), from March 2008 to March 2012 and a chemistry teacher at Shangqiu Experimental Middle School (商丘市實驗中學) from August 1999 to June 2005.

Mr. Peng obtained his bachelor’s degree in fine chemicals from Henan Normal University (河南師範大學) in June 1999 and his Master’s degree in inorganic chemistry from Shanghai University (上海大學) in July 2008.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Deng Dejun (鄧德軍先生), our Vice President. Mr. Deng is primarily responsible for the production management of our Group.

Mr. Deng joined our Group since January 2011. Mr. Deng has been the Vice President of our Company since December 2018. He served in several positions in our Company, such as the production planning manager, deputy general manager of Gansu branch, manufacturing director of production center, deputy general manager and general manager of production center.

Prior to joining our Group, he served as a manager of Shenzhen Kaifa Technology Co., Ltd. (深圳長城開發科技股份有限公司), whose shares are listed on Shenzhen Stock Exchange (the stock code: 000021), from 2008 to 2010, a manager of Philips Electronics, whose shares are listed on New York Stock Exchange (the stock code: NYSE) from 2007 to 2008, a director of Foxconn International Holdings Limited (富士康國際控股有限公司), whose shares are listed on Hong Kong Stock Exchange (the stock code: 2038), from 2002 to 2007 and a director of Santak Electronics (Shenzhen) Co., Ltd. (山特電子(深圳)有限公司) from 1998 to 2002.

Mr. Deng obtained a bachelor’s degree in thermal engineering from Chongqing University (重慶大學) in June 1997.

Mr. Lu Yang (陸陽先生), our Vice President and the Secretary to the Board. He is primarily responsible for our Group’s capital market and other Board-related matters.

Mr. Lu joined our Group since August 2016. Mr. Lu has been the Vice President and the Secretary to the Board of our Company since October 2021. He served in several positions in our Company, such as the strategic planning manager, strategic planning director, general manager of strategy center. Mr. Lu has served as a director of Sungrow Renewables Development Co., Ltd. (陽光新能源開發股份有限公司) since November 2021.

Prior to joining our Group, Mr. Lu served as a senior manager of the strategic planning department of ENN Group Co., Ltd. (新奧集團股份有限公司) from April 2014 to August 2016, a project manager of Beijing Zhenglue Junce Management Consulting Co., Ltd. (北京正略鈞策管理顧問有限公司) from October 2010 to March 2014 and a project manager of State Nuclear Power Technology Corporation (國家核電技術有限公司) from June 2008 to September 2010.

Mr. Lu obtained a bachelor’s degree in computer science and technology from Xi’an University of Technology (西安理工大學) in July 2005, and a master’s degree in management science and engineering from Xi’an Jiaotong University (西安交通大學) June 2008.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tian Shuai (田帥先生), our Vice President and Chief Finance Officer. Mr. Tian is primarily responsible for our Group’s financial management and accounting.

Mr. Tian joined our Group since September 2021. Mr. Tian has been the Vice President and Chief Finance Officer of our Company since June 2022. He served in several positions in our Company, such as the deputy general manager and general manager of the Finance Center.

Prior to that, Mr. Tian was engaged in the finance management in Sany Heavy Industry Co., Ltd. (三一重工股份有限公司), whose shares are listed on Shanghai Stock Exchange (the stock code: 600031), Huawei Technologies Co., Ltd. (華為技術有限公司), Hunan Huinong Technology Co., Ltd. (湖南惠農科技有限公司) and Honor Terminal Co., Ltd. (榮耀終端有限公司) from 2005 to 2021.

Mr. Tian obtained a bachelor’s degree in accounting from Changsha University of Science and Technology (長沙理工大學) in June 2005 and a MBA from Peking University (北京大學) in April 2024.

Ms. Wang Lei (汪雷女士), our Vice President. Ms. Wang is primarily responsible for our Group’s human resources, sungrow business research institute, brand and legal and compliance management.

Ms. Wang joined our Group since June 2003. Ms. Wang has been the Vice President of our Company since May 2023. Ms. Wang served in several positions in our Company, such as human resources center manager, general manager, and vice president of the photovoltaic and energy storage division.

Ms. Wang obtained a bachelor’s degree in economics from Anhui University (安徽大學) in June 2002 and a MBA from University of Science and Technology of China (中國科學技術大學) in June 2019.

OTHER DISCLOSURE

For our Directors’ interest in our Shares within the meaning of Part XV of the SFO, see “Appendix VI. Statutory and General Information — 3. Further Information about our Directors and Substantial Shareholders — C. Disclosure of Interests — (b) Disclosure of Interests of Directors and Chief Executive” in Appendix VI to this document.

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, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries 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 appointments.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. Lu Yang (陸陽先生), is the Secretary to the Board, Vice President and our joint company secretary. For biographical details of Mr. Lu Yang, see “— Senior Management.”

Ms. Cheng Kwai Yuk (鄭桂鈺) is an assistant vice president at SWCS Corporate Services Group (Hong Kong) Limited, with extensive experience in corporate governance and company secretarial services for listed companies.

Ms. Cheng has over 14 years of experience in the corporate secretarial field. She has worked for several large listed companies in Hong Kong, and is currently serving as the company secretary of China Resources Gas Group Limited, whose shares are listed on Hong Kong Stock Exchange (the Stock Code: 1193) and China Resources Pharmaceutical Group Limited, whose shares are listed on Hong Kong Stock Exchange (the Stock Code: 3320). Ms. Cheng is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Cheng holds a bachelor’s degree of arts in language studies for the professions (translation) from The Hong Kong Polytechnic University.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the [REDACTED], save that Mr. Cao Renxian will serve as both our Chairman of the Board and President as discussed below.

Pursuant to code provision C.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 chairman of the board 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 President and Mr. Cao Renxian currently performs these two roles. The Board believes that vesting the roles of both Chairman of the Board and President in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our 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.

COMPETING INTERESTS

As of the Latest Practicable Date, none of our Directors (other than Independent non-executive Directors) had interests in any business, which competes or is likely to compete, either directly or indirectly with our business.

DIRECTORS AND SENIOR MANAGEMENT

COMMITTEES UNDER OUR BOARD OF DIRECTORS

In accordance with relevant PRC laws, regulations, our Articles of Association and the corporate governance practice in the Listing Rules, we have formed four board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategy and Sustainable Development Committee.

Audit Committee

The Audit Committee of our Company consists of three Directors, namely, Ms. Gu Guang, Dr. Li Mingfa, and Mr. Zhang Lei. Ms. Gu Guang serves as the chairperson of the committee. Ms. Gu Guang has the appropriate professional qualification and experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee is mainly responsible for reviewing and overseeing the financial reporting procedure, risk management, and internal control system of our Group and has the terms of reference in compliance with the relevant PRC laws and regulations and Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee of our Company consists of three Directors, namely, Mr. Zhang Lei, Dr. Li Mingfa, and Mr. Cao Renxian. Mr. Zhang Lei serves as the chairman of the committee. The Remuneration and Appraisal Committee is mainly responsible for evaluating the remuneration policies for Directors and senior management of our Group and making recommendations thereon to the Board of Directors and has the terms of reference in compliance with relevant laws and regulations of the PRC and paragraph E.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Nomination Committee

The Nomination Committee of our Company consists of three Directors, namely, Dr. Li Mingfa, Ms. Gu Guang, and Mr. Cao Renxian. Dr. Li Mingfa serves as the chairman of the committee. The Nomination Committee is mainly responsible for identifying, screening, and recommending to the Board of Directors qualified candidates to serve as the Directors and senior management and monitoring the procedures for evaluating the performance of the Board of Directors and has the terms of reference in compliance with the relevant laws and regulations of the PRC and paragraph B.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Strategy and Sustainable Development Committee

The Strategy and Sustainable Development Committee of our Company consists of three Directors, namely, Mr. Cao Renxian, Dr. Gu Yilei, and Mr. Zhang Xucheng. Mr. Cao Renxian serves as the chairman of the committee. The Strategy and Sustainable Development Committee is primarily responsible for evaluating and advising on the Company’s long-term

DIRECTORS AND SENIOR MANAGEMENT

development strategies and plans, evaluating and advising on major investment and financing plans, major capital operations and asset management projects that require approval by the Board of Directors as stipulated in the Articles of Association, and other major matters affecting the Company’s development, overseeing the implementation of the above matters, and handling other matters delegated by the Board of Directors.

BOARD DIVERSITY POLICY

Our Company has adopted a board diversity policy (the “**Board Diversity Policy**”) setting out the approach to achieve diversity on our Board.

The Board and the Nomination Committee of the Board will give due consideration to various factors in evaluating, selecting and recommending to the Board one or more candidates for appointment or re-election as Directors, including but not limited to: (a) diversity of perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, regional and industry experience, ethnicity, knowledge, and years of service; (b) qualifications, including achievements and experience in the relevant industries involved in our Company’s business and other professional qualifications; (c) commitment to Board responsibilities in terms of available time; (d) reputation for character and integrity; (e) the contribution the candidate can bring to the Board; and (f) one or more plans for the orderly implementation of Board succession. The final decision will be made based on the candidate’s merits and potential contribution to the Board. The composition of the Board of Directors (including gender, age, service term, etc.) will be disclosed annually in our corporate governance report. The Nomination Committee will regularly evaluate this policy to ensure its effectiveness. It will establish and implement formal processes to appropriately monitor the implementation of this policy. The Nomination Committee will discuss and report improvements and recommendations to the Board for its consideration and approval.

Our Board has a balanced mix of experiences and industry background. Our Directors have a diverse education background including economics, law, accounting, business administration and management, as well as different industry backgrounds and professional qualifications. Upon [REDACTED], we have four independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board has two female Directors. Considering our Company’s business model and the backgrounds and abilities of our Directors, the composition of our Board satisfies the Board Diversity Policy.

The Nomination Committee is responsible for ensuring the diversity of our Board and will use its best efforts to identify and recommend suitable candidates for our Board’s consideration, subject to our Directors being satisfied with the qualification and experience of the relevant candidates after a reasonable review process based on the relevant criteria, and fulfilling their fiduciary duties to act in the best interests of our Company and our Shareholders as a whole when making the relevant appointments.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

In accordance with Rule 3A.19 of the Listing Rules, our Company has appointed Somerley Capital Holdings Limited as our compliance advisor. Pursuant to Rule 3A.23 of the Listing Rules, our Company will consult with and seek advice from the compliance advisor on a timely basis in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction under Chapter 14 or 14A of the Listing Rules, is contemplated including share issues and share repurchases;
- (c) where our Company proposes to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where the business activities, developments or results of our Group deviate from any forecast, estimate, or other information in the [REDACTED] document; and
- (d) where the Stock Exchange makes an inquiry of the listed issuer under Rule 13.10 of the Listing Rules.

The term of appointment of the compliance advisor of our Company shall commence on the [REDACTED] and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the [REDACTED].

COMPENSATION AND REMUNERATION

The aggregate remuneration (including fees, salaries, bonuses, allowances and benefits in kind, and pension scheme contributions, but excluding share-based compensation expenses) for our Directors and former Directors for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 were approximately RMB21.4 million, RMB36.5 million, RMB43.9 million, and RMB4.0 million respectively.

For the years ended December 31, 2022, 2023 and 2024 and six months ended June 30 2025, there were 2, 3, 3 and 3 Directors among the five highest paid individuals, respectively. The aggregate remuneration (including fees, salaries, allowances and benefits in kind, and pension scheme contributions, but excluding share-based compensation expenses) payable to the remaining 3, 2, 2 and 2 individuals during the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 were approximately RMB15.9 million, RMB11.6 million, RMB9.7 million, and RMB3.0 million respectively.

DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company. Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, by any member of our Group to any of our Directors, former Directors, or the five highest-paid individuals.

The remuneration of our Directors and senior management is determined with reference to factors including the completion status of our Company’s financial indicators and business objectives, scope of work and responsibilities of senior management, completion status of various performance indicators for Directors and senior management and operational performance regarding the business innovation and profit-generating capabilities of directors and senior management. Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, pension scheme contributions and share-based compensation expenses, of our Directors for the year ending December 31, 2025 to be approximately RMB7.9 million.

EMPLOYEE SHARE INCENTIVE SCHEMES

Share Incentive Plan for Executive Directors, Senior Management and Key Employees

For details of our share incentive plans, see “Appendix VI. Statutory and General Information — 4. Restricted Share Incentive Schemes.”

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDERS GROUP

OVERVIEW

As of the Latest Practicable Date, Mr. Cao and Ms. Su jointly controlled approximately 30.63% of our total share capital. Immediately following the completion of the [REDACTED] (assuming [REDACTED] and the [REDACTED] are not exercised), Mr. Cao and Ms. Su will control in aggregate approximately [REDACTED]% of our total share capital and will constitute our Single Largest Shareholders Group following the [REDACTED].

For a simplified corporate structure chart of our Group, see “History, Development and Corporate Structure — Our Shareholding and Corporate Structure.”

NON-COMPETITION UNDERTAKING

Non-Competition Undertaking Given by Mr. Cao

On January 31, 2011, Mr. Cao provided a long-term non-compete undertaking to our Company, pursuant to which he undertook from the date of the undertaking:

- (1) Neither Mr. Cao nor any enterprise in which Mr. Cao holds an interest has produced or developed any product that competes or may potentially compete with the products manufactured by our Company, has directly or indirectly operated any business that competes or may potentially compete with the business conducted by our Company, or has participated in any investment in other enterprises whose products or business operations compete or may potentially compete with those of our Company.
- (2) Neither Mr. Cao nor any enterprise in which Mr. Cao holds an interest shall produce or develop any product that competes or may potentially compete with the products manufactured by our Company, shall directly or indirectly operate any business that competes or may potentially compete with the business conducted by our Company, nor shall they participate in any investment in other enterprises whose products or business operations compete or may potentially compete with those of our Company;
- (3) In the event that our Company further expands its product and business scope, neither Mr. Cao nor any enterprise in which Mr. Cao holds an interest shall engage in any activity that competes with the expanded products or business of our Company. If any such competition arises, Mr. Cao and the relevant enterprises shall eliminate such competition by either ceasing the production or operation of the competing products or business, integrating the competing business into our Company’s operations, or transferring the competing business to an unrelated third party; and
- (4) In the event that the undertaking is proven to be untrue or not to be complied with, Mr. Cao shall indemnify our Company for all direct and indirect losses incurred.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDERS GROUP

CONFIRMATION IN RELATION TO ANY COMPETING INTEREST

The Single Largest Shareholders Group has confirmed that they do not have any interests in any business (apart from the business of the Group) that competes or is likely to compete, directly or indirectly, with our principal business, which is required to be disclosed under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM THE SINGLE LARGEST SHAREHOLDERS GROUP

Having considered the following factors, our Directors are of the view that we are able to conduct our business independently from our Single Largest Shareholders Group after the [REDACTED].

(1) Management Independence

Our business has been managed and conducted by our Board and senior management. Upon [REDACTED], our Board consists of nine Directors, comprising five Executive Directors and four independent non-executive Directors, and we also have ten senior management members (of which four are Executive Directors). Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For further information on the qualifications and experience of our Directors and senior management, see “Directors and Senior Management.”

(2) Operational Independence

Our Directors are of the view that we can continue operating independently from our Single Largest Shareholders Group after the [REDACTED]. We hold and enjoy the benefit of all relevant permits and licenses necessary for carrying out our business in all material respect, and we have sufficient capital, facilities, equipment and employees to operate our business independently from our Single Largest Shareholders Group. We have also established a comprehensive set of internal control measures to facilitate effective business operations, and we maintain independent customer acquisition channels. Our business operations do not rely on the support of the Single Largest Shareholders Group in relation to suppliers. In addition, our access to, and relationship with, our key customers and suppliers are independent from our Single Largest Shareholders Group.

In light of the above, our Directors are satisfied that we have been operating independently from our Single Largest Shareholders Group and their respective associates during the Track Record Period and will continue to be able to operate independently upon [REDACTED].

(3) Financial Independence

We have adopted our own independent internal control, accounting, funding, reporting and financial management systems, and we also have an independent accounting and finance department responsible for discharging relevant financial management function with relevant finance personnel.

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDERS GROUP

Moreover, we open and manage our bank accounts independently and have never shared any bank account with our Single Largest Shareholders Group. We are also capable of obtaining financing from third parties, if necessary, without reliance on our Single Largest Shareholders Group in view of our Group’s strong financial position, steady cash flow and level of liquid assets as well as our ability to raise funds on a standalone basis. We do not expect to rely on our Single Largest Shareholders Group or their respective close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from operating activities, the cash and cash equivalents on the balance sheet as well as the [REDACTED] from the [REDACTED]. In addition, we are capable of obtaining financing from Independent Third Parties on comparable terms without relying on any guarantee or security provided by our Single Largest Shareholders Group or their close associates.

Following the [REDACTED], we expect to pursue further fundraising activities in both onshore and offshore markets to the extent as our Directors consider necessary, depending on factors such as market conditions, business needs, and financial position, while ensuring compliance with applicable regulatory requirements. Given our proven ability to secure independent financing and our established relationships with financial institutions, we believe that after the [REDACTED], we will continue obtaining financing on terms comparable to our existing loans without requiring guarantees from our Single Largest Shareholders Group or their close associates. As of the Latest Practicable Date, we did not have any outstanding loans or guarantees provided by or granted to, nor any non-trade balances due to or due from, our Single Largest Shareholders Group or their respective associates.

Based on the above, our Directors believe that we are able to operate independently of our Single Largest Shareholders Group and their close associates from a financial perspective without undue reliance on our Single Largest Shareholders Group or their close associates.

(4) Corporate Governance Measures

Our Directors acknowledge the importance of good corporate governance in protection of our Shareholders’ interests. In order to further manage any potential conflicts of interest with the Single Largest Shareholders Group and their respective close associates, we have adopted the following measures:

- (1) as part of our preparation for the [REDACTED], we have amended our Articles of Association and terms and rules of procedure of Board meetings to comply with the Listing Rules to provide that a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest;
- (2) our Company has formulated and adopted policies and mechanisms in relation to (i) internal controls and decision-making procedures for related party transactions and connected transactions, (ii) the prevention of appropriation of funds by the Single Largest Shareholders Group, our Group and other related parties, (iii) provision of external guarantee, and (iv) internal audit;

RELATIONSHIP WITH OUR SINGLE LARGEST SHAREHOLDERS GROUP

- (3) if our Group and our Single Largest Shareholders Group or any of their associates intend to engage in any connected transaction, our Company will comply with the relevant requirements relating to connected transactions under the Listing Rules;
- (4) we will keep a balanced composition of Executive and independent non-executive Directors on the Board. Upon [REDACTED], we will have four independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and are free of any business or other relationship that could interfere in any material manner with the exercise of their independent judgment. We also believe that our independent non-executive Directors are able to provide impartial opinions to safeguard the interests of our Shareholders as a whole;
- (5) where our independent non-executive Directors request or are requested to review any conflict of interests circumstances between our Group and our Single Largest Shareholders Group and their respective close associates, our Single Largest Shareholders Group and/or our other Directors shall provide our independent non-executive Directors with all necessary information for consideration and our independent non-executive Directors shall be provided with access to independent advisors at the expense of our Company;
- (6) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
- (7) we have appointed Somerley Capital Holdings Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations and the Listing Rules, including various requirements relating to corporate governance, upon [REDACTED].

CONNECTED TRANSACTIONS

We will engage in certain transactions with our connected persons after the [REDACTED], which will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

The following persons, with whom we have entered into certain transaction in our ordinary course of business, will become our connected persons as defined under the Listing Rules upon completion of the [REDACTED]:

Connected persons	Connected relationship
Mr. Cao (together with his associates, the “ Mr. Cao Connected Persons ”)	Mr. Cao is our Executive Director and Chairman of the Board, and directly held 30.46% of our Shares as of the Latest Practicable Date.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Counterparty	Category of continuing connected transaction	Applicable Listing Rule	Waiver sought
Fully-exempt Connected Transactions				
1. . . Sales of products and provision of services	Mr. Cao’s Connected Persons	Fully exempt	14A.76(1)	N/A
2. . . Short-term Property Rental to Mr. Cao’s Connected Persons	Mr. Cao’s Connected Persons	Fully exempt	14A.76(1)	N/A
Partially-exempt Connected Transactions				
3. . . Procurement of products and receipt of Service	Mr. Cao’s Connected Persons	Partially exempt	14A.76(2) 14A.105	Announcement

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions with Mr. Cao’s Connected Persons on normal commercial terms, which will continue after the [REDACTED].

Sales of Products and Provision of Services

We have entered into and will continue to enter into after the [REDACTED] certain agreements with Mr. Cao, for himself and on behalf of Mr. Cao’s Connected Persons, pursuant to which we sell various products, mainly raw materials and products, and supply certain services to Mr. Cao’s Connected Persons, mainly new energy investment, development, operation and maintenance services, production and technical services. The pricing of such

CONNECTED TRANSACTIONS

products and services are determined by our Group and Mr. Cao’s Connected Persons on normal commercial terms, negotiated on an arm’s length basis, subject to, among others, the costs, the quantities, quality and reliability of the products and services, the prevailing market conditions and the principle of fairness.

As the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%, our sales of products and provision of services to Mr. Cao’s Connected Persons will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

Short-term Property Rental to Mr. Cao’s Connected Persons

We have entered into and will continue to enter into after the [REDACTED] certain agreements with Mr. Cao’s Connected Persons, pursuant to which, our Group rent to Mr. Cao’s Connected Persons certain properties, mainly including offices and warehouses for routine business operations. The rents charged by our Group during the leasing term are determined based on normal commercial terms after arm’s length negotiations between the relevant parties, and the leasing shall be equivalent to the prevailing market rates of properties of comparable size and quality situated in the same locality available to or offered by Independent Third Parties, which are in the best interests of our Company and our Shareholders as a whole.

As the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 0.1%, property rentals to Mr. Cao’s Connected Persons will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Procurement of Products and Receipt of Service

Principal Terms

Our Company, for itself and on behalf of its subsidiaries, [has] entered into a framework agreement (the “**Procurement of Products and Services Framework Agreement**”) with Mr. Cao, for himself and on behalf of Mr. Cao’s Connected Persons, pursuant to which our Group will procure from Mr. Cao’s Connected Persons various products and services, including but not limited to photovoltaic brackets, test power supplies, smart cleaning robots, and technical services such as maintenance and operation (the “**Procured Products and Services**”).

CONNECTED TRANSACTIONS

The Procurement of Products and Services Framework Agreement will become effective on the [REDACTED] and end on December 31, 2026. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Procurement of Products Framework Agreement.

Pricing Policy

The amount to be paid by our Group to Mr. Cao’s Connected Persons under the Procurement of Products and Services Framework Agreement generally adopts a market-based method and will be determined through fair negotiations, taking into account the factors including: (i) the market price of relevant products and services; (ii) the type of products and services and the transaction volume and the prices at which our Group procures similar products and services of the same nature, type, and quantity from other Independent Third Parties; and (iii) the price offered by them to other customers purchasing similar products and services.

Reasons for the Transaction

During the Track Record Period, we have procured relevant Procured Products and Services from Mr. Cao’s Connected Persons and we expect that we will continue to procure these products after the [REDACTED]. Our Group has a long-term and stable business relationship with Mr. Cao’s Connected Persons. Mr. Cao’s Connected Persons are familiar with the products and services we require and supply these for our business requirements. The procurement under the Procurement of Products Services Framework Agreement are ordinary purchases of products and services necessary in the production and operation of the Group and the entering into of the Procurement of Products Services Framework Agreement provides our Group with a stable and reliable source of products and services we need.

We are not currently, and will not be in the future, required to cooperate with Mr. Cao’s Connected Persons, and we will only procure the required products and services from Mr. Cao’s Connected Persons if we consider it is in the interests of our Company and Shareholders as a whole. Such collaboration Mr. Cao’s Connected Persons not only diversifies supply channels but also provides opportunities to optimize our procurement processes and cost efficiency.

Historical Amounts

For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, the historical transaction amounts with respect to our procurement of the above products and services were approximately RMB108.52 million, RMB321.63 million, RMB206.67 million and RMB46.18 million, respectively.

CONNECTED TRANSACTIONS

Annual Caps

The following table sets forth the proposed annual caps for the annual transaction amounts to be paid by our Group to Mr. Cao’s Connected Persons under the Procurement of Products Framework Agreement:

	For the years ending December 31, 2026
	<i>(RMB in million)</i>
Total fees to be paid by us to Mr. Cao’s Connected Persons	310

The proposed annual cap is determined based on:

- (i) the historical amounts of the transactions between the Group and Mr. Cao’s Connected Persons during the Track Record Period in respect of the procurement of such products and services;
- (ii) our Group’s projected operational requirements for these products and services; and
- (iii) other factors including but not limited to the expected market price of similar products on normal commercial terms.

In addition, based on our ongoing procurement relationship and negotiations with Mr. Cao’s Connected Persons, we have evaluated their supply capacity and market position. Mr. Cao’s Connected Persons have demonstrated consistent ability to meet our quality and quantity requirements for products, industrial materials and related services. This stable supply chain relationship supports our operational continuity and cost efficiency. The anticipated procurement volumes reflect our Group’s normal business development needs while maintaining flexibility to source from alternative suppliers when commercially advantageous. All procurement decisions will continue to be made based on standard commercial considerations including price competitiveness, quality assurance and supply reliability.

Listing Rules Implications

As the highest applicable percentage ratio of the transactions under the Procurement of Products Framework Agreement for the year ending December 31, 2026, calculated for the purpose of Chapter 14A of the Listing Rules, is higher than 0.1% but below 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders’ approval requirements under Rule 14A.36 of the Listing Rules.

CONNECTED TRANSACTIONS

INTERNAL CONTROL PROCEDURES ADOPTED BY THE COMPANY IN RESPECT OF THE IMPLEMENTATION OF CONTINUING CONNECTED TRANSACTION FRAMEWORK AGREEMENTS

Our Group adopts the following internal control measures to ensure that the transactions will be carried out in accordance with the terms of the Procurement of Products Framework Agreement and Procurement of Services Framework Agreement, including the pricing policies, and in compliance with all the applicable requirements under the Listing Rules:

- We have adopted a connected transactions management policy to ensure that connected transactions will be conducted fairly, on normal commercial terms, and in the interests of our Company and our Shareholders as a whole.
- Connected transactions shall be governed by written agreements, which must adhere to the principles of good faith, equality, and voluntariness, and follow standard commercial terms. In principle, the transaction price shall not deviate from the market price or the charges applicable to Independent Third Parties. Connected Shareholders and Directors who have a material interest in the matters under consideration shall abstain from voting.
- The Board will assess, from an objective perspective, whether the connected transaction is beneficial to the Company. Where necessary, professional valuers or independent financial advisers shall be engaged to advise the Board.
- 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 transactions entered into by our Company. Our independent non-executive Directors and auditors will conduct an annual review of the continuing connected transactions under the framework agreements and provide annual confirmations in accordance with Rules 14A.55 and 14A.56 of the Listing Rules.

WAIVER

In respect of the transactions of Procurement of Products and Receipt of Services, as described above, we have applied for[, and the Stock Exchange has granted us], a waiver from strict compliance with the announcement requirements under the Listing Rules pursuant to Rule 14A.105 of the Listing Rules.

CONNECTED TRANSACTIONS

DIRECTORS’ CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that: (i) the continuing connected transaction set out above have been and will be entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole, and (ii) the proposed annual cap for the transaction is fair and reasonable and in the interests of our Company and the Shareholders as a whole.

SOLE SPONSOR’S CONFIRMATION

The Sole Sponsor has (i) reviewed the relevant documents and information provided by our Company in relation to the above partially-exempt continuing connected transaction; (ii) obtained necessary representations and confirmations from our Company and the Directors, and (iii) participated in the due diligence and discussions with the management of our Group. Based on the above, the Sole Sponsor is of the view that the aforesaid partially-exempt continuing connected transaction, for which waiver has been sought, has been entered into in the ordinary and usual course of our business on normal commercial terms or better terms, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual cap in respect of the partially-exempt continuing connected transaction is fair and reasonable and in the interests of our Company and our Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as of the Latest Practicable Date and immediately following the completion of the [REDACTED], assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED], each of the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of our Company:

Name of substantial Shareholder	Nature of interest	[REDACTED]	Number of Shares directly or indirectly controlled	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date	Approximate percentage of interest in the total issued share capital of our Company after the [REDACTED] (assuming the [REDACTED] and the [REDACTED] are not exercised)	Approximate percentage of interest in the total issued share capital of our Company after the [REDACTED] (assuming the [REDACTED] is exercised in full and the [REDACTED] is not exercised)	Approximate percentage of interest in the total issued share capital of our Company after the [REDACTED] (assuming the [REDACTED] and the [REDACTED] are exercised in full)
Mr. Cao . .	Beneficial owner	[REDACTED]	631,411,200 ⁽¹⁾	30.46%	[REDACTED]%	[REDACTED]%	[REDACTED]%
	Interest of spouse ⁽²⁾	[REDACTED]	3,676,009	0.18%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Ms. Su . .	Beneficial owner	[REDACTED]	3,676,009	0.18%	[REDACTED]%	[REDACTED]%	[REDACTED]%
	Interest of spouse ⁽²⁾	[REDACTED]	631,411,200	30.46%	[REDACTED]%	[REDACTED]%	[REDACTED]%

Notes:

- (1) As of the Latest Practicable Date, 26,290,000 A Shares, representing 1.27% of the total issued Shares of the Company, held by Mr. Cao were pledged to several financial institutions.
- (2) As of the Latest Practicable Date, the Company was held by Ms. Su Lei as to 0.18%. Ms. Su is the spouse of Mr. Cao. As such, Mr. Cao and Ms Su are deemed to be interested in the A Shares held by each other for purpose of Part XV of the SFO.

Save as disclosed above and in Appendix VI to this document, our Directors are not aware of any person who will, immediately following the [REDACTED] (and the [REDACTED]) of any additional H Shares pursuant to the [REDACTED] and the [REDACTED]), have an interest or short position in the Shares or underlying Shares of our Company which would be required to be disclosed to our 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 issued voting shares of any other members of our Group.

SHARE CAPITAL

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB2,073,211,424, comprising 2,073,211,424 A Shares of nominal value RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares*	2,073,211,424	100.00%
Total	2,073,211,424	100.00%

Note

- * Including 20,687,063 A Shares being held as treasury Shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders, accounting for approximately 1.00% of the total number of A Shares in issue as of the Latest Practicable Date.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [REDACTED], assuming that the [REDACTED] and the [REDACTED] are not exercised, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares*	2,073,211,424	[REDACTED]%
H Shares issued pursuant to the [REDACTED] . .	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

Note

- * Including 20,687,063 A Shares being held as treasury Shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders, accounting for approximately 1.00% of the total number of A Shares in issue as of the Latest Practicable Date.

SHARE CAPITAL

Immediately following completion of the [REDACTED], assuming that the [REDACTED] is fully exercised and the [REDACTED] is not exercised, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares*	2,073,211,424	[REDACTED]%
H Shares issued pursuant to the [REDACTED] . .	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

Note

- * Including 20,687,063 A Shares being held as treasury Shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders, accounting for approximately 1.00% of the total number of A Shares in issue as of the Latest Practicable Date.

Immediately following completion of the [REDACTED], assuming that the [REDACTED] is not exercised and the [REDACTED] is fully exercised, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares*	2,073,211,424	[REDACTED]%
H Shares issued pursuant to the [REDACTED] . .	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

Note

- * Including 20,687,063 A Shares being held as treasury Shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders, accounting for approximately 1.00% of the total number of A Shares in issue as of the Latest Practicable Date.

Immediately following completion of the [REDACTED], assuming that the [REDACTED] and the [REDACTED] are fully exercised, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares*	2,073,211,424	[REDACTED]%
H Shares issued pursuant to the [REDACTED] . .	[REDACTED]	[REDACTED]%
Total	[REDACTED]	100.00%

SHARE CAPITAL

Note

- * Including 20,687,063 A Shares being held as treasury Shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders, accounting for approximately 1.00% of the total number of A Shares in issue as of the Latest Practicable Date.

OUR SHARES

Our H Shares in issue upon completion of the [REDACTED] and our A Shares are ordinary shares in the share capital of our Company and are considered as one class of Shares. However, apart from qualified domestic institutional investors and persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approval of any competent authority, or (if our H Shares are eligible securities for that purpose) through Shenzhen-Hong Kong Stock Connect or Shanghai-Hong Kong Stock Connect pursuant to relevant PRC laws and regulations, our H Shares may not be subscribed by or traded between legal or natural persons of the PRC.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between the PRC and Hong Kong. Our A Shares can be subscribed for and traded by PRC investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in RMB. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by PRC investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in RMB. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are

SHARE CAPITAL

not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A shares holders may convert A shares held by them into H shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

We have obtained approval from our holders of A Shares to issue H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the Shareholders’ meeting of our Company held on September 30, 2025 upon, among other things, the following major terms:

(i) Size of the [REDACTED]

The number of H Shares to be [REDACTED] under the [REDACTED] shall not exceed [REDACTED]% of the total share capital of our Company as enlarged by the H Shares to be [REDACTED] pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be [REDACTED] pursuant to the exercise of the [REDACTED] shall not exceed [REDACTED]% of the total number of H Shares to be [REDACTED] pursuant to the [REDACTED].

(ii) Method of [REDACTED]

The method of [REDACTED] shall be by way of a [REDACTED] for [REDACTED] in Hong Kong and an [REDACTED] to institutional and professional investors.

(iii) Target investors

The H Shares shall be [REDACTED] to overseas (for the purpose of the [REDACTED] and [REDACTED], including Hong Kong, Macao and Taiwan of China, and foreign countries) institutional investors, corporate and individual investors, as well as qualified domestic investors who are entitled to make overseas securities investments under relevant Chinese laws and other investors that meet regulatory requirements.

(iv) [REDACTED] basis

The [REDACTED] of this H-share issuance will fully take into account the interests of existing Shareholders, investor acceptance, and conditions in domestic and international capital markets. In accordance with international practice, a market-based [REDACTED] approach will be adopted, determined through [REDACTED]. The Shareholders’ meeting has authorized the Board and/or its authorized persons, together with the [REDACTED], to negotiate and finalize the [REDACTED].

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(v) Valid period

The [REDACTED] of H Shares and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the Shareholders’ meeting was held on September 30, 2025. If the Company obtains the filing or approval documents from relevant regulatory authorities (including the CSRC, SFC and the Stock Exchange) for the H-share [REDACTED] within the valid period, the resolution’s valid period will automatically extend to the later of the completion date of the H-share [REDACTED], the completion date of the H-share issuance under the exercise of the [REDACTED] (if any), or the date of completion of the aforementioned authorized matters.

SHAREHOLDERS’ MEETINGS

For details of the circumstance under which our Shareholders’ meeting is required, see “Summary of Articles of Association — Shareholders and Shareholders’ Meetings” in Appendix V to this document.

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our 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 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,” “Forward-Looking Statements” 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 leader in clean energy technology. Since our establishment in 1997, we have been focusing on the clean power sector, beginning with PV inverters and progressively expanding across five strategic areas: solar energy, wind energy, energy storage, electric vehicles and charging and hydrogen energy (“Solar — Wind — ESS — EV — Hydrogen (光風儲電氫)”). Our principal products include PV inverters, energy storage systems, wind power converter and transmission products, new energy vehicles’ electric control, power supply and charging equipment as well as hydrogen energy equipment, while we are committed to offering world-class full-lifecycle clean energy solutions.

During the Track Record Period, we achieved rapid growth and demonstrated strong financial performance. In 2022, 2023, 2024 and the six months ended June 30, 2025, our revenue was RMB40,109.1 million, RMB72,159.3 million, RMB77,704.1 million and RMB43,437.1 million, respectively. Our net profit was RMB3,695.6 million, RMB9,608.7 million, RMB11,264.2 million and RMB7,830.2 million in the same periods, respectively. Between 2022 and 2024, our revenue and net profit increased at a CAGR of 39.2% and 74.6%, respectively. In 2022, 2023, 2024 and the six months ended June 30, 2025, our gross profit margin was 20.4%, 25.5%, 29.0% and 32.9%, respectively. During the same periods, our weighted average return on equity was 21.0%, 41.0%, 34.0% and 19.2% (not annualized), respectively.

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BASIS OF PREPARATION

For the purpose of preparing and presenting the historical financial information for the Track Record Period, we consistently applied accounting policies that conform with IFRSs effective for our accounting period beginning on January 1, 2025 throughout the Track Record Period.

The preparation of the historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates, as well as our management’s judgment, estimates and assumptions in applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 4 to the Accountants’ Report included in Appendix I to this Document.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We set forth below those material accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. Our material accounting policies, estimates, assumptions and judgments, which are important for an understanding of our financial condition and results of operations, are fully disclosed in detail in Notes 3.2 and 4 to the Accountants’ Report in Appendix I to this Document.

Revenue Recognition

Revenue mainly arises from sales of PV inverters and other power conversion devices, energy storage systems, new energy investment and development.

To determine whether to recognize revenue, we follow a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognizing revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized either at a point in time, when we satisfy performance obligations by transferring the promised goods or services to our customers.

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Revenue from Sale of Goods

Revenue from sale of goods such as PV inverters and other power conversion devices, energy storage systems, charging equipment and floating PV system between us and our customers generally only includes a performance obligation for the transfer of goods, which is recognized when the performance obligation has been satisfied at a point in time.

Revenue for domestic sale of goods is recognized when we have delivered the products to the customer as stipulated in the contract, and the customer has accepted the goods; it is probable that related economic benefits will flow to us; the significant risks and rewards of ownership of the goods have been transferred; and ownership of the goods has been transferred.

Revenue for overseas sale of goods is recognized when we have completed customs declaration procedures for the products as stipulated in the contract and obtained the customs declaration form; it is probable that related economic benefits will flow to us; the significant risks and rewards of ownership of the goods have been transferred; and ownership of the goods has been transferred.

Revenue from Rendering of Services

The service contract between us and our customers includes performance obligations related to the smart energy operation and maintenance services. As the customer simultaneously receives and consumes the economic benefits derived from our performance during the fulfillment process, we regard this as a performance obligation satisfied over time.

Revenue from Construction Contract

The construction contract between us and our customers includes performance obligations related to the construction of power stations. As the customer controls the work-in-progress asset during our performance, we regard this as a performance obligation satisfied over time. Revenue is recognized based on the progress towards complete satisfaction of the performance obligation, except when such progress cannot be reasonably measured. When we cannot be able to reasonably measure the progress of a performance obligation, but we expect to recover the costs incurred in satisfying the performance obligation. In those circumstances, we shall recognize revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

We determine the progress of performance using the input method. The progress is measured based on the proportion of actual contract costs incurred to date relative to the estimated total contract costs. At the end of each reporting period, we reassess the progress of completion of the work or services provided to reflect any changes in the performance status.

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Revenue from Distributed Residential Power Stations Construction Business

Revenue from the construction of distributed residential power stations provided by us to our customers is recognized based on the actual grid-connected module capacity of the residential power stations and the unit price specified in the relevant agreement.

Revenue from Power Generation Activities at New Energy Power Stations

Revenue derived from power generation at new energy power stations constructed and operated by us is recognized at the end of each accounting period based on the metered electricity volume, the electricity generation confirmation issued by the power company or the customer, and the electricity price stipulated in the relevant power purchase agreement.

Sale with a Right of Return

For sales with a right of return, when the customer obtains the control of a product, we shall recognize revenue for the transferred products in the amount of consideration to which we expect to be entitled and a refund liability at the amounts receivable for which we do not expect to be entitled; meanwhile, an asset shall be recognized as receivables on the cost of return measured at the carrying amount of the product expected to be returned less any expected costs to recover those products including potential decreases in the value to the entity of returned products, and the net amount of the carrying amount of the product when transferred to the customer less above mentioned cost shall be recorded into the cost of sales. At the end of each reporting period, we shall assess the expectations about the sales return and remeasure above mentioned assets and liabilities.

Warranty

In accordance with the contract, the law or other requirements, we provide a warranty in connection with the sale of a product. For warranties which provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications, we do not treat it as a performance obligation.

Impairment of Non-financial Assets

The following assets are subject to impairment testing:

- Intangible assets;
- Property, plant and equipment;
- Investment properties;
- Goodwill;

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- Right-of-use assets; and
- The Company’s investments in subsidiaries and our investments in associates.

Assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset’s carrying amount may not be recoverable.

An impairment loss is recognized as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Impairment losses recognized for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset’s recoverable amount and only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Property, Plant and Equipment

Property, plant and equipment (other than construction in progress as described below) are initially recognized at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by our management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with our accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets other than construction in progress and moulds less their residual values using the straight-line basis over their estimated useful lives.

Key Sources of Estimation Uncertainty

In applying our accounting policies, the management are required to make judgments 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 ongoing basis. Revisions to accounting estimates are recognized 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 has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the coming twelve months.

Impairment of Financial Assets and Contract Assets

The loss allowances for financial assets and contract assets are based on assumptions about risk of default and expected loss rates. We use judgment in making these assumptions and selecting the inputs to the impairment calculation, based on our past history, existing market conditions, as well as forward-looking estimates at the end of each year/period for the Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 48.

Inventory Provision for Impairment

We measure the inventory at the lower of cost and net realizable value, and makes inventory provision for the obsolete inventory, slow-moving inventory and the inventory of which the cost is higher than their net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the

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estimated costs necessary to make the sale. Even though the management of us has made the best estimate about the inventory impairment loss predicted to occur and provided allowance for impairment, the impairment assessment may still be significantly changed due to the change of market situation.

Fair Value Measurement of Financial Assets at Level 3 Fair Value Hierarchy

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets at level 3 fair value hierarchy are disclosed in the tables in Note 47.

Income Taxes and Deferred Income Taxations

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgments are required from us in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

We recognize deferred tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred tax assets mainly involves management’s judgments and estimations about the timing and the amount of taxable profits of the companies who have tax losses.

Provisions

Provision was made for estimated warranty claims in respect of products sold which were still under retention period. The amount of the provision for the warranties is estimated based on the best estimate of the expenditure required to fulfil the relevant current obligation. Any increase or decrease in the provision would affect profit or loss in current and future years.

Recognition of Share-based Payment Expenses

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the significant input of expected life of the share incentive granted, expected volatility, expected dividend yield and risk-free rate and making assumptions about them.

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For the measurement of the fair value of share-based payment transactions with employees at the grant date, we use a Black-Scholes option pricing model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 39.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by the general factors that influence our industry, including but not limited to the macroeconomic conditions in China and globally, the development and competitive landscape for our industry, the regulatory environment and policies. In addition to the general factors mentioned, we believe our results of operations are more directly affected by the following specific factors:

Our Product and Service Offerings

Our long-term success depends on our ability to introduce full-spectrum products and services in accordance with the evolving demands from our customers globally. We have been committed to providing comprehensive and integrated products and services that cover diverse markets and application scenarios. See “Business — Our Products and Solutions.” During the Track Record Period, our gross profit margin varied among different business segments, and thus, our results of operations are largely affected by our product and service mix.

The following table sets forth a breakdown of gross profit and gross profit margin by product line for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)
(RMB in thousands, except for percentages)										
							(Unaudited)		(Unaudited)	
PV inverters and other power conversion devices	4,475,264	26.1	9,081,754	32.8	8,999,033	30.9	4,926,195	37.6	5,478,776	35.7
Energy storage systems	2,155,291	21.3	5,806,501	32.6	9,158,313	36.7	3,132,738	40.1	7,106,569	39.9
New energy investment and development	1,385,474	12.0	4,041,749	16.3	4,074,588	19.4	1,511,563	16.9	1,516,396	18.1
Others ⁽¹⁾	543,952	42.2	637,557	32.4	963,065	36.8	435,525	39.7	763,683	40.0
Inventory impairment loss.	(364,676)		(1,198,674)		(693,879)		(77,295)		(576,856)	
Total	8,195,305	20.4	18,368,887	25.5	22,501,120	29.0	9,928,726	32.1	14,288,568	32.9

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Note:

- (1) Primarily include power generation at new energy power stations, smart energy operation and maintenance services, floating PV system and charging equipment.

We will continue to replenish our innovative product and service portfolio by leveraging our advanced technology capabilities. We believe the continued diversification of our product and service portfolio will not only strengthen our market position but also create new revenue and profit streams, further solidifying our leadership in the industry.

Our R&D Efforts

Our ability to sustain our technological edge and continuously enhance our offerings is crucial for maintaining our leading market position and achieving sustainable growth. We have devoted considerable resources to R&D. In 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, our total R&D expenses amounted to RMB1,692.2 million, RMB2,447.4 million, RMB3,163.5 million, RMB1,486.2 million and RMB2,037.2 million, respectively. We have been deeply focused on establishing a comprehensive global R&D system, with technology and product innovation serving as the primary driver of our growth. Our R&D system consists of (i) a Central Research Institute; and (ii) independent R&D teams within each business segment, including platform R&D teams specialized in general technologies and business R&D teams specialized in products innovation for different markets and application scenarios. We have transformed our R&D efforts into a series of industry-leading technologies and products. See “Business — Research and Development — Major R&D Achievements.” We will continue to invest significantly in enhancing our R&D capabilities that can support our future business growth.

Our Global Footprint

Our financial performance is significantly influenced by our global business development strategy. We have established a leading global footprint with deep localization and have delivered solid financial performance. In 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, our revenue from other countries and regions (excluding Mainland China) accounted for 47.5%, 46.2%, 46.7%, 43.5% and 58.4% of our total revenue, respectively. Our multifaceted global development has extended our sales, production, and R&D functions worldwide, thereby creating an integrated international platform. We have established a global sales and service network, production system, localized R&D centers and office operations. We will further maintain and expand our global network to reduce reliance on a single market and enhance our resilience against regional market fluctuations. We believe this will enable us to better serve customers across different markets and capture business opportunities globally, and ultimately underpin our long-term success.

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Our Cost Control and Operational Efficiency Improvement

Our ability to effectively control costs and expenses is critical to our results of operations. In 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, our cost of sales as a percentage of revenue were 79.6%, 74.5%, 71.0%, 67.9% and 67.1%, respectively, showing a downward trend. During the Track Record Period, our cost of materials consumed has been the largest component of our cost of sales. In 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, our cost of materials consumed was RMB25,077.8 million, RMB38,798.4 million, RMB38,472.2 million, RMB14,505.8 million and RMB20,425.1 million, respectively, accounting for 78.6%, 72.1%, 69.7%, 69.0%, and 70.1% of our total cost of sales, respectively. Thus, the prices of our major materials will have a direct impact on our cost of sales, and in turn affect our financial performance. The prices of our major materials may fluctuate with the market conditions. To mitigate such fluctuations, we source major materials from suppliers through stringent procedures to ensure cost-effective and reliable procurement. See “Business — Procurement and Supply Chain Management” for more details.

Our operating expenses consist of R&D expenses, selling expenses and general and administrative expenses. Similarly, our ability to efficiently control our operating expenses will also impact our profitability. We expect to benefit from economies of scale, which will further improve our operational efficiency and overall profitability.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations in absolute amounts and as percentages of our revenue for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>										
							<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Revenue	40,109,117	100.0	72,159,253	100.0	77,704,134	100.0	30,960,511	100.0	43,437,101	100.0
Cost of sales	(31,913,812)	(79.6)	(53,790,366)	(74.5)	(55,203,014)	(71.0)	(21,031,785)	(67.9)	(29,148,533)	(67.1)
Gross profit	8,195,305	20.4	18,368,887	25.5	22,501,120	29.0	9,928,726	32.1	14,288,568	32.9
Other income	319,352	0.8	534,893	0.7	739,647	1.0	369,647	1.2	484,114	1.1
Other gains, net	669,330	1.7	293,250	0.4	441,777	0.6	169,834	0.5	619,297	1.4
Research and development expenses	(1,692,156)	(4.2)	(2,447,389)	(3.4)	(3,163,520)	(4.1)	(1,486,162)	(4.8)	(2,037,243)	(4.7)
General and administrative expenses	(811,659)	(2.0)	(1,306,343)	(1.8)	(1,747,419)	(2.2)	(763,084)	(2.5)	(1,168,091)	(2.7)
Selling expenses	(1,868,406)	(4.7)	(2,871,723)	(4.0)	(3,760,597)	(4.8)	(1,773,303)	(5.7)	(2,289,873)	(5.3)

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	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>										
							<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Net impairment losses recognized on financial assets and contract assets	(466,429)	(1.2)	(789,690)	(1.1)	(1,086,170)	(1.4)	(311,177)	(1.0)	(355,667)	(0.8)
Finance costs	(209,088)	(0.5)	(318,937)	(0.4)	(391,866)	(0.5)	(191,435)	(0.6)	(190,776)	(0.4)
Share of results of associates, net	(2,287)	(0.0)	(2,985)	(0.0)	11,319	0.0	5,471	0.0	18,124	0.0
Profit before income tax	4,133,962	10.3	11,459,963	15.9	13,544,291	17.4	5,948,517	19.2	9,368,453	21.5
Income tax expenses . . .	(438,388)	(1.1)	(1,851,223)	(2.6)	(2,280,064)	(2.9)	(901,900)	(2.9)	(1,538,226)	(3.5)
Profit for the year/period	3,695,574	9.2	9,608,740	13.3	11,264,227	14.5	5,046,617	16.3	7,830,227	18.0

Revenue

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our total revenue was RMB40,109.1 million, RMB72,159.3 million, RMB77,704.1 million, RMB30,960.5 million and RMB43,437.1 million, respectively.

Revenue by Business Segment

During the Track Record Period, a majority of our revenue was generated from (i) PV inverters and other power conversion devices, which amounted to RMB17,178.7 million, RMB27,653.1 million, RMB29,127.0 million, RMB13,093.2 million and RMB15,327.5 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 42.8%, 38.3%, 37.5%, 42.3% and 35.3% of our total revenue in the same respective periods; (ii) energy storage systems, which amounted to RMB10,126.5 million, RMB17,801.5 million, RMB24,959.2 million, RMB7,815.8 million and RMB17,802.8 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 25.2%, 24.7%, 32.1%, 25.2% and 41.0% of our total revenue in the same respective periods; and (iii) new energy investment and development, which amounted to RMB11,515.3 million, RMB24,734.0 million, RMB21,003.0 million, RMB8,955.0 million and RMB8,397.9 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 28.7%, 34.3%, 27.0%, 28.9% and 19.3% of our total revenue in the same respective periods.

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The following table sets forth a breakdown of our revenue by product line both in absolute amounts and as percentages of total revenue for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)										
							(Unaudited)		(Unaudited)	
PV inverters and other power conversion devices	17,178,675	42.8	27,653,074	38.3	29,127,039	37.5	13,093,203	42.3	15,327,462	35.3
Energy storage systems	10,126,475	25.2	17,801,524	24.7	24,959,166	32.1	7,815,768	25.2	17,802,778	41.0
New energy investment and development	11,515,268	28.7	24,733,981	34.3	21,003,004	27.0	8,954,969	28.9	8,397,881	19.3
Others ⁽¹⁾	1,288,699	3.3	1,970,674	2.7	2,614,925	3.4	1,096,571	3.6	1,908,980	4.4
Total	40,109,117	100.0	72,159,253	100.0	77,704,134	100.0	30,960,511	100.0	43,437,101	100.0

Note:

- (1) Primarily include power generation at new energy power stations, smart energy operation and maintenance services, floating PV system and charging equipment.

Revenue by Geographical Region

During the Track Record Period, we have maintained a well-established international presence, with revenue contributions from overseas markets representing 47.5%, 46.2%, 46.7%, 43.5% and 58.4% of our total revenue in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

The following table sets forth a breakdown of our revenue by geographical region both in absolute amounts and as percentages of total revenue for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)										
							(Unaudited)		(Unaudited)	
Mainland China	21,050,661	52.5	38,801,908	53.8	41,417,615	53.3	17,487,195	56.5	18,058,621	41.6
Other countries/regions	19,058,456	47.5	33,357,345	46.2	36,286,519	46.7	13,473,316	43.5	25,378,480	58.4
Total	40,109,117	100.0	72,159,253	100.0	77,704,134	100.0	30,960,511	100.0	43,437,101	100.0

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Cost of Sales

Our cost of sales primarily consisted of (i) materials consumed, primarily including electronic components, IGBTs, battery cells, PV modules and other structural parts; (ii) installation, service and warranty fees, primarily related to third-party labor services for our products installation, and warranty for our products; (iii) employee benefit expenses; and (iv) others, primarily including logistics fees and depreciation and amortization. The following table sets forth a breakdown of our cost of sales by nature both in absolute amounts and as percentages of total cost of sales for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>										
							<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Materials consumed . . .	25,077,769	78.6	38,798,437	72.1	38,472,187	69.7	14,505,767	69.0	20,425,147	70.1
Installation, service and warranty fees	3,252,300	10.2	9,726,816	18.1	11,543,464	20.9	4,613,812	21.9	5,194,328	17.8
Employee benefit expenses	1,143,778	3.6	1,347,414	2.5	1,817,993	3.3	757,427	3.6	1,150,040	3.9
Others	2,075,289	6.5	2,719,025	5.1	2,675,491	4.8	1,077,484	5.1	1,802,162	6.2
Inventory impairment loss.	364,676	1.1	1,198,674	2.2	693,879	1.3	77,295	0.4	576,856	2.0
Total	31,913,812	100.0	53,790,366	100.0	55,203,014	100.0	21,031,785	100.0	29,148,533	100.0

Our materials consumed were largely used for the production of PV inverters and other power conversion devices, energy storage systems and new energy investment and development, and constituted the largest component of our total cost of sales during the Track Record Period. As we increased sales of PV inverters and other power conversion devices, energy storage systems and new energy investment and development, we recorded an increase from previous years/periods in our materials consumed correspondingly.

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Cost of Sales by Business Segment

The following table sets forth a breakdown of our cost of sales by product line both in absolute amounts and as percentages of total cost of sales for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in thousands, except for percentages)										
							(Unaudited)		(Unaudited)	
PV inverters and other power conversion devices	12,703,411	39.8	18,571,320	34.5	20,128,006	36.5	8,167,008	38.8	9,848,686	33.8
Energy storage systems	7,971,184	25.0	11,995,023	22.3	15,800,853	28.6	4,683,030	22.3	10,696,209	36.7
New energy investment and development	10,129,794	31.7	20,692,232	38.5	16,928,416	30.7	7,443,406	35.4	6,881,485	23.6
Others ⁽¹⁾	744,747	2.4	1,333,117	2.5	1,651,860	2.9	661,046	3.1	1,145,297	3.9
Inventory impairment loss.	364,676	1.1	1,198,674	2.2	693,879	1.3	77,295	0.4	576,856	2.0
Total	31,913,812	100.0	53,790,366	100.0	55,203,014	100.0	21,031,785	100.0	29,148,533	100.0

Note:

- (1) Primarily include power generation at new energy power stations, smart energy operation and maintenance services, floating PV system and charging equipment.

Gross Profit and Gross Profit Margin

We recorded gross profit of RMB8,195.3 million, RMB18,368.9 million, RMB22,501.1 million, RMB9,928.7 million and RMB14,288.6 million in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. Our gross profit margin was 20.4%, 25.5%, 29.0%, 32.1% and 32.9% in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

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Gross Profit and Gross Profit Margin by Business Segment

The following table sets forth a breakdown of gross profit and gross profit margin by product line for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
		(%)		(%)		(%)		(%)		(%)
	(RMB in thousands, except for percentages)						(Unaudited)		(Unaudited)	
PV inverters and other power conversion devices	4,475,264	26.1	9,081,754	32.8	8,999,033	30.9	4,926,195	37.6	5,478,776	35.7
Energy storage systems	2,155,291	21.3	5,806,501	32.6	9,158,313	36.7	3,132,738	40.1	7,106,569	39.9
New energy investment and development	1,385,474	12.0	4,041,749	16.3	4,074,588	19.4	1,511,563	16.9	1,516,396	18.1
Others ⁽¹⁾	543,952	42.2	637,557	32.4	963,065	36.8	435,525	39.7	763,683	40.0
Inventory impairment loss.	(364,676)		(1,198,674)		(693,879)		(77,295)		(576,856)	
Total	8,195,305	20.4	18,368,887	25.5	22,501,120	29.0	9,928,726	32.1	14,288,568	32.9

Note:

- (1) Primarily include power generation at new energy power stations, smart energy operation and maintenance services, floating PV system and charging equipment.

Other Income

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our other income was RMB319.4 million, RMB534.9 million, RMB739.6 million, RMB369.6 million and RMB484.1 million, respectively. Our other income primarily consisted of (i) interest income; and (ii) others.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee benefit expenses in relation to salaries and benefits of R&D personnel; (ii) materials consumed in relation to R&D activities; (iii) office and travel expenses; (iv) depreciation and amortization; and (v) others, primarily including certification fee, commissioned technology development fee and consultancy and service fees. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our research and development expenses amounted to RMB1,692.2 million, RMB2,447.4 million, RMB3,163.5 million, RMB1,486.2 million and RMB2,037.2 million, respectively.

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The following table sets forth a breakdown of our research and development expenses by nature both in absolute amounts and as percentages of total research and development expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)						(Unaudited)		(Unaudited)	
Employee benefit expenses	1,012,263	59.8	1,457,444	59.6	1,965,181	62.1	932,625	62.8	1,500,206	73.6
Materials consumed . . .	320,260	18.9	407,421	16.6	426,504	13.5	220,868	14.9	182,089	8.9
Office and travel expenses	133,411	7.9	258,297	10.6	358,885	11.3	157,518	10.6	140,106	6.9
Depreciation and amortization	67,055	4.0	113,019	4.6	161,825	5.1	76,832	5.2	85,779	4.2
Others	159,167	9.4	211,208	8.6	251,125	8.0	98,319	6.5	129,063	6.4
Total	1,692,156	100.0	2,447,389	100.0	3,163,520	100.0	1,486,162	100.0	2,037,243	100.0

General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) employee benefit expenses in relation to salaries and benefits of administrative personnel; (ii) taxes and surcharges; (iii) depreciation and amortization expenses; (iv) office and travel expenses; (v) bank charges; and (vi) others, primarily including consultancy and service fees. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our general and administrative expenses amounted to RMB811.7 million, RMB1,306.3 million, RMB1,747.4 million, RMB763.1 million and RMB1,168.1 million, respectively.

The following table sets forth a breakdown of our general and administrative expenses by nature both in absolute amounts and as percentages of total general and administrative expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)						(Unaudited)		(Unaudited)	
Employee benefit expenses	339,949	41.9	480,885	36.8	646,691	37.0	313,976	41.1	552,678	47.3
Taxes and surcharges . . .	142,614	17.6	324,454	24.8	403,070	23.1	174,928	22.9	265,769	22.8
Depreciation and amortization	83,038	10.2	101,480	7.8	143,487	8.2	63,064	8.3	96,501	8.3

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	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>										
							<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Office and travel expenses	72,831	9.0	149,210	11.4	201,586	11.5	81,765	10.7	88,013	7.5
Bank charges	56,730	7.0	108,723	8.3	143,517	8.2	62,279	8.2	64,625	5.5
Others	116,497	14.3	141,591	10.9	209,068	12.0	67,072	8.8	100,505	8.6
	<u>811,659</u>	<u>100.0</u>	<u>1,306,343</u>	<u>100.0</u>	<u>1,747,419</u>	<u>100.0</u>	<u>763,084</u>	<u>100.0</u>	<u>1,168,091</u>	<u>100.0</u>

Selling Expenses

Our selling expenses primarily consisted of (i) employee benefit expenses in relation to salaries and benefits of sales personnel; (ii) office and travel expenses; (iii) consultancy and service fees in relation to our sales activities; (iv) business development expenses; (v) promotional and marketing expenses; and (vi) others, primarily including insurance expenses, and depreciation and amortization. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our selling expenses amounted to RMB1,868.4 million, RMB2,871.7 million, RMB3,760.6 million, RMB1,773.3 million and RMB2,289.9 million, respectively.

The following table sets forth a breakdown of our selling expenses by nature both in absolute amounts and as percentages of total selling expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>										
							<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Employee benefit expenses	816,355	43.7	1,249,931	43.5	1,858,454	49.4	858,501	48.4	1,338,595	58.5
Office and travel expenses	261,876	14.0	495,636	17.3	607,193	16.1	297,814	16.8	329,794	14.4
Consultancy and service fees	272,740	14.6	341,032	11.9	260,804	6.9	165,322	9.3	146,492	6.4
Business development expenses	196,922	10.5	237,646	8.3	289,684	7.7	112,874	6.4	131,780	5.8
Promotional and marketing expenses . .	72,077	3.9	173,082	6.0	237,388	6.3	116,188	6.6	113,568	5.0
Others	248,436	13.3	374,396	13.0	507,074	13.6	222,604	12.5	229,644	9.9
Total	<u>1,868,406</u>	<u>100.0</u>	<u>2,871,723</u>	<u>100.0</u>	<u>3,760,597</u>	<u>100.0</u>	<u>1,773,303</u>	<u>100.0</u>	<u>2,289,873</u>	<u>100.0</u>

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Net impairment Losses Recognized on Financial Assets and Contract Assets

In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, we recorded net impairment losses recognized on financial assets and contract assets of RMB466.4 million, RMB789.7 million, RMB1,086.2 million, RMB311.2 million and RMB355.7 million, respectively. Our net impairment losses recognized on financial assets and contract assets are primarily related to provision of impairment losses of trade and notes receivables.

Finance Costs

Our finance costs represented (i) interest expense on bank borrowings; (ii) interest expense on other borrowings; (iii) interest expense on lease liabilities; and (iv) interest expense on redemption liabilities. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our finance costs amounted to RMB209.1 million, RMB318.9 million, RMB391.9 million, RMB191.4 million and RMB190.8 million, respectively.

The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>										
							<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Interest expense on bank borrowings	186,861	89.4	268,082	84.1	310,582	79.3	160,872	84.0	110,546	57.9
Interest expense on other borrowings	3,186	1.5	18,008	5.6	43,321	11.0	13,072	6.8	45,406	23.8
Interest expense on lease liabilities	19,041	9.1	32,847	10.3	17,563	4.5	9,901	5.2	22,223	11.7
Interest expense on redemption liabilities	—	—	—	—	20,400	5.2	7,590	4.0	12,601	6.6
Total	209,088	100.0	318,937	100.0	391,866	100.0	191,435	100.0	190,776	100.0

Other Gains, Net

Our net other gains primarily consisted of (i) net foreign exchange gains/(losses), in relation to foreign exchange fluctuations associated with our overseas business; (ii) (losses)/gains on forward exchange contracts in relation to our forward exchange contracts; (iii) gains on disposal of financial assets at FVTPL, mainly in relation to disposal of our bank wealth management products and structured deposits purchased from reputable banks; and (iv)

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fair value (losses)/gains on financial assets at FVTPL, mainly in relation to changes in the fair value of our bank wealth management products and structured deposits purchased from reputable banks. The following table sets forth a breakdown of our net other gains for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>										
							<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Net foreign exchange										
gains/(losses).	665,240	99.4	208,735	71.2	(11,751)	(2.7)	(65,593)	(38.6)	328,144	53.0
(Losses)/gains on forward										
exchange contracts . . .	(72,328)	(10.8)	(21,036)	(7.2)	269,481	61.0	188,122	110.8	152,611	24.6
Gains on disposal of										
financial assets at										
FVTPL	87,766	13.1	106,358	36.3	138,968	31.5	1,044	0.6	121,361	19.6
Fair value (losses)/gains										
on financial assets at										
FVTPL	(29,611)	(4.4)	36,192	12.3	64,319	14.6	9,772	5.8	51,120	8.3
Investment income from										
financial assets at										
FVTPL	27,540	4.1	14,673	5.0	224	0.1	43,143	25.4	1,839	0.3
Impairment losses of										
property, plant and										
equipment	–	–	(40,090)	(13.7)	–	–	–	–	(24,195)	(3.9)
Net losses on disposal										
and write-off of										
property, plant and										
equipment, right-of-use										
assets and intangible										
assets.	(3,009)	(0.4)	(13,266)	(4.5)	(4,521)	(1.0)	(1,254)	(0.7)	(8,340)	(1.3)
Donations.	(7,481)	(1.1)	(5,878)	(2.0)	(20,780)	(4.7)	(6,526)	(3.8)	(7,713)	(1.2)
(Losses)/gains on disposal										
of investments in										
associates, net	(352)	(0.1)	(298)	(0.1)	31	0.0	–	–	(1,778)	(0.3)
Others	1,565	0.2	7,860	2.7	5,806	1.3	1,126	0.7	6,248	1.0
Total	669,330	100.0	293,250	100.0	441,777	100.0	169,834	100.0	619,297	100.0

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Share of Results of Associates, Net

In 2022 and 2023, we recorded share of losses of associates, net of RMB2.3 million and RMB3.0 million. In 2024 and the six months ended June 30, 2024 and 2025, we recorded share of profits of associates, net of RMB11.3 million, RMB5.5 million and RMB18.1 million, respectively. Our net share of results of associates during the Track Record Period represented the share of profits or losses from our long-term investments in associates. See Note 18 of the Accountant’s Report in Appendix I to this Document.

Income Tax Expenses

Our income tax expenses mainly represented (i) current income tax; and (ii) deferred income tax. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our income tax expenses amounted to RMB438.4 million, RMB1,851.2 million, RMB2,280.1 million, RMB901.9 million and RMB1,538.2 million, respectively.

Pursuant to the PRC Enterprise Income Tax Law (the “EIT Law”) and related regulations, enterprises operating in China are generally subject to enterprise income tax at a statutory rate of 25% on the taxable profit. During the Track Record Period, our Company and certain subsidiaries operating in the PRC were accredited as “High and New Technology Enterprise” (“HNTE”), and were therefore eligible for a preferential EIT rate of 15%. Such qualifications are subject to renewal and re-accreditation every three years by the relevant PRC authorities. Furthermore, certain subsidiaries were qualified for Western Regions corporate income tax incentive, with a preferential tax rate of 15% during the Track Record Period. Certain subsidiaries were qualified for Small Meager-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable profit for the years ended December 31, 2022, 2023 and 2024. During the Track Record Period, one of our subsidiaries enjoyed the corporate income tax incentive policy in the Guangdong-Macao In-Depth Cooperation Zone in Hengqin, with a preferential tax rate of 15%.

The provision for Hong Kong profits tax is generally calculated at 16.5% of the estimated assessable profits. Taxation for our other overseas subsidiaries is calculated at the appropriate current tax rates in the relevant jurisdictions.

During the Track Record Period and as of the Latest Practicable Date, we had no material outstanding or potential disputes with the relevant tax authorities.

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PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2025 Compared with Six Months Ended June 30, 2024

Revenue

Our revenue increased by 40.3% from RMB30,960.5 million in the six months ended June 30, 2024 to RMB43,437.1 million in the six months ended June 30, 2025, primarily due to our overall business expansion and the expansion and scaling up of our sales.

Our revenue generated from PV inverters and other power conversion devices increased by 17.1% from RMB13,093.2 million in the six months ended June 30, 2024 to RMB15,327.5 million in the six months ended June 30, 2025, primarily due to (i) the increasing demand for renewable energy products and continued market expansion driven by the backdrop of the global carbon reduction trend; and (ii) the enhanced competitiveness of our products and growing brand influence, resulting from our long-term engagement in the renewable energy sector.

Our revenue generated from energy storage systems increased by 127.8% from RMB7,815.8 million in the six months ended June 30, 2024 to RMB17,802.8 million in the six months ended June 30, 2025, primarily due to (i) the enhanced competitiveness of our products driven by our accelerated product innovation and iteration; and (ii) the increasing demand from global energy storage markets, especially overseas energy storage markets.

Our revenue generated from new energy investment and development decreased by 6.2% from RMB8,955.0 million in the six months ended June 30, 2024 to RMB8,397.9 million in the six months ended June 30, 2025, primarily due to the fluctuation of residential PV power stations business.

Our revenue generated from others increased by 74.1% from RMB1,096.6 million in the six months ended June 30, 2024 to RMB1,909.0 million in the six months ended June 30, 2025, primarily due to (i) an increase in our revenue from power generation at new energy power stations; and (ii) an increase in our revenue from smart energy operation and maintenance services, driven by the increasing market demand.

Cost of Sales

Our cost of sales increased by 38.6% from RMB21,031.8 million in the six months ended June 30, 2024 to RMB29,148.5 million in the six months ended June 30, 2025, primarily due to an increase in materials consumed by 40.8% from RMB14,505.8 million in the six months ended June 30, 2024 to RMB20,425.1 million in the same period of 2025, which was in line with our business growth.

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Gross Profit and Gross Profit Margin

Our gross profit increased by 43.9% from RMB9,928.7 million in the six months ended June 30, 2024 to RMB14,288.6 million in the six months ended June 30, 2025. Our gross profit margin remained relatively stable at 32.1% in the six months ended June 30, 2024 and 32.9% in the six months ended June 30, 2025.

Our gross profit generated from PV inverters and other power conversion devices increased by 11.2% from RMB4,926.2 million in the six months ended June 30, 2024 to RMB5,478.8 million in the six months ended June 30, 2025. Our gross profit margin from PV inverters and other power conversion devices decreased slightly from 37.6% in the six months ended June 30, 2024 to 35.7% in the six months ended June 30, 2025, primarily due to our increased investments to improve customer satisfaction.

Our gross profit generated from energy storage systems increased by 126.9% from RMB3,132.7 million in the six months ended June 30, 2024 to RMB7,106.6 million in the six months ended June 30, 2025. Our gross profit margin from energy storage systems remained relatively stable at 40.1% in the six months ended June 30, 2024 and 39.9% in the six months ended June 30, 2025.

Our gross profit generated from new energy investment and development remained stable at RMB1,511.6 million in the six months ended June 30, 2024 and RMB1,516.4 million in the six months ended June 30, 2025. Our gross profit margin from new energy investment and development increased from 16.9% in the six months ended June 30, 2024 to 18.1% in the six months ended June 30, 2025, primarily due to (i) the increased sales proportion of wind power stations, typically with relatively higher gross profit margin; and (ii) our enhanced project development and management capability.

Other Income

Our other income increased by 31.0% from RMB369.6 million in the six months ended June 30, 2024 to RMB484.1 million in the six months ended June 30, 2025, due to reasons such as the increase in interest income.

Research and Development Expenses

Our research and development expenses increased by 37.1% from RMB1,486.2 million in the six months ended June 30, 2024 to RMB2,037.2 million in the six months ended June 30, 2025, primarily due to an increase in employee benefit expenses as we increased our R&D investment.

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General and Administrative Expenses

Our general and administrative expenses increased by 53.1% from RMB763.1 million in the six months ended June 30, 2024 to RMB1,168.1 million in the six months ended June 30, 2025, primarily due to an increase in employee benefit and depreciation and amortization expenses, which was in line with our overall business growth.

Selling Expenses

Our selling expenses increased by 29.1% from RMB1,773.3 million in the six months ended June 30, 2024 to RMB2,289.9 million in the six months ended June 30, 2025, primarily due to an increase in employee benefit expenses as a result of the increased number of our sales personnel and related compensation, which was in line with our overall business growth.

Net Impairment Losses Recognized on Financial Assets and Contract Assets

Our net impairment losses recognized on financial assets and contract assets increased by 14.3% from RMB311.2 million in the six months ended June 30, 2024 to RMB355.7 million in the six months ended June 30, 2025, primarily due to an increase in provision of impairment losses of trade and notes receivables.

Finance Costs

Our finance costs remained relatively stable at RMB191.4 million in the six months ended June 30, 2024 and RMB190.8 million in the six months ended June 30, 2025.

Other Gains, Net

Our net other gains increased significantly by 264.7% from RMB169.8 million in the six months ended June 30, 2024 to RMB619.3 million in the six months ended June 30, 2025, primarily because we recorded net foreign exchange gains of RMB328.1 million in the six months ended June 30, 2025, as compared to net foreign exchange losses of RMB65.6 million during the same period in 2024, which was mainly attributable to foreign exchange rate fluctuations.

Share of Results of Associates, Net

Our share of results of associates, net increased from RMB5.5 million in the six months ended June 30, 2024 to RMB18.1 million in the six months ended June 30, 2025, primarily due to an increase in the number of our associates and their profits.

Income Tax Expenses

Our income tax expenses increased by 70.6% from RMB901.9 million in the six months ended June 30, 2024 to RMB1,538.2 million in the six months ended June 30, 2025, generally in line with our gross profit growth.

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Profit for the Period

As a result of the foregoing, our profit for the period increased from RMB5,046.6 million in the six months ended June 30, 2024 to RMB7,830.2 million in the six months ended June 30, 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 7.7% from RMB72,159.3 million in 2023 to RMB77,704.1 million in 2024, primarily due to our overall business growth.

Our revenue generated from PV inverters and other power conversion devices increased by 5.3% from RMB27,653.1 million in 2023 to RMB29,127.0 million in 2024, primarily due to (i) the increasing demand for renewable energy products and continued market expansion driven by the backdrop of the global carbon reduction trend; and (ii) the enhanced competitiveness of our products and growing brand influence, resulting from our long-term engagement in the renewable energy sector.

Our revenue generated from energy storage systems increased by 40.2% from RMB17,801.5 million in 2023 to RMB24,959.2 million in 2024, primarily due to (i) the enhanced competitiveness of our products driven by our accelerated product innovation and iteration; and (ii) the increasing demand from global energy storage markets, especially overseas energy storage markets.

Our revenue generated from new energy investment and development decreased by 15.1% from RMB24,734.0 million in 2023 to RMB21,003.0 million in 2024, primarily due to the fluctuation of residential PV power stations business.

Our revenue generated from others increased by 32.7% from RMB1,970.7 million in 2023 to RMB2,614.9 million in 2024, primarily due to an increase in our revenue from power generation at new energy power stations.

Cost of Sales

Our cost of sales increased slightly from RMB53,790.4 million in 2023 to RMB55,203.0 million in 2024, generally in line with our revenue trend driven by our overall business expansion and the expansion and scaling up of our sales.

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Gross Profit and Gross Profit Margin

As a result of foregoing, our gross profit increased by 22.5% from RMB18,368.9 million in 2023 to RMB22,501.1 million in 2024. Our gross profit margin increased from 25.5% in 2023 to 29.0% in 2024, primarily due to (i) our continuous product innovation, which leads to strengthened brand value and improved profitability; and (ii) the increased sales proportion of energy storage systems with relatively higher gross profit margin.

Our gross profit generated from PV inverters and other power conversion devices remained relatively stable at RMB9,081.8 million in 2023 and RMB8,999.0 million in 2024. Our gross profit margin from PV inverters and other power conversion devices decreased slightly from 32.8% in 2023 to 30.9% in 2024, primarily due to (i) the changes in our product mix; and (ii) our increased investments to improve customer satisfaction.

Our gross profit generated from energy storage systems increased by 57.7% from RMB5,806.5 million in 2023 to RMB9,158.3 million in 2024. Our gross profit margin from energy storage systems increased from 32.6% in 2023 to 36.7% in 2024, primarily due to (i) our continuous product innovation, leading to enhanced product performance and competitiveness; and (ii) the declining raw material price.

Our gross profit generated from new energy investment and development remained relatively stable at RMB4,041.7 million in 2023 and RMB4,074.6 million in 2024. Our gross profit margin from new energy investment and development increased from 16.3% in 2023 to 19.4% in 2024, primarily due to (i) the increased sales proportion of wind power stations, typically with relatively higher gross profit margin; and (ii) our enhanced project development and management capability.

Other Income

Our other income increased by 38.3% from RMB534.9 million in 2023 to RMB739.6 million in 2024, due to the reasons such as the increase in interest income.

Research and Development Expenses

Our research and development expenses increased by 29.3% from RMB2,447.4 million in 2023 to RMB3,163.5 million in 2024, primarily due to an increase in employee benefit expenses as we increased our R&D investment.

General and Administrative Expenses

Our general and administrative expenses increased by 33.8% from RMB1,306.3 million in 2023 to RMB1,747.4 million in 2024, primarily due to the increase in employee benefit expenses, which was in line with our overall business growth.

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Selling Expenses

Our selling expenses increased by 31.0% from RMB2,871.7 million in 2023 to RMB3,760.6 million in 2024, primarily due to an increase in employee benefit expenses as a result of the increased number of our sales personnel and related compensation, which was in line with our overall business growth.

Net Impairment Losses Recognized on Financial Assets and Contract Assets

Our net impairment losses recognized on financial assets and contract assets increased by 37.5% from RMB789.7 million in 2023 to RMB1,086.2 million in 2024, primarily due to an increase in provision of impairment losses of trade and notes receivables.

Finance Costs

Our finance costs increased by 22.9% from RMB318.9 million in 2023 to RMB391.9 million in 2024, primarily due to an increase in interest expense on bank borrowings in line with our increased bank borrowings.

Other Gains, Net

Our net other gains increased by 50.6% from RMB293.3 million in 2023 to RMB441.8 million in 2024, primarily because we recorded gains on forward exchange contracts of RMB269.5 million in 2024, as compared to losses on forward exchange contracts of RMB21.0 million during the same period in 2023, as part of our strategy to manage foreign exchange risk.

Share of Results of Associates, Net

We incurred share of losses of associates, net of RMB3.0 million in 2023 and share of profits of associates, net of RMB11.3 million in 2024, primarily due to the profit growth of our associates.

Income Tax Expenses

Our income tax expenses increased by 23.2% from RMB1,851.2 million in 2023 to RMB2,280.1 million in 2024, generally in line with our gross profit growth.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 17.2% from RMB9,608.7 million in 2023 to RMB11,264.2 million in 2024.

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Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue increased by 79.9% from RMB40,109.1 million in 2022 to RMB72,159.3 million in 2023, primarily due to our overall business expansion and the expansion and scaling up of our sales.

Our revenue generated from PV inverters and other power conversion devices increased by 61.0% from RMB17,178.7 million in 2022 to RMB27,653.1 million in 2023, primarily due to (i) the increased global demand for PV products; (ii) the enhanced competitiveness of our products and growing brand influence; and (iii) our improved global sales and service network.

Our revenue generated from energy storage systems increased by 75.8% from RMB10,126.5 million in 2022 to RMB17,801.5 million in 2023, primarily due to (i) the increase in the sales volume of our energy storage systems driven by our product competitiveness and early-mover advantage; and (ii) the continued rapid growth in market demand.

Our revenue generated from new energy investment and development increased by 114.8% from RMB11,515.3 million in 2022 to RMB24,734.0 million in 2023, primarily due to the rapid growth of residential PV power stations business driven by the market demand.

Our revenue from others increased by 52.9% from RMB1,288.7 million in 2022 to RMB1,970.7 million in 2023, primarily due to an increase in our revenue from smart energy operation and maintenance services, and floating PV system, driven by the increasing market demand.

Cost of Sales

Our cost of sales increased by 68.5% from RMB31,913.8 million in 2022 to RMB53,790.4 million in 2023, primarily in line with our revenue trend driven by our overall business expansion and the expansion and scaling up of our sales.

Gross Profit and Gross Profit Margin

Our gross profit increased by 124.1% from RMB8,195.3 million in 2022 to RMB18,368.9 million in 2023. Our gross profit margin increased from 20.4% in 2022 to 25.5% in 2023, primarily driven by the increasing profitability of our businesses including PV inverters and other power conversion devices, and energy storage systems.

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Our gross profit generated from PV inverters and other power conversion devices increased by 102.9% from RMB4,475.3 million in 2022 to RMB9,081.8 million in 2023. Our gross profit margin from PV inverters and other power conversion devices increased from 26.1% in 2022 to 32.8% in 2023, primarily due to (i) our growing brand influence; (ii) the enhanced competitiveness of our products as a result of continuous product innovation and technology advancement; (iii) marginal cost reductions attributable to economies of scale, along with our increased shipment volumes; and (iv) the declining logistics price.

Our gross profit generated from energy storage systems increased by 169.4% from RMB2,155.3 million in 2022 to RMB5,806.5 million in 2023. Our gross profit margin from energy storage systems increased from 21.3% in 2022 to 32.6% in 2023, primarily due to (i) the increasing proportion of overseas sales with higher gross profit margin, driven by our enhanced product competitiveness, brand influence and customer service; and (ii) the declining raw material and logistics prices.

Our gross profit generated from new energy investment and development increased by 191.7% from RMB1,385.5 million in 2022 to RMB4,041.7 million in 2023. Our gross profit margin from new energy investment and development increased from 12.0% in 2022 to 16.3% in 2023, primarily due to (i) the increased sales proportion of wind power stations, typically with relatively higher gross profit margin; and (ii) our enhanced project development and management capability.

Other Income

Our other income increased by 67.5% from RMB319.4 million in 2022 to RMB534.9 million in 2023, due to the reasons such as the increase in interest income.

Research and Development Expenses

Our research and development expenses increased by 44.6% from RMB1,692.2 million in 2022 to RMB2,447.4 million in 2023, primarily due to the increase in expenses of employee benefit and materials consumed resulting from our increased R&D investment.

General and Administrative Expenses

Our general and administrative expenses increased by 60.9% from RMB811.7 million in 2022 to RMB1,306.3 million in 2023, primarily due to the increase in employee benefit expenses, which was in line with our overall business growth.

Selling Expenses

Our selling expenses increased by 53.7% from RMB1,868.4 million in 2022 to RMB2,871.7 million in 2023, primarily due to an increase in employee benefit expenses as a result of the increased number of our sales personnel and related compensation, which was in line with our overall business growth.

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Net Impairment Losses Recognized on Financial Assets and Contract Assets

Our net impairment losses recognized on financial assets and contract assets increased by 69.3% from RMB466.4 million in 2022 to RMB789.7 million in 2023, primarily due to an increase in provision of impairment losses of trade and notes receivables.

Finance Costs

Our finance costs increased by 52.5% from RMB209.1 million in 2022 to RMB318.9 million in 2023, primarily due to an increase in interest expense on bank borrowings in line with our increased bank borrowings.

Other Gains, Net

Our net other gains decreased by 56.2% from RMB669.3 million in 2022 to RMB293.3 million in 2023, primarily due to the decrease in net foreign exchange gains in 2023, which was mainly attributable to foreign exchange rate fluctuations.

Share of Results of Associates, Net

Our share of losses of associates, net increased by 30.4% from RMB2.3 million in 2022 to RMB3.0 million in 2023, primarily due to the increasing loss of our associates.

Income Tax Expenses

Our income tax expenses increased significantly by 322.3% from RMB438.4 million in 2022 to RMB1,851.2 million in 2023, generally in line with our gross profit growth.

Profit for the Year

As a result of the foregoing, our profit for the year increased from RMB3,695.6 million in 2022 to RMB9,608.7 million in 2023.

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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 at December 31			As at June 30
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Non-current assets				
Property, plant and equipment	5,770,518	8,174,969	11,342,778	12,158,364
Right-of-use assets	835,013	1,053,245	1,300,392	1,302,464
Intangible assets	65,061	76,708	169,738	184,166
Investment properties	–	–	88,337	86,059
Investments in associates	228,278	440,042	483,897	562,483
Goodwill	–	–	296,978	296,978
Financial assets at fair value through profit or loss	303,678	500,017	815,262	973,511
Financial assets at fair value through other comprehensive income	–	–	190,319	195,920
Trade and notes receivables	352,460	320,380	286,420	268,414
Contract assets	503,337	647,654	1,491,983	1,733,835
Prepayments, other receivables and other assets	549,381	308,314	507,579	595,632
Deferred tax assets	1,025,988	2,071,288	2,951,489	3,004,921
	9,633,714	13,592,617	19,925,172	21,362,747
Current assets				
Inventories	19,060,143	21,441,505	29,027,561	29,706,314
Trade and notes receivables	14,944,620	21,845,020	28,539,621	29,155,285
Contract assets	1,291,527	2,008,704	1,615,259	1,763,213
Prepayments, other receivables and other assets	2,479,989	3,036,155	4,700,476	4,981,096
Prepaid income tax	22,310	77,148	134,453	47,782
Financial assets at fair value through profit or loss	1,490,494	2,072,049	10,164,774	7,885,848
Financial assets at fair value through other comprehensive income	1,038,041	772,690	1,167,009	3,621,694
Restricted bank deposits	1,864,509	1,763,595	2,082,212	1,959,493
Cash and cash equivalents	9,802,093	16,267,022	17,717,234	17,910,515
	51,993,726	69,283,888	95,148,599	97,031,240

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	As at December 31			As at June 30
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Current liabilities				
Trade and notes payables	25,925,989	28,485,916	36,757,158	35,861,890
Contract liabilities	3,788,440	6,564,810	10,027,405	10,279,909
Other payables and accruals	3,070,123	4,565,918	5,851,189	5,859,270
Borrowings	2,154,514	4,053,924	6,079,284	5,772,778
Financial liabilities at fair value through profit or loss	51,920	—	—	274
Derivative financial instruments	1,028	—	—	—
Lease liabilities	77,553	81,182	59,664	51,508
Income tax payable	399,032	2,185,237	1,523,178	691,741
	<u>35,468,599</u>	<u>45,936,987</u>	<u>60,297,878</u>	<u>58,517,370</u>
Net current assets	<u>16,525,127</u>	<u>23,346,901</u>	<u>34,850,721</u>	<u>38,513,870</u>
Total assets less current liabilities	<u>26,158,841</u>	<u>36,939,518</u>	<u>54,775,893</u>	<u>59,876,617</u>
Non-current liabilities				
Other payables and accruals	166,799	168,762	758,127	765,520
Borrowings	4,757,752	4,371,527	7,720,582	6,421,056
Financial liabilities at fair value through profit or loss	39,610	39,610	450,450	449,541
Lease liabilities	430,999	323,825	314,935	308,603
Redemption liabilities	—	—	867,400	868,911
Provisions	1,012,056	2,568,690	4,383,322	5,196,569
Deferred tax liabilities	13,402	12,608	82,329	84,435
	<u>6,420,618</u>	<u>7,485,022</u>	<u>14,577,145</u>	<u>14,094,635</u>
Net assets	<u>19,738,223</u>	<u>29,454,496</u>	<u>40,198,748</u>	<u>45,781,982</u>
EQUITY				
Share capital and treasury shares	964,441	104,083	302,088	432,592
Reserves	<u>17,702,852</u>	<u>27,601,135</u>	<u>36,602,976</u>	<u>42,103,779</u>
Equity attributable to owners of the Company	18,667,293	27,705,218	36,905,064	42,536,371
Non-controlling interests	1,070,930	1,749,278	3,293,684	3,245,611
Total equity	<u>19,738,223</u>	<u>29,454,496</u>	<u>40,198,748</u>	<u>45,781,982</u>

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Property, Plant and Equipment

Our property, plant and equipment consisted of (i) buildings; (ii) power stations; (iii) machinery; (iv) construction in progress; (v) office and other equipment; (vi) freehold lands; (vii) transportation equipment; and (viii) others. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Buildings	1,060,664	1,870,607	3,294,888	4,034,288
Power stations	2,712,086	3,198,622	3,781,144	3,725,320
Machinery	637,050	1,072,568	1,427,891	1,968,981
Construction in progress	1,188,671	1,685,757	2,264,851	1,673,262
Office and other equipment . .	99,689	164,383	317,335	478,781
Freehold lands	–	93,879	96,233	99,426
Transportation equipment . . .	34,067	38,125	84,196	85,927
Others	38,291	51,028	76,240	92,379
Total	<u>5,770,518</u>	<u>8,174,969</u>	<u>11,342,778</u>	<u>12,158,364</u>

Our property, plant and equipment were RMB5,770.5 million, RMB8,175.0 million, RMB11,342.8 million and RMB12,158.4 million as of December 31, 2022, 2023, 2024 and June 30, 2025. The increase was primarily due to the increases in buildings and machinery to support our office operations, R&D, sales and production as a result of our business expansion.

Right-of-use Assets

During the Track Record Period, our right-of-use assets were primarily related to buildings, office equipment, land use right and leasehold land. Our right-of-use assets increased from RMB835.0 million as of December 31, 2022 to RMB1,053.2 million as of December 31, 2023, and further to RMB1,300.4 million as of December 31, 2024, primarily because we obtained more land use right to support our business development. Our right-of-use assets remained relatively stable at RMB1,300.4 million as of December 31, 2024 and RMB1,302.5 million as of June 30, 2025.

Investments in Associates

Our investments in associates primarily represented our investment in a number of associates. As of December 31, 2022, 2023, 2024 and June 30, 2025, our investments in associates were RMB228.3 million, RMB440.0 million, RMB483.9 million and RMB562.5 million, respectively.

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Contract Assets

Our contract assets primarily represented (i) retention receivables under retention period; and (ii) work-in-progress assets unbilled.

The following table sets forth the breakdown of our contract assets as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Retention receivables under retention period	613,710	2,131,321	2,433,940	2,767,106
Work-in-progress assets unbilled	1,278,518	684,421	917,455	1,066,337
Less: allowance for impairment	(97,364)	(159,384)	(244,153)	(336,395)
Total	<u>1,794,864</u>	<u>2,656,358</u>	<u>3,107,242</u>	<u>3,497,048</u>

Our contract assets increased from RMB1,794.9 million as of December 31, 2022 to RMB2,656.4 million as of December 31, 2023, and to RMB3,107.2 million as of December 31, 2024, and further to RMB3,497.0 million as of June 30, 2025, primarily due to the increased retention amounts during the remaining retention period following product delivery, which were generally in line with the increasing trend of our revenue.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at FVTPL represented bank wealth management products (WMPs) and structured deposits, unlisted equity investments and forward exchange contracts. The following table sets forth the breakdown of our financial assets at FVTPL as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Non-current				
Unlisted equity investments . .	<u>303,678</u>	<u>500,017</u>	<u>815,262</u>	<u>973,511</u>

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	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Current				
Bank wealth management products (WMPs) and structured deposits	899,454	1,694,168	9,829,664	7,510,933
Unlisted equity investments . .	591,040	377,350	335,110	374,915
Forward exchange contracts . .	—	531	—	—
	<u>1,490,494</u>	<u>2,072,049</u>	<u>10,164,774</u>	<u>7,885,848</u>
Total	<u>1,794,172</u>	<u>2,572,066</u>	<u>10,980,036</u>	<u>8,859,359</u>

Our financial assets at FVTPL were RMB1,794.2 million, RMB2,572.1 million, RMB10,980.0 million and RMB8,859.4 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively.

Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors including operating capital, market and investment conditions, economic developments, investment cost, duration of investment and the expected returns and potential losses of such investment. We have established a set of internal measures to manage potential risks. We will comply with requirements under Chapter 14 of the Listing Rules and disclose the details of our [REDACTED] and other notifiable transactions to the extent necessary and as appropriate after the [REDACTED].

Financial Assets at Fair Value through Other Comprehensive Income

Our non-current financial assets at FVTOCI primarily represented transferable large denomination certificates of deposit. Our current financial assets at FVTOCI primarily represented notes receivables measured at FVTOCI. The following table sets forth the breakdown of our financial assets at FVTOCI as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Non-current				
Transferable large denomination certificates of deposits	—	—	<u>190,319</u>	<u>195,920</u>

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	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Current				
Notes receivables measured at FVTOCI.	1,038,041	772,690	1,167,009	3,621,694
Total	1,038,041	772,690	1,357,328	3,817,614

Our financial assets at FVTOCI were RMB1,038.0 million, RMB772.7 million, RMB1,357.3 million and RMB3,817.6 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. The decrease in our financial assets at FVTOCI from December 31, 2022 to December 31, 2023 was primarily due to the decrease in notes receivables measured at FVTOCI, because we endorsed more notes to suppliers for the settlement of payables driven by our increased domestic procurement. The increase in our financial assets at FVTOCI from December 31, 2023 to December 31, 2024 and to June 30, 2025 was primarily due to the increasing settlement from overseas customers through notes, along with our overseas business expansion.

Prepayments, Other Receivables and Other Assets

Our non-current portion of prepayments, other receivables and other assets primarily consisted of prepayments for acquisition of long-term assets, prepayments for production capacity guarantee and others. Our current portion of prepayments, other receivables and other assets primarily consisted of deposits, receivables for disposal of assets related to power station projects and others. The following table sets forth the breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Non-current				
Prepayments for acquisition of long-term assets	488,911	267,551	462,161	551,379
Prepayments for production capacity guarantee	41,851	15,653	12,246	10,562
Others	18,619	25,110	33,172	33,691
Total	549,381	308,314	507,579	595,632

FINANCIAL INFORMATION

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>
Current				
Other receivables				
– Deposits	382,267	578,710	1,040,010	996,988
– Receivables for disposal of assets related to power station projects . .	681,865	884,698	907,095	912,096
– Others	242,168	194,503	218,764	300,895
	1,306,300	1,657,911	2,165,869	2,209,979
Less: allowance for impairment	(134,486)	(249,038)	(405,182)	(392,657)
Prepayment for materials and service	350,689	457,424	214,869	946,884
VAT recoverable	860,301	999,741	2,420,593	1,816,956
Others	97,185	170,117	304,327	399,934
Total	2,479,989	3,036,155	4,700,476	4,981,096

Our non-current portion of prepayments, other receivables and other assets decreased from RMB549.4 million as of December 31, 2022 to RMB308.3 million as of December 31, 2023, primarily due to the decreased prepayments for acquisition of long-term assets. Our non-current portion of prepayments, other receivables and other assets increased from RMB308.3 million as of December 31, 2023 to RMB507.6 million as of December 31, 2024, and further to RMB595.6 million as of June 30, 2025, primarily due to the increase in our prepayment for construction and equipment.

Our current portion of prepayments, other receivables and other assets increased from RMB2,480.0 million as of December 31, 2022 to RMB3,036.2 million as of December 31, 2023, primarily due to (i) an increase in deposits resulting from our increased procurement from suppliers; (ii) an increase in receivables for disposal of assets related to power station projects resulting from our business expansion of new energy investment and development; and (iii) our increased procurement of materials. Our current portion of prepayments, other receivables and other assets increased from RMB3,036.2 million as of December 31, 2023 to RMB4,700.5 million as of December 31, 2024, primarily due to (i) an increase in deposits resulting from our increased procurement from suppliers; and (ii) an increase in VAT recoverable. Our current portion of prepayments, other receivables and other assets increased from RMB4,700.5 million as of December 31, 2024 to RMB4,981.1 million as of June 30, 2025, primarily due to our increased procurement of materials.

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Trade and Notes Receivables

The following table sets forth the breakdown of our trade and notes receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Non-current				
Long-term trade receivables. .	352,460	320,380	286,420	268,414
Current				
Trade receivables.	15,170,608	23,099,047	30,523,397	30,598,848
Notes receivables.	1,088,392	698,135	851,025	1,612,113
Current portion of long-term trade receivables	56,540	56,620	56,580	56,580
	16,315,540	23,853,802	31,431,002	32,267,541
Less: allowance for impairment.	(1,370,920)	(2,008,782)	(2,891,381)	(3,112,256)
	14,944,620	21,845,020	28,539,621	29,155,285
	15,297,080	22,165,400	28,826,041	29,423,699

Our trade and notes receivables increased from RMB15,297.1 million as of December 31, 2022 to RMB22,165.4 million as of December 31, 2023, and further to RMB28,826.0 million as of December 31, 2024, primarily driven by the growth of our business. Our trade and notes receivables remained relatively stable at RMB28,826.0 million as of December 31, 2024 and RMB29,423.7 million as of June 30, 2025.

The following table sets forth an aging analysis of our trade receivables and long-term trade receivables based on recognition date as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Within 1 year	12,886,090	19,914,954	25,476,280	23,445,377
Over 1 year but within 2 years.	1,313,757	1,929,910	3,033,702	4,737,063

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	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>
Over 2 years but within 3 years	493,411	506,206	897,095	1,194,687
Over 3 years	886,350	1,124,977	1,459,320	1,546,715
Total	<u>15,579,608</u>	<u>23,476,047</u>	<u>30,866,397</u>	<u>30,923,842</u>

The credit term granted to customers is generally within 180 days. The following table sets forth our trade and notes receivables turnover days for the Track Record Period:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Trade and notes receivables turnover days ⁽¹⁾	112.7	93.4	118.1	120.7

Note:

- (1) Trade and notes receivables turnover days for each periods equals the average of the beginning and ending balance of trade and notes receivables for that period divided by the corresponding total revenue for the relevant period, multiplied by the number of days during such periods, which is 360 days for each year or 180 days for the six months period.

Our trade and notes receivable turnover days were 112.7 days, 93.4 days, 118.1 days and 120.7 days in 2022, 2023, 2024 and the six months ended June 30, 2025. Our trade and notes receivables turnover days were relatively low in 2023, primarily due to our significant sales increase in 2023.

As of August 31, 2025, RMB11,689.1 million, or 39.7% of trade and notes receivables as of June 30, 2025 had been settled.

FINANCIAL INFORMATION

Inventories

Our inventories primarily consisted of (i) raw materials; (ii) semi-finished goods and work in progress; (iii) contract fulfillment costs; and (iv) finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Raw materials	5,797,574	4,301,582	3,704,448	4,547,036
Semi-finished goods and work in progress	600,811	586,037	937,682	1,156,858
Contract fulfillment costs . . .	6,774,998	9,843,985	14,004,601	11,745,755
Finished goods	6,510,441	8,398,821	12,460,191	14,584,798
Less: provision for impairment.	(623,681)	(1,688,920)	(2,079,361)	(2,328,133)
Total	19,060,143	21,441,505	29,027,561	29,706,314

Our inventories remained relatively stable at RMB19,060.1 million as of December 31, 2022 and RMB21,441.5 million as of December 31, 2023. Our inventories increased from RMB21,441.5 million as of December 31, 2023 to RMB29,027.6 million as of December 31, 2024, primarily due to (i) an increase in contract fulfillment costs, mainly attributable to the increasing new energy investment and development projects under construction; and (ii) an increase in finished goods, mainly due to the increased finished goods to be delivered corresponding to the scaling up of our sales. Our inventories remained relatively stable at RMB29,027.6 million as of December 31, 2024 and RMB29,706.3 million as of June 30, 2025.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Within 1 year	16,361,141	18,465,462	22,814,949	29,386,135
1 to 2 years	2,817,867	1,754,369	4,612,553	1,689,796
Over 2 years	504,816	2,910,594	3,679,420	958,516
Total	19,683,824	23,130,425	31,106,922	32,034,447

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The following table sets forth our inventory turnover days for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Inventory turnover days ⁽¹⁾ . . .	168.2	135.5	164.6	181.3

Note:

- (1) Inventory turnover days for each periods equals the average of the beginning and ending balance of inventory for that period divided by the corresponding cost of sales for the relevant period, multiplied by the number of days during such periods, which is 360 days for each year or 180 days for the six months period.

Our inventory turnover days decreased from 168.2 days in 2022 to 135.5 days in 2023, primarily due to our increased sales of products driven by the increasing market demand. Our inventory turnover days increased from 135.6 days in 2023 to 164.6 days in 2024, and further to 181.3 days in the six months ended June 30, 2025, primarily because we stocked more finished goods in anticipation of the scaling up of our sales.

As of August 31, 2025, RMB8,490.1 million, or 28.6% of inventories as of June 30, 2025 had been used, consumed or sold.

Restricted Bank Deposits

Our restricted bank deposits primarily consisted of (i) pledged bank deposits for bank acceptance notes; and (ii) pledged bank deposits for other purpose. Our restricted bank deposits amounted to RMB1,864.5 million, RMB1,763.6 million, RMB2,082.2 million and RMB1,959.5 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively.

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Trade and Notes Payables

Our trade and notes payables increased from RMB25,926.0 million as of December 31, 2022 to RMB28,485.9 million as of December 31, 2023, and further to RMB36,757.2 million as of December 31, 2024, primarily reflecting our increased purchase amounts in line with our business growth. Our trade and notes payables remained relatively stable at RMB36,757.2 million as of December 31, 2024 and RMB35,861.9 million as of June 30, 2025. The credit term granted by our suppliers is generally within 180 days, upon which we will settle by cash or notes. The following table sets forth an aging analysis of our trade payables based on recognition date as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(RMB in thousands)			(Unaudited)
Within 1 year	10,709,916	15,146,216	20,625,794	18,645,315
Over 1 year but within				
2 years	1,160,240	290,276	221,810	167,044
Over 2 years but within				
3 years	501,500	79,380	46,729	26,125
Over 3 years	1,052,132	55,263	62,258	82,379
Total	13,423,788	15,571,135	20,956,591	18,920,863

The following table sets forth our trade and notes payables turnover days for the Track Record Period:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Trade and notes payables turnover days ⁽¹⁾	246.4	182.1	212.7	224.2

Note:

- (1) Trade and notes payables turnover days for each periods equals the average of the beginning and ending balance of trade and notes payables for that period divided by the corresponding cost of sales for the relevant period, multiplied by the number of days during such periods, which is 360 days for each year or 180 days for the six months period.

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Our trade and notes payables turnover days were 246.4 days, 182.1 days, 212.7 days and 224.2 days in 2022, 2023, 2024 and the six months ended June 30, 2025. Our trade and notes payables turnover days were relatively low in 2023, primarily due to a significant increase in costs of sales in response to our significant sales increase.

As of August 31, 2025, RMB12,360.5 million, or 34.5% of trade and notes payables as of June 30, 2025 had been settled.

Contract Liabilities

Our contract liabilities mainly represented advance payments from customers. Our contract liabilities were RMB3,788.4 million, RMB6,564.8 million, RMB10,027.4 million and RMB10,279.9 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively.

Other Payables and Accruals

Our other payables and accruals primarily consisted of payroll and welfare payables, other tax payables, endorsed notes receivables that have not been derecognized and not yet due, and deposits received. The following table sets forth the breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>
Non-current				
Deferred income	166,799	168,762	371,210	357,674
Deposits from energy storage service systems projects . .	–	–	382,163	403,196
Others	–	–	4,754	4,650
	166,799	168,762	758,127	765,520
Current				
Payroll and welfare payables .	647,137	1,063,589	1,357,773	1,824,071
Other tax payables	665,609	1,192,614	2,060,387	1,312,735
Endorsed notes receivables that have not been derecognized and not yet due	568,857	543,322	580,901	1,273,015
Deposits received	1,059,952	1,293,801	1,335,095	1,092,482
Others	128,568	472,592	517,033	356,967
	3,070,123	4,565,918	5,851,189	5,859,270
Total	<u>3,236,922</u>	<u>4,734,680</u>	<u>6,609,316</u>	<u>6,624,790</u>

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Our other payables and accruals increased from RMB3,236.9 million as of December 31, 2022 to RMB4,734.7 million as of December 31, 2023, and further to RMB6,609.3 million as of December 31, 2024, primarily due to (i) an increase in payroll and welfare payables, mainly attributable to the increase of our employees and related compensation, which was in line with our business expansion; and (ii) an increase in other tax payables, mainly due to an increase in our VAT payables as a result of our revenue increase. Our other payables and accruals remained stable at RMB6,609.3 million as of December 31, 2024 and RMB6,624.8 million as of June 30, 2025.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods/as of the dates indicated:

	Year ended/As of December 31,			Six months ended/As of June 30,
	2022	2023	2024	2025
Gross profit margin (%) ⁽¹⁾ . . .	20.4	25.5	29.0	32.9
Net profit margin (%) ⁽²⁾	9.2	13.3	14.5	18.0
Weighted average return on equity (%) ⁽³⁾	21.0	41.0	34.0	19.2
Current ratio ⁽⁴⁾	1.5	1.5	1.6	1.7
Debt-to-asset ratio (%) ⁽⁵⁾	68.0	64.5	65.1	61.3

Notes:

- (1) Gross profit margin is calculated based on gross profit for the year/period divided by the total revenue for the same year/period and multiplied by 100%.
- (2) Net profit margin is calculated based on profit for the year/period divided by the total revenue for the same year/period and multiplied by 100%.
- (3) Weighted average return on equity is calculated by dividing the profit attributable to owners of the Company for the year/period by the monthly weighted average of equity attributable to owners of the Company. For the six months ended June 30, 2025, our weighted average return on equity is not annualized.
- (4) Current ratio is calculated by dividing current assets by current liabilities as of the relevant date.
- (5) Debt-to-asset ratio is calculated by dividing total liabilities by total assets as of the relevant date and multiplied by 100%.

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LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

The following table sets forth a summary of our cash flow for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	(RMB in thousands)			(Unaudited)	(Unaudited)
Net cash flows generated from/(used in) operating activities	1,210,498	6,981,838	12,068,327	(2,603,705)	3,434,473
Net cash flow generated from/(used in) investing activities	345,555	(3,821,156)	(10,853,070)	(1,601,840)	944,394
Net cash flows generated from/(used in) financing activities	1,746,718	3,279,508	258,804	2,901,713	(4,218,309)
Net increase/(decrease) in cash and cash equivalents	3,302,771	6,440,190	1,474,061	(1,303,832)	160,558
Cash and cash equivalents at beginning of year/period	6,560,000	9,802,093	16,267,022	16,267,022	17,717,234
Effect of foreign exchange rate changes, net	(60,678)	24,739	(23,849)	4,760	32,723
Cash and cash equivalents at end of year/period	9,802,093	16,267,022	17,717,234	14,967,950	17,910,515

Net Cash Flows Generated from/(Used in) Operating Activities

In the six months ended June 30, 2025, our net cash generated from operating activities was RMB3,434.5 million. The difference between net cash flows from operating activities and the profit before tax of RMB9,368.5 million was the result of (i) adjustment by non-cash and non-operating items, which primarily consist of depreciation of property, plant and equipment of RMB468.3 million, net impairment losses recognized on inventories of RMB576.9 million, net impairment losses on financial assets and contract assets of RMB355.7 million, share-based payment expenses of RMB198.0 million, and finance costs of RMB190.8 million, and (ii) changes in working capital, which primarily consist of (a) an increase in provision of RMB813.2 million, and (b) an increase in contract liabilities of RMB252.5 million, partially offset by (a) an increase in trade and notes receivables of RMB3,661.4 million, (b) an increase in contract assets of RMB482.0 million, (c) an increase in prepayments, other receivables, and other assets of RMB310.7 million, (d) an increase in inventories of RMB927.5 million, and (e) a decrease in trade and notes payables of RMB879.3 million.

FINANCIAL INFORMATION

In 2024, our net cash generated from operating activities was RMB12,068.3 million. The difference between net cash flows from operating activities and the profit before tax of RMB13,544.3 million was the result of (i) adjustment by non-cash and non-operating items, which primarily consist of depreciation of property, plant and equipment of RMB719.6 million, depreciation of right-of-use assets of RMB116.5 million, net impairment losses recognized on inventories of RMB693.9 million, net impairment losses on financial assets and contract assets of RMB1,086.2 million, share-based payment expenses of RMB438.3 million, and finance costs of RMB391.9 million, and (ii) changes in working capital, which primarily consist of (a) an increase in trade and notes payables of RMB10,414.8 million, (b) an increase in other payables and accruals of RMB1,751.6 million, (c) an increase in contract liabilities of RMB3,409.2 million, and (d) an increase in provisions of RMB1,812.7 million, partially offset by (a) an increase in trade and notes receivables of RMB7,471.8 million, (b) an increase in contract assets of RMB526.0 million, (c) an increase in prepayments, other receivables, and other assets of RMB1,697.2 million, and (d) an increase in inventories of RMB8,365.6 million.

In 2023, our net cash generated from operating activities was RMB6,981.8 million. The difference between net cash flows from operating activities and the profit before tax of RMB11,460.0 million was the result of (i) adjustment by non-cash and non-operating items, which primarily consist of depreciation of property, plant and equipment of RMB495.8 million, depreciation of right-of-use assets of RMB116.4 million, net impairment losses recognized on inventories of RMB1,198.7 million, net impairment losses on financial assets and contract assets of RMB789.7 million, share-based payment expenses of RMB200.1 million, and finance costs of RMB318.9 million, and (ii) changes in working capital, which primarily consist of (a) an increase in trade and notes payables of RMB4,098.4 million, (b) an increase in other payables and accruals of RMB1,483.6 million, (c) an increase in contract liabilities of RMB2,776.4 million, and (d) an increase in provisions of RMB1,556.6 million, partially offset by (a) an increase in trade and notes receivables of RMB12,331.4 million, (b) an increase in contract assets of RMB923.4 million, (c) an increase in prepayments, other receivables, and other assets of RMB313.1 million, and (d) an increase in inventories of RMB3,771.3 million.

In 2022, our net cash generated from operating activities was RMB1,210.5 million. The difference between net cash flows from operating activities and the profit before tax of RMB4,134.0 million was the result of (i) adjustment by non-cash and non-operating items, which primarily consist of depreciation of property, plant and equipment of RMB358.9 million, net impairment losses recognized on inventories of RMB364.7 million, net impairment losses on financial assets and contract assets of RMB466.4 million, share-based payment expenses of RMB140.3 million, and finance costs of RMB209.1 million, and (ii) changes in working capital, which primarily consist of (a) an increase in trade and notes payables of RMB8,472.8 million, (b) an increase in other payables and accruals of RMB1,087.5 million, (c) an increase in contract liabilities of RMB2,074.5 million, and (d) an increase in provisions of RMB770.0 million, partially offset by (a) an increase in trade and notes receivables of RMB6,882.7 million, (b) an increase in prepayments, other receivables, and other assets of RMB741.1 million, and (c) an increase in inventories of RMB8,825.8 million.

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Net Cash Flow Generated from/(Used in) Investing Activities

In the six months ended June 30, 2025, our net cash flow generated from investing activities was RMB944.4 million, primarily due to proceeds from sales of financial assets at fair value through profit or loss of RMB39,796.7 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB37,625.4 million.

In 2024, our net cash flow used in investing activities was RMB10,853.1 million, primarily due to proceeds from sales of financial assets at fair value through profit or loss of RMB69,598.5 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB77,581.1 million.

In 2023, our net cash flow used in investing activities was RMB3,821.2 million, primarily due to proceeds from sales of financial assets at fair value through profit or loss of RMB23,423.9 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB24,226.3 million.

In 2022, our net cash flow generated from investing activities was RMB345.6 million, primarily due to proceeds from sales of financial assets at fair value through profit or loss of RMB13,949.9 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB12,032.7 million.

Net Cash Flows Generated from/(Used in) Financing Activities

In the six months ended June 30, 2025, our net cash flow used in financing activities was RMB4,218.3 million, primarily due to (i) repayment of bank borrowings of RMB5,856.5 million, (ii) repayment of other borrowings of RMB2,435.5 million, (iii) payment of restricted bank deposits of RMB1,654.4 million, and (iv) dividends paid to the shareholders of the Company and non-controlling interests of RMB2,277.6 million, partially offset by (i) proceeds from bank borrowings of RMB6,384.1 million, and (ii) withdrawal of restricted bank deposits of RMB1,721.2 million.

In 2024, our net cash flow generated from financing activities was RMB258.8 million, primarily due to (i) proceeds from bank borrowings of RMB9,607.3 million, and (ii) withdrawal of restricted bank deposits of RMB1,432.6 million, partially offset by (i) repayment of bank borrowings of RMB8,710.8 million, (ii) payment of restricted bank deposits of RMB1,799.3 million, and (iii) dividends paid to the shareholders of the Company and non-controlling interests of RMB1,418.7 million.

In 2023, our net cash flow generated from financing activities was RMB3,279.5 million, primarily due to (i) proceeds from bank borrowings of RMB6,849.8 million, and (ii) proceeds from other borrowings of RMB1,457.2 million, partially offset by (i) repayment of bank borrowings of RMB3,560.6 million, (ii) payment of restricted bank deposits of RMB1,432.6 million, and (iii) payment on repurchase of shares of RMB980.1 million.

FINANCIAL INFORMATION

In 2022, our net cash flow generated from financing activities was RMB1,746.7 million, primarily due to (i) proceeds from bank borrowings of RMB8,870.2 million, and (ii) withdrawal of restricted bank deposits of RMB681.3 million, partially offset by (i) repayment of bank borrowings of RMB5,678.2 million, (ii) payment of restricted bank deposits of RMB1,334.5 million, and (iii) payment on repurchase of shares of RMB520.5 million.

Net Current Assets/Liabilities

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

	As of December 31,			As of June 30,	As of August 31,
	2022	2023	2024	2025	2025
	<i>(RMB in thousands)</i>				
				<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current assets					
Inventories	19,060,143	21,441,505	29,027,561	29,706,314	29,068,670
Contract assets	1,291,527	2,008,704	1,615,259	1,763,213	1,695,746
Trade and notes receivables .	14,944,620	21,845,020	28,539,621	29,155,285	28,469,362
Prepayments, other receivables and other assets	2,479,989	3,036,155	4,700,476	4,981,096	4,639,867
Prepaid income tax	22,310	77,148	134,453	47,782	55,206
Financial assets at fair value through other comprehensive income . . .	1,038,041	772,690	1,167,009	3,621,694	1,564,969
Financial assets at fair value through profit or loss	1,490,494	2,072,049	10,164,774	7,885,848	10,830,824
Restricted bank deposits . . .	1,864,509	1,763,595	2,082,212	1,959,493	1,728,054
Cash and cash equivalents . .	9,802,093	16,267,022	17,717,234	17,910,515	19,926,542
Total current assets	51,993,726	69,283,888	95,148,599	97,031,240	97,979,249
Current liabilities					
Trade and notes payables . . .	25,925,989	28,485,916	36,757,158	35,861,890	34,124,647
Other payables and accruals	3,070,123	4,565,918	5,851,189	5,859,270	5,644,129
Contract liabilities	3,788,440	6,564,810	10,027,405	10,279,909	9,168,855
Borrowings	2,154,514	4,053,924	6,079,284	5,772,778	5,518,411
Financial liabilities at fair value through profit or loss	51,920	—	—	274	—
Derivative financial instruments	1,028	—	—	—	—
Lease liabilities	77,553	81,182	59,664	51,508	64,158

FINANCIAL INFORMATION

	As of December 31,			As of June 30,	As of August 31,
	2022	2023	2024	2025	2025
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>	<i>(Unaudited)</i>
Income tax payable	399,032	2,185,237	1,523,178	691,741	1,160,472
	35,468,599	45,936,987	60,297,878	58,517,370	55,680,672
Net current assets	16,525,127	23,346,901	34,850,721	38,513,870	42,298,577
Total assets less current liabilities	26,158,841	36,939,518	54,775,893	59,876,617	63,587,238

Our net current assets increased RMB38,513.9 million as of June 30, 2025 to RMB42,298.6 million as of August 31, 2025, primarily due to (i) an increase of RMB2,945.0 million in financial assets at fair value through profit or loss; (ii) an increase of RMB2,016.0 million in cash and cash equivalents; and (iii) a decrease of RMB1,737.3 million in trade and notes payables, partially offset by a decrease of RMB2,056.7 million in financial assets at fair value through other comprehensive income.

Our net current assets increased from RMB34,850.7 million as of December 31, 2024 to RMB38,513.9 million as of June 30, 2025, primarily due to (i) an increase of RMB2,454.7 million in financial assets at fair value through other comprehensive income; (ii) a decrease of RMB895.3 million in trade and notes payables; and (iii) a decrease of RMB831.4 million in income tax payable, partially offset by a decrease of RMB2,278.9 million in financial assets at fair value through profit or loss.

Our net current assets increased from RMB23,346.9 million as of December 31, 2023 to RMB34,850.7 million as of December 31, 2024, primarily due to (i) an increase of RMB7,586.1 million in inventories; (ii) an increase of RMB6,694.6 million in trade and notes receivables; and (iii) an increase of RMB8,092.7 million in financial assets at fair value through profit or loss, partially offset by (i) an increase of RMB8,271.2 million in trade and notes payables; (ii) an increase of RMB3,462.6 million in contract liabilities; and (iii) an increase of RMB2,025.4 million in borrowings.

Our net current assets increased from RMB16,525.1 million as of December 31, 2022 to RMB23,346.9 million as of December 31, 2023, primarily due to (i) an increase of RMB2,381.4 million in inventories; (ii) an increase of RMB6,900.4 million in trade and notes receivables; and (iii) an increase of RMB6,464.9 million in cash and cash equivalents, partially offset by (i) an increase of RMB2,559.9 million in trade and notes payables; and (ii) an increase of RMB2,776.4 million in contract liabilities.

FINANCIAL INFORMATION

INDEBTEDNESS

As of August 31, 2025, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB13,267.2 million. As of August 31, 2025, we had unutilized bank facilities of RMB42,592.7 million. The following table sets forth the details of our indebtedness as of August 31, 2025:

	As of December 31,			As of June 30,	As of August 31,
	2022	2023	2024	2025	2025
	(RMB in thousands)			(Unaudited)	(Unaudited)
Current					
Borrowings	2,154,514	4,053,924	6,079,284	5,772,778	5,518,411
Lease liabilities	77,553	81,182	59,664	51,508	64,158
Non-current					
Borrowings	4,757,752	4,371,527	7,720,582	6,421,056	6,495,239
Lease liabilities	430,999	323,825	314,935	308,603	316,151
Redemption liabilities	—	—	867,400	868,911	873,227
Total	7,420,818	8,830,458	15,041,865	13,422,856	13,267,186

We 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. We 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.

Save as disclosed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of August 31, 2025, being our indebtedness statement date. After due and careful consideration, we confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since August 31, 2025.

Borrowings

As of December 31, 2022, 2023 and 2024, June 30, 2025 and August 31, 2025, we had borrowings of RMB6,912.3 million, RMB8,425.5 million, RMB13,799.9 million, RMB12,193.8 million and RMB12,013.7 million, respectively. Our borrowings are mainly denominated in Renminbi. The interest rate on our borrowings ranges from 0.40% to 6.78% during the Track Record Period. For details of the securities and guarantees for our borrowings, see Note 34 of the Accountant’s Report in Appendix I to this Document.

FINANCIAL INFORMATION

Lease Liabilities

As of December 31, 2022, 2023 and 2024, June 30, 2025 and August 31, 2025, we had lease liabilities of RMB508.6 million, RMB405.0 million, RMB374.6 million, RMB360.1 million and RMB380.3 million, respectively. Our lease liabilities mainly represented our lease of office premises and warehouses.

Redemption Liabilities

As of December 31, 2022, 2023 and 2024, June 30, 2025 and August 31, 2025, we had redemption liabilities of nil, nil, RMB867.4 million, RMB868.9 million and RMB873.2 million, respectively. Our redemption liabilities mainly represented redeemable shares issued to certain Shareholders. We recognized our redemption obligation as financial liability, which are initially measured at the present value of the redemption amount and subsequently measured at amortized cost. See Note 36 to the Accountants’ Report in Appendix I to this Document.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024 and June 30, 2025, and up to the Latest Practicable Date, we did not have any material contingent liabilities.

CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments were mainly property, plant and equipment and subscribed capital contribution of associated companies. In 2022, 2023, 2024 and the six months ended June 30, 2025, the capital commitments were RMB1,899.1 million, RMB2,348.4 million, RMB2,392.6 million and RMB2,235.8 million, respectively.

CAPITAL EXPENDITURES

Our capital expenditures relate to purchase of property, plant and equipment, intangible assets and right-of-use assets. In 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, the capital expenditures were RMB1,526.8 million, RMB2,741.2 million, RMB2,786.0 million, RMB1,168.8 million and RMB1,461.7 million, respectively.

We have historically funded our cash requirements principally from our cash and cash equivalents, operating cash flows, bank borrowings, and the available financing facilities. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, bank borrowings and the net [REDACTED] from the [REDACTED]. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, our financial condition and results of operations, our business plans, market conditions and various other factors. See also “Future Plans and Use of [REDACTED] — Use of [REDACTED].”

FINANCIAL INFORMATION

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of June 30, 2025, we had not entered into any off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 45 of the Accountants’ Report in Appendix I to this Document. We believe that our transactions with related parties during the Track Record Period were conducted on an arm’s-length basis and did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

We are generally subject to foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. See Note 48 of the Accountants’ Report in Appendix I to this Document.

DIVIDEND

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws and regulations. Pursuant to our Articles of Association, our annual cash dividends shall not be less than 10% of the distributable profit realized in the current year. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of both. Any proposed distribution of dividends is subject to the discretion of our Board and approval at our Shareholders’ meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders’ interests and any other conditions that our Board may deem relevant.

In 2022, 2023, 2024 and the six months ended June 30, 2025, we declared or paid cash dividends to our shareholders of RMB163.4 million, RMB325.3 million, RMB1,418.7 million and RMB2,216.7 million, respectively. In September 2025, the extraordinary general meeting of the Company approved interim dividends of approximately RMB1,949.9 million in respect of the six months ended June 30, 2025.

WORKING CAPITAL CONFIRMATION

We are of the view that, taking into account our cash and cash equivalents, operating cash flows, bank borrowings, the available financing facilities, and the estimated net [REDACTED] available to us from the [REDACTED], we have sufficient working capital for our present requirements and for the next 12 months from the date of this document.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

As of June 30, 2025, the Company had approximately RMB28,838.4 million of retained earnings available for distribution to our Shareholders.

[REDACTED]

[REDACTED]

[REDACTED] consist of professional fees, [REDACTED], and other fees incurred in connection with the [REDACTED]. We expect to incur total [REDACTED] of approximately HK\$[REDACTED] million, assuming the [REDACTED] and the [REDACTED] are not exercised and based on an [REDACTED] of HK\$[REDACTED] (being the mid-point of our [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]), representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED], including (a) [REDACTED], including [REDACTED] and [REDACTED], of approximately HK\$[REDACTED] million, and (b) [REDACTED] of approximately HK\$[REDACTED] million, comprising (i) fees paid and payable to legal advisors and Reporting Accountants of approximately HK\$[REDACTED] million; and (ii) other fees and expenses of approximately HK\$[REDACTED] million. Subsequent to the Track Record Period, approximately HK\$[REDACTED] million is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] million is expected to be accounted for as a deduction from equity upon the [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

FINANCIAL INFORMATION

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See “Unaudited [REDACTED] Financial Information.” in Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

We 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 June 30, 2025, being the end date of our latest reporting financial statements, and there has been no event since June 30, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 THROUGH 13.19 OF THE LISTING RULES

We confirm that, except as otherwise disclosed in this [REDACTED], as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 through 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the indicative range of the [REDACTED] of between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming that the [REDACTED] and the [REDACTED] are not exercised.

We intend to use the net [REDACTED] from the [REDACTED] for the purposes and in the amounts set out below:

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be allocated to R&D purposes, including investments in next-generation PV products and energy storage systems, as well as the construction and upgrade of R&D centers. We firmly believe that these investments could further reinforce our core technological barriers and accelerate the commercialization of cutting-edge technologies, enabling us to maintain our technological leadership in the industry. In particular:
 - Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be allocated to R&D projects in the PV inverter and energy storage sectors, including the R&D of (i) micro energy storage platform, residential energy storage platform, as well as PV inverter and energy storage solutions applicable for diverse C&I scenarios; (ii) next-generation high-efficiency intelligent PV inverters; and (iii) products such as next-generation energy storage systems, PCS, C&I energy storage, modular PV inverters and modular energy storage products, and AI-powered application platform for energy storage systems and innovative integrated energy storage solutions, as well as technologies such as grid and grid-forming technologies, thermal management technologies, high power density related technologies and high voltage related technologies.
 - Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be allocated to the construction and upgrade of R&D centers to comprehensively enhance our R&D capabilities, including: (i) expansion of our R&D centers in Hangzhou and Nanjing. We target to focus on the innovations relating to advanced power electronics technologies, energy digitalization technologies and future grid technologies. We plan to introduce industry-leading R&D and testing equipment, along with supporting simulation platforms and design platforms, aiming to create high-level innovation platform and establish world-class research centers for new energy

FUTURE PLANS AND USE OF [REDACTED]

power electronics, thereby further strengthening our ability to conduct in-depth R&D activities; and (ii) construction and upgrade of the R&D center in Hefei, for which we intend to upgrade our R&D and testing equipment and supporting simulation platforms.

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be allocated to construction of our overseas production bases. With growing overseas market demand, the establishment of overseas production bases enables us to be closer to our customers and better meet their delivery requirements, while also playing an important role in advancing our global localization strategy and supporting our long-term development. We plan to establish several overseas production bases primarily for PV inverters and energy storage systems. For the location selection of these bases, we will consider factors including proximity to core customer groups, logistics and labor costs. Our overseas production bases are anticipated to enhance our service efficiency, improve delivery flexibility and certainty and strengthen localized supply capabilities, thereby ensuring stable supply chain for our customers. Planned with annual production capacity of approximately 18 GWh for energy storage systems and 30 GW for inverter products, these bases are expected to further ensure the timely supply and delivery of our products, thus strengthening our competitiveness in overseas markets. In particular:
 - Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for leasing production facilities, warehouses and office spaces, as well as for customized modifications of production areas to meet our production requirements.
 - Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for the purchase and installation of production equipment. We plan to procure equipment, mainly including assembly and integration equipment, testing equipment and auxiliary equipment.
 - Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for recruiting local personnel. We plan to primarily focus on local recruitment to manage and operate our overseas production bases. We intend to recruit a dedicated team of technical and quality control personnel to participate in the management and operations of our production bases. Additionally, we intend to build a professional function team comprising engineers, designers and production planning specialists to ensure the efficient operation of the production system.
 - Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for raw material procurement, utility expenses and other daily operating costs during the initial production phase to ensure the smooth launch and stable operation of our overseas production bases.

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be allocated to accelerating digital intelligence to empower our business development. We are committed to a long-term approach, firmly advancing our digital and intelligent upgrading strategy, and building a comprehensive digitalization system. We aim to create an agile business structure with a fully digitalized, collaborative and efficient workflow, which will continuously improve our operational efficiency and decision-making quality, ultimately enhancing our market leadership. Specifically, we plan to empower a full value chain digital platform spanning across R&D, marketing services, supply chain, intelligent production to quality management. We also plan to accelerate the application of innovative technologies such as artificial intelligence, big data and the IoT to support our digital and intelligent operations. At the same time, we will comprehensively strengthen our information security system as our key enabler for digital and intelligent transformation in the digital era. We will also build hardware infrastructure and data centers to further solidify our digital and intelligent foundation.
- Approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for working capital and general corporate purposes.

The above allocation of the net [REDACTED] from the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the indicative [REDACTED] stated in this document.

If the [REDACTED] and the [REDACTED] are exercised in full, the net [REDACTED] that we will receive will be approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] (being the mid-point of the indicative [REDACTED] range). In the event that the [REDACTED] and the [REDACTED] are exercised in full, we intend to apply the additional net [REDACTED] to the above purposes in the proportions stated above.

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may deposit such funds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions) for so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

If any part of our development plan does not proceed as planned for reasons such as the occurrence of force majeure events, the Directors will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[●], received from the Company’s reporting accountants, Rongcheng (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUNGROW POWER SUPPLY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Sungrow Power Supply Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[4] to I-[124], which comprises the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024, the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended December 31, 2022, 2023 and 2024 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on page I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “**Document**”) in connection with the initial [REDACTED] of H shares of the Company on the [REDACTED] of The Stock Exchange of Hong Kong Limited.

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 presentation and preparation 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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 (“**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’ judgment, 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 presentation and preparation 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 purpose of the accountants’ report, a true and fair view of the Group’s consolidated financial position as at December 31, 2022, 2023 and 2024, the Company’s financial position as at December 31, 2022, 2023 and 2024, and of the consolidated financial performance and consolidated cash flows of the Group for the years ended December 31, 2022, 2023 and 2024 in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Review of stub period financial information

We have reviewed the stub period financial information of the Group which comprises the consolidated statement of financial position of the Group as at June 30, 2025, the statement of financial position of the Company as at June 30, 2025, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the six months ended June 30, 2024 and 2025 and other explanatory information (the “**Stub Period Financial Information**”).

APPENDIX I

ACCOUNTANTS’ REPORT

The directors of the Company are responsible for the presentation and preparation of the Stub Period Financial Information in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board (“IAASB”). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation 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 of Hong Kong Limited (the “Listing Rules”) 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 12 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025.

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

[●]

Practising Certificate Number: [●]

Hong Kong

[Date]

APPENDIX I

ACCOUNTANTS’ REPORT

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the historical financial information for the years ended December 31, 2022, 2023 and 2024 and the stub period financial information for the six months ended June 30, 2025 (the “**Track Record Period**”) which form an integral part of this accountants’ report.

The consolidated financial statements of the Group for the years ended December 31, 2022, 2023 and 2024, 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 International Accounting Standards Board (“**IASB**”) and were audited by Rongcheng (Hong Kong) CPA Limited in accordance with International Standards on Auditing issued by IAASB (“**Underlying Financial Statements**”).

The Historical Financial Information and the Stub Period Financial Information are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>	<i>RMB’000</i> <i>(unaudited)</i>
Revenue	5	40,109,117	72,159,253	77,704,134	30,960,511	43,437,101
Cost of sales	8	(31,913,812)	(53,790,366)	(55,203,014)	(21,031,785)	(29,148,533)
Gross profit		8,195,305	18,368,887	22,501,120	9,928,726	14,288,568
Other income	6	319,352	534,893	739,647	369,647	484,114
Other gains, net	7	669,330	293,250	441,777	169,834	619,297
Research and development expenses	8	(1,692,156)	(2,447,389)	(3,163,520)	(1,486,162)	(2,037,243)
General and administrative expenses	8	(811,659)	(1,306,343)	(1,747,419)	(763,084)	(1,168,091)
Selling expenses	8	(1,868,406)	(2,871,723)	(3,760,597)	(1,773,303)	(2,289,873)
Net impairment losses recognized on financial assets and contract assets		(466,429)	(789,690)	(1,086,170)	(311,177)	(355,667)
Finance costs	10	(209,088)	(318,937)	(391,866)	(191,435)	(190,776)
Share of results of associates, net		(2,287)	(2,985)	11,319	5,471	18,124
Profit before income tax		4,133,962	11,459,963	13,544,291	5,948,517	9,368,453
Income tax expenses	11	(438,388)	(1,851,223)	(2,280,064)	(901,900)	(1,538,226)
Profit for the year/period		<u>3,695,574</u>	<u>9,608,740</u>	<u>11,264,227</u>	<u>5,046,617</u>	<u>7,830,227</u>
Profit for the year/period attributable to:						
Owners of the Company		3,593,447	9,439,562	11,036,279	4,959,074	7,734,578
Non-controlling interests		102,127	169,178	227,948	87,543	95,649
		<u>3,695,574</u>	<u>9,608,740</u>	<u>11,264,227</u>	<u>5,046,617</u>	<u>7,830,227</u>

APPENDIX I

ACCOUNTANTS’ REPORT

		Year ended December 31,			Six months ended June 30,	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Other comprehensive (loss)/income for the year/period, net of tax						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translation of financial statements of foreign operations, net of tax . .						
		(8,182)	205,398	(70,804)	(87,379)	161,479
Cash flow hedges, net of tax						
		<u>282</u>	<u>(282)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other comprehensive (loss)/income for the year/period, net of tax .						
		<u>(7,900)</u>	<u>205,116</u>	<u>(70,804)</u>	<u>(87,379)</u>	<u>161,479</u>
Total comprehensive income for the year/period						
		<u><u>3,687,674</u></u>	<u><u>9,813,856</u></u>	<u><u>11,193,423</u></u>	<u><u>4,959,238</u></u>	<u><u>7,991,706</u></u>
Total comprehensive income for the year/period attributable to:						
Owners of the Company . .						
		3,587,147	9,642,573	10,966,780	4,873,146	7,891,975
Non-controlling interests . .						
		<u>100,527</u>	<u>171,283</u>	<u>226,643</u>	<u>86,092</u>	<u>99,731</u>
		<u><u>3,687,674</u></u>	<u><u>9,813,856</u></u>	<u><u>11,193,423</u></u>	<u><u>4,959,238</u></u>	<u><u>7,991,706</u></u>
Earnings per share (“EPS”) attributable to owners of the Company						
Basic (RMB per share). . . 13						
		<u>1.73</u>	<u>4.55</u>	<u>5.32</u>	<u>2.39</u>	<u>3.73</u>
Diluted (RMB per share). . 13						
		<u>1.73</u>	<u>4.55</u>	<u>5.32</u>	<u>2.39</u>	<u>3.73</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at June 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	14	5,770,518	8,174,969	11,342,778	12,158,364
Right-of-use assets	15	835,013	1,053,245	1,300,392	1,302,464
Intangible assets	16	65,061	76,708	169,738	184,166
Investment properties	17	—	—	88,337	86,059
Investments in associates	18	228,278	440,042	483,897	562,483
Goodwill	21	—	—	296,978	296,978
Financial assets at fair value through profit or loss	22	303,678	500,017	815,262	973,511
Financial assets at fair value through other comprehensive income	23	—	—	190,319	195,920
Trade and notes receivables	24	352,460	320,380	286,420	268,414
Contract assets	25	503,337	647,654	1,491,983	1,733,835
Prepayments, other receivables and other assets	26	549,381	308,314	507,579	595,632
Deferred tax assets	27	1,025,988	2,071,288	2,951,489	3,004,921
		9,633,714	13,592,617	19,925,172	21,362,747
Current assets					
Inventories	28	19,060,143	21,441,505	29,027,561	29,706,314
Trade and notes receivables	24	14,944,620	21,845,020	28,539,621	29,155,285
Contract assets	25	1,291,527	2,008,704	1,615,259	1,763,213
Prepayments, other receivables and other assets	26	2,479,989	3,036,155	4,700,476	4,981,096
Prepaid income tax		22,310	77,148	134,453	47,782
Financial assets at fair value through profit or loss	22	1,490,494	2,072,049	10,164,774	7,885,848
Financial assets at fair value through other comprehensive income	23	1,038,041	772,690	1,167,009	3,621,694
Restricted bank deposits	29	1,864,509	1,763,595	2,082,212	1,959,493
Cash and cash equivalents	30	9,802,093	16,267,022	17,717,234	17,910,515
		51,993,726	69,283,888	95,148,599	97,031,240

APPENDIX I

ACCOUNTANTS’ REPORT

		As at December 31,			As at June 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current liabilities					
Trade and notes payables	31	25,925,989	28,485,916	36,757,158	35,861,890
Contract liabilities	32	3,788,440	6,564,810	10,027,405	10,279,909
Other payables and accruals	33	3,070,123	4,565,918	5,851,189	5,859,270
Borrowings	34	2,154,514	4,053,924	6,079,284	5,772,778
Financial liabilities at fair value					
through profit or loss	35	51,920	—	—	274
Derivative financial instruments		1,028	—	—	—
Lease liabilities	15	77,553	81,182	59,664	51,508
Income tax payable		399,032	2,185,237	1,523,178	691,741
		<u>35,468,599</u>	<u>45,936,987</u>	<u>60,297,878</u>	<u>58,517,370</u>
Net current assets		<u>16,525,127</u>	<u>23,346,901</u>	<u>34,850,721</u>	<u>38,513,870</u>
Total assets less current liabilities. .		<u>26,158,841</u>	<u>36,939,518</u>	<u>54,775,893</u>	<u>59,876,617</u>
Non-current liabilities					
Other payables and accruals	33	166,799	168,762	758,127	765,520
Borrowings	34	4,757,752	4,371,527	7,720,582	6,421,056
Financial liabilities at fair value					
through profit or loss	35	39,610	39,610	450,450	449,541
Lease liabilities	15	430,999	323,825	314,935	308,603
Redemption liabilities	36	—	—	867,400	868,911
Provisions	37	1,012,056	2,568,690	4,383,322	5,196,569
Deferred tax liabilities	27	13,402	12,608	82,329	84,435
		<u>6,420,618</u>	<u>7,485,022</u>	<u>14,577,145</u>	<u>14,094,635</u>
Net assets		<u>19,738,223</u>	<u>29,454,496</u>	<u>40,198,748</u>	<u>45,781,982</u>
EQUITY					
Share capital and treasury shares . . .	38	964,441	104,083	302,088	432,592
Reserves	40	17,702,852	27,601,135	36,602,976	42,103,779
Equity attributable to owners of the					
Company		18,667,293	27,705,218	36,905,064	42,536,371
Non-controlling interests		1,070,930	1,749,278	3,293,684	3,245,611
Total equity.		<u>19,738,223</u>	<u>29,454,496</u>	<u>40,198,748</u>	<u>45,781,982</u>

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,			As at June 30,
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	14	2,000,048	3,352,363	4,329,636	4,448,131
Right-of-use assets	15	205,548	288,580	277,001	301,963
Intangible assets	16	49,660	53,366	73,790	86,573
Investments in subsidiaries	19	5,076,390	6,767,761	6,815,720	6,901,372
Investments in associates	18	211,231	335,744	393,534	381,603
Financial assets at fair value through profit or loss	22	125,035	201,011	356,757	392,587
Trade and notes receivables	24	352,460	3,913,031	3,140,871	2,726,058
Contract assets	25	352,103	417,522	434,282	449,354
Prepayments, other receivables and other assets	26	240,737	221,101	252,134	275,266
Deferred tax assets	27	311,101	471,148	791,727	831,609
		8,924,313	16,021,627	16,865,452	16,794,516
Current assets					
Inventories	28	4,305,038	5,937,910	7,361,034	6,191,564
Trade and notes receivables	24	12,856,946	12,150,412	17,645,092	16,417,476
Contract assets	25	356,483	531,060	560,201	599,836
Prepayments, other receivables and other assets	26	1,129,196	1,950,498	4,141,971	5,234,824
Financial assets at fair value through profit or loss	22	1,023,463	1,792,635	9,542,629	7,090,207
Financial assets at fair value through other comprehensive income	23	841,039	623,246	539,663	2,998,432
Restricted bank deposits	29	918,468	565,409	555,388	582,811
Cash and cash equivalents	30	6,925,025	11,700,121	13,426,827	12,910,152
		28,355,658	35,251,291	53,772,805	52,025,302

APPENDIX I

ACCOUNTANTS’ REPORT

		As at December 31,			As at June 30,
		2022	2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current liabilities					
Trade and notes payables	31	15,901,348	15,954,630	20,404,177	19,465,883
Contract liabilities.	32	690,409	1,661,944	4,372,250	3,429,736
Other payables and accruals	33	899,700	4,066,099	8,063,396	6,584,920
Borrowings	34	112,356	159,111	1,184,462	402,353
Financial liabilities at fair value					
through profit or loss	35	6,368	—	—	274
Derivative financial instruments		1,028	—	—	—
Lease liabilities	15	26,994	18,047	5,682	3,912
Income tax payable		168,478	1,317,529	768,885	87,128
		<u>17,806,681</u>	<u>23,177,360</u>	<u>34,798,852</u>	<u>29,974,206</u>
Net current assets		<u>10,548,977</u>	<u>12,073,931</u>	<u>18,973,953</u>	<u>22,051,096</u>
Total assets less current liabilities. .		<u>19,473,290</u>	<u>28,095,558</u>	<u>35,839,405</u>	<u>38,845,612</u>
Non-current liabilities					
Other payables and accruals	33	146,614	140,457	177,681	157,288
Borrowings	34	957,720	811,360	—	—
Lease liabilities	15	21,785	2,605	5,927	2,805
Provisions	37	532,429	834,813	1,270,862	1,583,577
		<u>1,658,548</u>	<u>1,789,235</u>	<u>1,454,470</u>	<u>1,743,670</u>
Net assets		<u>17,814,742</u>	<u>26,306,323</u>	<u>34,384,935</u>	<u>37,101,942</u>
EQUITY					
Share capital and treasury shares . . .	38	964,441	104,083	302,088	432,592
Reserves	40	16,850,301	26,202,240	34,082,847	36,669,350
Total equity.		<u>17,814,742</u>	<u>26,306,323</u>	<u>34,384,935</u>	<u>37,101,942</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to owners of the Company											
	Share capital	Treasury shares	Other comprehensive income				Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
		reserve	Capital reserve	income reserve	Special reserve	reserve					
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 38	Note 38	Note (a)	Note (b)	Note (c)	Note (d)					
As at January 1, 2022	1,485,216	(15,134)	6,959,734	(24,221)	-	716,643	6,533,777	15,656,015	1,048,754	16,704,769	
Profit for the year	-	-	-	-	-	-	3,593,447	3,593,447	102,127	3,695,574	
Other comprehensive loss for the year	-	-	-	(6,300)	-	-	-	(6,300)	(1,600)	(7,900)	
Total comprehensive (loss)/income for the year	-	-	-	(6,300)	-	-	3,593,447	3,587,147	100,527	3,687,674	
Appropriation of statutory reserve	-	-	-	-	-	349,574	(349,574)	-	-	-	
Dividends declared (Note 12)	-	-	-	-	-	-	(163,370)	(163,370)	-	(163,370)	
Revocable dividends attributable to restricted shareholders (Note 12)	-	-	-	-	-	-	(3)	(3)	-	(3)	
Cancellation of shares under restricted shares incentive schemes	(25)	129	(101)	-	-	-	-	3	-	3	
Repurchase of shares (Note 38)	-	(520,543)	-	-	-	-	-	(520,543)	-	(520,543)	
Share-based payment expenses, net of tax (Note 39)	-	-	110,573	-	-	-	-	110,573	8,065	118,638	
Release of shares under restricted shares incentive schemes	-	14,798	-	-	-	-	-	14,798	-	14,798	
Transaction with non-controlling interests (Note 19)	-	-	(17,327)	-	-	-	-	(17,327)	(86,416)	(103,743)	
Provision of special reserve	-	-	-	-	1,166	-	-	1,166	-	1,166	
Utilization of special reserve	-	-	-	-	(1,166)	-	-	(1,166)	-	(1,166)	
As at December 31, 2022	1,485,191	(520,750)	7,052,879	(30,521)	-	1,066,217	9,614,277	18,667,293	1,070,930	19,738,223	

APPENDIX I

ACCOUNTANTS’ REPORT

Attributable to owners of the Company										
	Share capital	Treasury shares reserve	Capital reserve	Other comprehensive income reserve	Special reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 38	Note 38	Note (a)	Note (b)	Note (c)	Note (d)				
As at January 1, 2023	1,485,191	(520,750)	7,052,879	(30,521)	-	1,066,217	9,614,277	18,667,293	1,070,930	19,738,223
Profit for the year	-	-	-	-	-	-	9,439,562	9,439,562	169,178	9,608,740
Other comprehensive income for the year	-	-	-	203,011	-	-	-	203,011	2,105	205,116
Total comprehensive income for the year	-	-	-	203,011	-	-	9,439,562	9,642,573	171,283	9,813,856
Dividends declared (Note 12)	-	-	-	-	-	-	(325,302)	(325,302)	(37,596)	(362,898)
Revocable dividends attributable to restricted shareholders	-	-	-	-	-	-	(13)	(13)	-	(13)
Cancellation of shares under restricted shares incentive schemes	(40)	206	(153)	-	-	-	-	13	-	13
Repurchase of shares (Note 38)	-	(980,071)	-	-	-	-	-	(980,071)	-	(980,071)
Share-based payment expenses, net of tax (Note 39)	-	-	189,837	-	-	-	-	189,837	13,445	203,282
Release of shares under restricted shares incentive schemes	-	119,547	(66,800)	-	-	-	-	52,747	-	52,747
Transaction with non-controlling interests (Note 19)	-	-	430,413	-	-	-	-	430,413	529,586	959,999
Provision of special reserve	-	-	-	-	39,006	-	-	39,006	1,630	40,636
Utilization of special reserve	-	-	-	-	(11,278)	-	-	(11,278)	-	(11,278)
As at December 31, 2023	1,485,151	(1,381,068)	7,606,176	172,490	27,728	1,066,217	18,728,524	27,705,218	1,749,278	29,454,496

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Attributable to owners of the Company										
	Share capital	Treasury shares reserve	Capital reserve	Other comprehensive income reserve	Special reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 38	Note 38	Note (a)	Note (b)	Note (c)	Note (d)				
As at January 1, 2024	1,485,151	(1,381,068)	7,606,176	172,490	27,728	1,066,217	18,728,524	27,705,218	1,749,278	29,454,496
Profit for the year	-	-	-	-	-	-	11,036,279	11,036,279	227,948	11,264,227
Other comprehensive loss for the year	-	-	-	(69,499)	-	-	-	(69,499)	(1,305)	(70,804)
Total comprehensive (loss)/income for the year	-	-	-	(69,499)	-	-	11,036,279	10,966,780	226,643	11,193,423
Conversion of capital reserve into share capital	588,060	-	(588,060)	-	-	-	-	-	-	-
Dividends declared (Note 12)	-	-	-	-	-	-	(1,418,696)	(1,418,696)	-	(1,418,696)
Repurchase of shares (Note 38)	-	(517,786)	-	-	-	-	-	(517,786)	-	(517,786)
Share-based payment expenses, net of tax (Note 39)	-	-	439,278	-	-	-	-	439,278	22,298	461,576
Release of shares under restricted shares incentive schemes.	-	127,731	(74,608)	-	-	-	-	53,123	-	53,123
Non-controlling interests on acquisition of subsidiary (Note 43)	-	-	-	-	-	-	-	-	1,348,493	1,348,493
Transaction with non-controlling interests (Note 19)	-	-	(370,025)	-	-	-	-	(370,025)	(56,322)	(426,347)
Provision of special reserve	-	-	-	-	56,134	-	-	56,134	3,294	59,428
Utilization of special reserve	-	-	-	-	(8,962)	-	-	(8,962)	-	(8,962)
As at December 31, 2024	2,073,211	(1,771,123)	7,012,761	102,991	74,900	1,066,217	28,346,107	36,905,064	3,293,684	40,198,748

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Attributable to owners of the Company										
	Share capital	Treasury shares reserve	Capital reserve	Other comprehensive income reserve	Special reserve	Statutory reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 38	Note 38	Note (a)	Note (b)	Note (c)	Note (d)				
As at January 1, 2024	1,485,151	(1,381,068)	7,606,176	172,490	27,728	1,066,217	18,728,524	27,705,218	1,749,278	29,454,496
Profit for the period (unaudited)	-	-	-	-	-	-	4,959,074	4,959,074	87,543	5,046,617
Other comprehensive loss for the period (unaudited)	-	-	-	(85,928)	-	-	-	(85,928)	(1,451)	(87,379)
Total comprehensive (loss)/income for the period (unaudited)	-	-	-	(85,928)	-	-	4,959,074	4,873,146	86,092	4,959,238
Conversion of capital reserve into share capital (unaudited)	588,060	-	(588,060)	-	-	-	-	-	-	-
Dividends declared (Note 12) (unaudited)	-	-	-	-	-	-	(1,418,696)	(1,418,696)	-	(1,418,696)
Repurchase of shares (Note 38) (unaudited)	-	(16,577)	-	-	-	-	-	(16,577)	-	(16,577)
Share-based payment expenses, net of tax (Note 39) (unaudited)	-	-	202,906	-	-	-	-	202,906	11,442	214,348
Release of shares under restricted shares incentive schemes (unaudited)	-	127,731	(74,608)	-	-	-	-	53,123	-	53,123
Transaction with non-controlling interests (Note 19) (unaudited)	-	-	-	-	-	-	-	-	91,636	91,636
Provision of special reserve (unaudited)	-	-	-	-	23,945	-	-	23,945	713	24,658
Utilization of special reserve (unaudited)	-	-	-	-	(5,786)	-	-	(5,786)	-	(5,786)
As at June 30, 2024 (unaudited)	2,073,211	(1,269,914)	7,146,414	86,562	45,887	1,066,217	22,268,902	31,417,279	1,939,161	33,356,440

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Notes:

- (a) Capital reserve mainly includes share premium and capital reserve recognized under restricted shares incentive schemes and transaction with non-controlling interests.
- (b) Other comprehensive income reserve is the reserve due to the exchange differences on translation of financial statements of foreign operations and the cash flow hedges.
- (c) Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside an amount for maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.
- (d) In accordance with the Company Law of the People’s Republic of China (the “**PRC**”), companies registered in the PRC are required to allocate 10% of their statutory after-tax profits to the statutory reserves until the cumulative total of the reserve reaches 50% of the companies’ registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or to increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC companies.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Operating activities					
Profit before income tax	4,133,962	11,459,963	13,544,291	5,948,517	9,368,453
Adjustments for:					
Share of results of associates, net (<i>Note 18</i>) . .	2,287	2,985	(11,319)	(5,471)	(18,124)
Depreciation of property, plant and equipment (<i>Note 14</i>)	358,872	495,787	719,569	312,301	468,288
Depreciation of right-of-use assets (<i>Note 15</i>) . .	89,101	116,351	116,541	52,990	44,057
Amortization of intangible assets (<i>Note 16</i>) . .	13,404	18,036	21,414	8,771	16,452
Gains on disposal of financial assets at fair value through profit and loss (<i>Note 7</i>)	(87,766)	(106,358)	(138,968)	(1,044)	(121,361)
Fair value losses/(gains) on financial assets at fair value through profit or loss (<i>Note 7</i>) . .	29,611	(36,192)	(64,319)	(9,772)	(51,120)
Net losses on disposal and write-off of property, plant and equipment right-of-use assets and intangible assets (<i>Note 7</i>)	3,009	13,266	4,521	1,254	8,340
Net impairment losses recognized on inventories	364,676	1,198,674	693,879	77,295	576,856
Finance costs (<i>Note 10</i>)	209,088	318,937	391,866	191,435	190,776
Net impairment losses on financial assets and contract assets	466,429	789,690	1,086,170	311,177	355,667
Impairment losses of property, plant and equipment (<i>Note 7</i>)	–	40,090	–	–	24,195
Investment income from financial assets at fair value through profit or loss (<i>Note 7</i>)	(27,540)	(14,673)	(224)	(43,143)	(1,839)
Losses/(gains) on disposal of investments in associates, net (<i>Note 7</i>)	352	298	(31)	–	1,778
Losses/(gains) on forward exchange contracts (<i>Note 7</i>)	72,328	21,036	(269,481)	(188,122)	(152,611)
Share-based payment expenses (<i>Note 39</i>)	140,265	200,115	438,260	216,614	198,026
Net foreign exchange losses /(gains)	27,518	165,748	(47,006)	(4,760)	(32,723)
Depreciation of investment properties (<i>Note 17</i>)	–	–	–	–	2,278
Increase in trade and notes receivables	(6,882,726)	(12,331,402)	(7,471,845)	(2,222,609)	(3,661,354)
Decrease/(increase) in contract assets	62,884	(923,366)	(525,957)	(197,079)	(482,048)
Increase in prepayments, other receivables and other assets	(741,101)	(313,114)	(1,697,151)	(1,482,408)	(310,681)
Increase in inventories	(8,825,776)	(3,771,322)	(8,365,587)	(6,673,160)	(927,525)

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	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Increase/(decrease) in trade and notes payables	8,472,845	4,098,397	10,414,757	902,872	(879,278)
Increase/(decrease) in other payables and accruals	1,087,489	1,483,615	1,751,565	(440,256)	43,435
Increase in provisions	769,960	1,556,634	1,812,664	314,638	813,248
Increase in contract liabilities	2,074,493	2,776,370	3,409,249	2,477,124	252,504
Decrease in restricted bank deposits	18,870	880,301	48,022	64,846	55,827
Cash generated from/(used in) operations . .	1,832,534	8,139,866	15,860,880	(387,990)	5,781,516
Income tax paid	(622,036)	(1,158,028)	(3,792,553)	(2,215,715)	(2,347,043)
Net cash flows generated from/(used in) operating activities	1,210,498	6,981,838	12,068,327	(2,603,705)	3,434,473
Investing activities					
Purchase of property, plant and equipment, intangible assets and right-of-use assets . . .	(1,526,766)	(2,741,239)	(2,785,953)	(1,168,816)	(1,461,666)
Proceeds from disposal of property, plant and equipment and right-of-use assets	9,368	3,135	862	1,302	1,638
Acquisition of subsidiaries, net of cash acquired.	–	9,609	(154,978)	–	(45,056)
Payment for investments in associates.	(117,519)	(253,223)	(148,024)	(55,290)	(82,009)
Proceeds from investment income from financial assets at fair value through profit or loss.	13,688	99,543	404,412	215,713	275,073
Proceeds from dividends from associates	40	68	–	–	15,383
Return of deposits paid for equity investments.	475,077	–	–	–	–
Deposits paid for equity investments	(662,450)	(154,157)	–	–	–
Proceeds from disposal of assets related to power station projects.	236,894	22,045	9,380	–	84,784
Payments for financial assets at fair value through other comprehensive income	–	–	(190,319)	(180,000)	–
Proceeds from sales of financial assets at fair value through profit or loss	13,949,923	23,423,890	69,598,450	20,699,395	39,796,736
Purchase of financial assets at fair value through profit or loss	(12,032,700)	(24,226,283)	(77,581,137)	(21,114,144)	(37,625,356)
Other cash flows arising from investing activities	–	(4,544)	(5,763)	–	(15,133)
Net cash flows generated from/(used in) investing activities	345,555	(3,821,156)	(10,853,070)	(1,601,840)	944,394

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	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Financing activities					
Proceeds from bank borrowings	8,870,223	6,849,766	9,607,259	4,569,213	6,384,106
Repayment of bank borrowings	(5,678,222)	(3,560,564)	(8,710,750)	(1,842,598)	(5,856,490)
Proceeds from other borrowings	383,500	1,457,249	1,303,207	496,049	384,145
Repayment of other borrowings	(73,952)	–	(100,224)	(12,099)	(2,435,533)
Proceeds from redemption liabilities	–	–	847,000	847,000	–
Withdrawal of restricted bank deposits	681,252	653,234	1,432,621	1,432,621	1,721,242
Payment of restricted bank deposits	(1,334,486)	(1,432,621)	(1,799,260)	(1,095,586)	(1,654,350)
Payment of lease liabilities	(139,571)	(79,719)	(100,670)	(51,398)	(24,742)
Dividends paid to the shareholders of the					
Company and non-controlling interests	(163,373)	(362,911)	(1,418,696)	(1,418,696)	(2,277,616)
Transactions with non-controlling interests	(89,742)	959,999	(17,743)	92,494	(187,397)
Proceeds from issue of restricted shares	–	52,746	53,123	53,123	152,314
Repurchase of restricted shares	(126)	(193)	–	–	–
Payment on repurchase of shares	(520,543)	(980,071)	(517,786)	(16,577)	(299,975)
Interest paid for borrowings and redemption					
liabilities	<u>(188,242)</u>	<u>(277,407)</u>	<u>(319,277)</u>	<u>(151,833)</u>	<u>(124,013)</u>
Net cash flows generated from/(used in)					
financing activities	<u>1,746,718</u>	<u>3,279,508</u>	<u>258,804</u>	<u>2,901,713</u>	<u>(4,218,309)</u>
Net increase/(decrease) in cash and cash					
equivalents	3,302,771	6,440,190	1,474,061	(1,303,832)	160,558
Cash and cash equivalents at beginning of					
year/period (<i>Note 30</i>)	6,560,000	9,802,093	16,267,022	16,267,022	17,717,234
Effect of foreign exchange rate changes, net	<u>(60,678)</u>	<u>24,739</u>	<u>(23,849)</u>	<u>4,760</u>	<u>32,723</u>
Cash and cash equivalents at end of					
year/period (<i>Note 30</i>)	<u>9,802,093</u>	<u>16,267,022</u>	<u>17,717,234</u>	<u>14,967,950</u>	<u>17,910,515</u>

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was a limited liability company incorporated in the PRC in November 28, 1997 and changed to a joint stock limited company on September 16, 2010. The Company’s A shares are listed on Shenzhen Stock Exchange on November 2, 2011. The address of the Company’s registered office and its principal place of business is No. 1699 Xiyou Street, High-Tech Zone, Hefei, Anhui, China.

During the Track Record Period, the Company and its subsidiaries (together the “**Group**”) across five strategic areas: solar energy, wind energy, energy storage, electric vehicles and charging and hydrogen energy. The main products and services provided by Group include PV inverters and other power conversion devices, energy storage systems and new energy investment and development and etc.

As at June 30, 2025, the Company’s single largest shareholders group, comprising Renxian Cao (曹仁賢) and Lei Su (蘇蕾), held approximately 30.63% of total share capital.

2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards (“**IFRSs**”), International Accounting Standards and Interpretations approved by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The material accounting policy information that has been used in the preparation of this Historical Financial Information are disclosed in Note 3.2. These accounting policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period. The adoption of the IFRS Accounting Standards do not have any significant impact on the financial positions or results of the Group during the Track Record Period.

The Stub Period Financial Information has been prepared in accordance with same basis of presentation and preparation adopted in inspect of the Historical Financial Information.

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3.1 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 7 and IFRS 9	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 7 and IFRS 9	Contracts Referencing Nature-dependent Electricity ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19	Subsidiaries without public accountability: disclosures ²
Annual Improvements to IFRSs Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ¹

1 Effective for accounting periods beginning on or after January 1, 2026

2 Effective for accounting periods beginning on or after January 1, 2027

3 Effective dates not yet determined

Except for new IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all the new and amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information of the Group in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for accounting periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 has no impact on the Group’s financial positions and performance but has impact on presentation of the consolidated statements of comprehensive income.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

Business combinations

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, that it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Historical Financial Information and the Stub Period Financial Information from the date on which control commences until the date on which control ceases.

Non-controlling interests (“NCI”)

NCI are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

Changes in the Group’s ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group’s and the non-controlling interests’ proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gain or losses) arising from intra-group transactions, are eliminated.

Investments in associates

An associate is an entity over which the Group has significant influence but no control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

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Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealized gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the Group’s interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

Foreign currency translation

The Historical Financial Information and the Stub Period Financial Information are presented in RMB, which is also the functional currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at the end of the reporting period are recognized in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e., only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is also recognized in profit or loss. When a fair value gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is also recognized in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group’s presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognized in other comprehensive income and accumulated separately in the other comprehensive income reserve in equity.

Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are initially recognized at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group’s management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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Depreciation is recognized so as to write off the cost of assets other than construction in progress and moulds less their residual values using the straight-line basis over their estimated useful lives as follow:

Buildings	10–45 years
Machinery	5–14 years
Transportation equipment	5–10 years
Power stations	10–20 years
Office and other equipment	3–10 years
Leasehold improvements	3–5 years

The land purchased by the Group overseas with permanent property rights is recognized as freehold land and is not depreciated.

Depreciation is recognized so as to write off the cost of moulds less their residual values using the units of production method over their estimated useful lives.

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each year/period for the Track Record Period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Investment properties

Investment property is a property held to earn rentals and/or for capital appreciation.

Investment property is measured at cost, including any directly attributable expenditure. All of the Group’s property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties.

Subsequent to initial recognition, investment properties are stated at cost less any impairment losses and are amortized to their residual value on the straight-line basis over their estimated useful lives as follow:

Buildings	20–35 years
Land use rights	50 years

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognized.

Intangible assets

Acquired intangible assets are recognized initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortization commences when the intangible assets are available for use. The useful lives are as follows:

Software	2–10 years
Patent rights and non-patented technologies	10 years
Trademarks	10 years

The assets’ amortization methods and useful lives are reviewed, and adjusted if appropriate, at the end of each year/period for the Track Record Period.

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Intangible assets are tested for impairment as described in “Impairment of non-financial assets” below.

Research and development

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognized as intangible assets provided they meet all of the following recognition requirements:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) there is intention to complete the intangible asset and use or sell it;
- (iii) the Group’s ability to use or sell the intangible asset is demonstrated;
- (iv) the intangible asset will generate probable economic benefits through internal use or sale;
- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognized as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

Goodwill

Goodwill is initially recognized at cost being the excess of the aggregate of consideration transferred, the amount recognized for non-controlling interests and the fair value of the Group’s previously held equity interest in the acquiree over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the amount recognized for noncontrolling interests and the fair value of the Group’s previously held equity interest in the acquiree, the excess is recognized in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units (“CGU”) that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, impairment loss is allocated to reduce the carrying amount of goodwill allocated to the unit first, and then to other assets of the unit on the pro-rata basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognized in profit or loss and is not reversed in subsequent periods.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires.

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Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables and contract assets that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 “Revenue from Contracts with Customers,” all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss (“FVTPL”), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost;
- FVTPL; or
- Fair value through other comprehensive income (“FVTOCI”).

The classification is determined by both:

- the Group’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Interest income from these financial assets is included other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group’s restricted bank deposits, time deposits, cash and cash equivalents, trade and notes receivables, contract assets, other receivables fall into this category of financial instruments.

Financial assets at FVTOCI — recycling

If the contractual cash flows of the financial assets comprise solely payments of principal and interest and are held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit loss (“ECL”), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

Financial assets at FVTPL

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

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Equity instruments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income and accumulated in “other comprehensive income reserve” in equity. Such elections are made on an instrument-by-instrument basis but only be made if the investment meets the definition of equity from the issuer’s perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in “other comprehensive income reserve” will not be reclassified to profit or loss upon disposal of the equity investments and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in “other income” in profit or loss.

Impairment of financial assets

IFRS 9’s impairment requirements use forward-looking information to recognize ECL – the “ECL model.” Instruments within the scope included cash and bank deposits, trade receivables, notes receivables, contract assets and other financial assets measured at amortized cost.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this general model approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“**Stage 1**”); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“**Stage 2**”).

“Stage 3” would cover financial assets that have objective evidence of impairment at the end of the reporting period.

“12-month ECL” are recognized for the Stage 1 category while “lifetime ECL” are recognized for the Stage 2 categories.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Cash and bank deposits

Cash and bank deposits are considered to have low credit risk because the counterparties are banks and have a low risk of default, and have a strong capacity to meet its contractual cash flow obligations in the near term. Cash and bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

Trade receivables and notes receivables

For trade receivables and notes receivables, the Group applies a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at the end of each year/period for the Track Record Period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

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To measure the ECL, except for trade and notes receivables with significant outstanding balances which are assessed individually, the remaining trade and notes receivables have been grouped based on shared credit risk characteristics.

For notes receivables measured at FVTOCI, the Group assumes that the credit risk on notes receivables measured at FVTOCI has not increased significantly since initial recognition if the notes receivables measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Notes receivables measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and 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.

Other receivables and other financial assets measured at amortized cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of each year/period for the Track Record Period with the risk of default occurring on the financial assets 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 and the credit default swap prices for the debtor;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

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 collateral held by the Group).

Detailed analysis of the ECL assessment of trade receivables, other financial assets measured at amortized cost and notes receivables measured at FVTOCI are set out in Note 48.

Financial liabilities

Classification and measurement of financial liabilities

The Group’s financial liabilities include trade and notes payables, contract liabilities, other payables and accruals, borrowings, redemption liabilities, lease liabilities and financial liabilities at FVTPL.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group classified or designated a financial liability at FVTPL.

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Subsequently, financial liabilities (other than lease liabilities) are measured at amortized cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included in finance costs or other income.

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets”; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Accounting policies of lease liabilities are set out in “Leases” below.

Accounting policies of redemption liabilities are set out in “Redemption liabilities” below.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the Track Record Period.

Trade payables, other payables and accruals

Trade payables, other payables and accruals are recognized initially at their fair value and subsequently measured at amortized cost, using the effective interest method.

Contract assets and contract liabilities

Contract assets are recognized when the Group recognizes revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy and are reclassified to receivables when the right to the consideration has become unconditional.

Contract liabilities are recognized when the customer pays consideration before the Group recognizes the related revenue. Contract liabilities would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis. When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

Redemption liabilities

A contract that contains an obligation to repurchase the Group entities equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount, even if the Company’s obligations to purchase is conditional on the counterparty exercising a right to redeem. The Company undertakes such redemption obligations as certain preferred rights are granted to the Investors in the Company’s financing process, such redemption obligation is recognized as financial liability initially at the present value of the redemption amount and subsequently measured at amortized cost with interest charged in finance costs.

The Group derecognizes redemption liabilities when, and only when, the redemption obligations are discharged, canceled or expired.

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Inventories

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of semi-finished goods and finished goods, comprise direct materials, direct labor and an appropriate proportion of overheads.

Cash and cash equivalents

Cash and cash equivalents include cash and cash in bank, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank balances use by the Group which is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 29.

Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration.” To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

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The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these leases are recognized as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract (which includes both incremental costs and an allocation of other costs that relate directly to fulfilling that contract).

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognized at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognized at the higher of the amount initially recognized, less accumulated amortization where appropriate, and the amount that would be recognized in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

Share capital

Share capital is classified as equity. Share capital is recognized at the amount of consideration of shares issued, after deducting any transaction costs associated with the issue of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Revenue recognition

Revenue mainly arises from sales of PV inverters and other power conversion devices, energy storage systems, new energy investment and development and etc.

To determine whether to recognize revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when or as performance obligations are satisfied

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In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue from sale of goods

Revenue from sale of goods such as PV inverters and other power conversion devices, energy storage systems, charging equipment and floating PV system between the Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognized when the performance obligation has been satisfied at a point in time.

Revenue for domestic sale of goods is recognized when the Group has delivered the products to the customer as stipulated in the contract, and the customer has accepted the goods; it is probable that related economic benefits will flow to the Group; the significant risks and rewards of ownership of the goods have been transferred; and ownership of the goods has been transferred.

Revenue for overseas sale of goods is recognized when the Group has completed customs declaration procedures for the products as stipulated in the contract and obtained the customs declaration form; it is probable that related economic benefits will flow to the Group; the significant risks and rewards of ownership of the goods have been transferred; and ownership of the goods has been transferred.

Revenue from rendering of services

The service contract between the Group and its customers includes performance obligations related to the smart energy operation and maintenance services. As the customer simultaneously receives and consumes the economic benefits derived from the Group’s performance during the fulfillment process, the Group regards this as a performance obligation satisfied over time.

Revenue from construction contract

The construction contract between the Group and its customers includes performance obligations related to the construction of power stations. As the customer controls the work-in-progress asset during the Group’s performance, the Group regards this as a performance obligation satisfied over time. Revenue is recognized based on the progress towards complete satisfaction of the performance obligation, except when such progress cannot be reasonably measured. When the Group cannot be able to reasonably measure the progress of a performance obligation, the Group expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the Group shall recognize revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

The Group determines the progress of performance using the input method. The progress is measured based on the proportion of actual contract costs incurred to date relative to the estimated total contract costs. At the end of each reporting period, the Group reassesses the progress of completion of the work or services provided to reflect any changes in the performance status.

Revenue from distributed residential power stations construction business

Revenue from the construction of distributed residential power stations provided by the Group to its customers is recognized based on the actual grid-connected module capacity of the residential power stations and the unit price specified in the relevant agreement.

Revenue from power generation activities at new energy power stations

Revenue derived from power generation at new energy power stations constructed and operated by the Group is recognized at the end of each accounting period based on the metered electricity volume, the electricity generation confirmation issued by the power company or the customer, and the electricity price stipulated in the relevant power purchase agreement.

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Sale with a right of return

For sales with a right of return, when the customer obtains the control of a product, the Group shall recognize revenue for the transferred products in the amount of consideration to which the Group expects to be entitled and a refund liability at the amounts receivable for which the Group does not expect to be entitled; meanwhile, an asset shall be recognized as receivables on the cost of return measured at the carrying amount of the product expected to be returned less any expected costs to recover those products including potential decreases in the value to the entity of returned products, and the net amount of the carrying amount of the product when transferred to the customer less above mentioned cost shall be recorded into the cost of sales. At the end of each reporting period, the Group shall assess the expectations about the sales return and remeasure above mentioned assets and liabilities.

Warranty

In accordance with the contract, the law or other requirements, the Group provides a warranty in connection with the sale of a product or construction of a project. For warranties which provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications, the Group not treat it as a performance obligation.

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income and is released to the consolidated statements of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

Impairment of non-financial assets

The following assets are subject to impairment testing:

- Intangible assets;
- Property, plant and equipment;
- Investment properties;
- Goodwill;
- Right-of-use assets; and
- The Company’s investments in subsidiaries and the Group’s investments in associates.

Assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset’s carrying amount may not be recoverable.

An impairment loss is recognized as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

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For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Impairment losses recognized for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset’s recoverable amount and only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Employee benefits

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognized in the year/period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pension scheme

Retirement benefits to employees are provided through defined contribution plans. The employees of the Group’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognized as an expense in profit or loss as employees render services during the year. The Group’s obligations under these plans are limited to the fixed percentage contributions payable.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plans. The Group contributes on a monthly basis to these plans based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these plans is limited to the contributions payable in each year/period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Share-based compensation

The Group operates share-based compensation plans for remuneration of its employees including share incentive plans.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognized as an expense in profit or loss over the vesting period if vesting conditions apply, or recognized as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the “capital reserve” in equity. If vesting conditions apply, the expense is recognized over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognized in the current period.

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Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalized as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Accounting for income taxes

Income tax comprises current tax and deferred income tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred income tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, associates and joint venture, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to the 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 income tax liability for all taxable temporary differences.

Deferred income tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realized, provided they are enacted or substantively enacted at the end of each year/period for the Track Record Period.

Changes in deferred tax assets or liabilities are recognized in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

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Current tax assets and current tax liabilities are presented in net if, and only if:

- (a) the Group has the legally enforceable right to set off the recognized amounts; and
- (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group presents deferred tax assets and deferred income tax liabilities in net if, and only if,
 - (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
 - (b) the deferred tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Historical Financial Information and the Stub Period Financial Information require the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group’s accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period are addressed below.

Impairment of financial assets and contract assets

The loss allowances for financial assets and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions, as well as forward-looking estimates at the end of each year/period for the Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 48.

Inventory provision for impairment

The Group measures the inventory at the lower of cost and net realizable value, and makes inventory provision for the obsolete inventory, slow-moving inventory and the inventory of which the cost is higher than their net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though the management of the Group has made the best estimate about the inventory impairment loss predicted to occur and provided allowance for impairment, the impairment assessment may still be significantly changed due to the change of market situation.

Fair value measurement of financial assets at level 3 fair value hierarchy

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets at level 3 fair value hierarchy are disclosed in the tables in Note 47.

Income taxes and deferred income taxations

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgments are required from the Group in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

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The Group recognizes deferred tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred tax assets mainly involves management’s judgments and estimations about the timing and the amount of taxable profits of the companies who has tax losses.

Provisions

Provision was made for estimated warranty claims in respect of products sold which were still under retention period. The amount of the provision for the warranties is estimated based on the best estimate of the expenditure required to fulfil the relevant current obligation. Any increase or decrease in the provision would affect profit or loss in current and future years.

Recognition of share-based payment expenses

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the significant input of expected life of the share incentive granted, expected volatility, and risk-free rate and making assumptions about them.

For the measurement of the fair value of share-based payment transactions with employees at the grant date, the Group uses a Black-Scholes option pricing model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 39.

5. REVENUE AND SEGMENT INFORMATION

The Group’s principal activities are disclosed in Note 1 to the Historical Financial Information.

Disaggregated revenue information

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000 (unaudited)
Types of products or service					
– PV inverters and other power conversion devices	17,178,675	27,653,074	29,127,039	13,093,203	15,327,462
– Energy storage systems	10,126,475	17,801,524	24,959,166	7,815,768	17,802,778
– New energy investment and development	11,515,268	24,733,981	21,003,004	8,954,969	8,397,881
– Others (Note)	1,288,699	1,970,674	2,614,925	1,096,571	1,908,980
	<u>40,109,117</u>	<u>72,159,253</u>	<u>77,704,134</u>	<u>30,960,511</u>	<u>43,437,101</u>
Timing of revenue recognition					
– Point in time	27,600,775	63,060,034	68,543,095	28,550,775	39,003,447
– Over time	12,508,342	9,099,219	9,161,039	2,409,736	4,433,654
	<u>40,109,117</u>	<u>72,159,253</u>	<u>77,704,134</u>	<u>30,960,511</u>	<u>43,437,101</u>

Note: Others mainly included power generation at new energy power stations, smart energy operation and maintenance services, floating PV system and charging equipment and etc.

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group’s chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, as for the purpose of making decisions about resources allocation and performance assessment, the Group’s management reviews the operating results of the Group as a whole by products and services and the Group has determined that it only has one operating segment during the Track Record Period. Accordingly, only entity-wide disclosure, along with the Group’s result and financial position as a whole, major customers and geographic information are presented.

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Geographical information

The following table sets out the information about the geographical location of the Group’s revenue from external customers based on the geographical location of customers to which the goods are delivered or services are rendered.

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)	<i>RMB’000</i> (unaudited)
Revenue from external customers					
– Mainland China	21,050,661	38,801,908	41,417,615	17,487,195	18,058,621
– Other countries/ regions	19,058,456	33,357,345	36,286,519	13,473,316	25,378,480
	<u>40,109,117</u>	<u>72,159,253</u>	<u>77,704,134</u>	<u>30,960,511</u>	<u>43,437,101</u>

The geographical location of the Group’s non-current assets (excluding deferred tax assets, financial assets, contract assets and investments in associates), mainly comprised of the property, plant and equipment and right-of-use assets, is based on the location of these assets. As at the end of each reporting period, the geographical location of the Group’s non-current assets are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)
Non-current assets (excluding deferred tax assets, financial assets, contract assets and investments in associates)				
– Mainland China	7,062,165	9,247,265	13,035,771	13,753,572
– Other countries/regions	157,808	365,971	670,031	870,091
	<u>7,219,973</u>	<u>9,613,236</u>	<u>13,705,802</u>	<u>14,623,663</u>

Information about major customers

Revenue derived from customers individually contributed over 10% of the Group’s revenue during the Track Record Period is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)	<i>RMB’000</i> (unaudited)
Customer A	5,460,491	9,404,503	N/A*	N/A*	N/A*
Customer B	<u>N/A*</u>	<u>7,641,727</u>	<u>N/A*</u>	<u>3,235,016</u>	<u>N/A*</u>

* The corresponding revenue for the customer didn’t contribute over 10% of the total revenue of the Group during the year/period.

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6. OTHER INCOME

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Interest income.	77,822	198,330	256,727	131,185	189,453
Others	241,530	336,563	482,920	238,462	294,661
	<u>319,352</u>	<u>534,893</u>	<u>739,647</u>	<u>369,647</u>	<u>484,114</u>

7. OTHER GAINS, NET

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Net foreign exchange gains/(losses)	665,240	208,735	(11,751)	(65,593)	328,144
(Losses)/gains on forward exchange contracts	(72,328)	(21,036)	269,481	188,122	152,611
Gains on disposal of financial assets at FVTPL	87,766	106,358	138,968	1,044	121,361
Fair value (losses)/gains on financial assets at FVTPL	(29,611)	36,192	64,319	9,772	51,120
Investment income from financial assets at FVTPL	27,540	14,673	224	43,143	1,839
Impairment losses of property, plant and equipment	–	(40,090)	–	–	(24,195)
Net losses on disposal and write-off of property, plant and equipment, right-of-use assets and intangible assets	(3,009)	(13,266)	(4,521)	(1,254)	(8,340)
Donations	(7,481)	(5,878)	(20,780)	(6,526)	(7,713)
(Losses)/gains on disposal of investments in associates, net	(352)	(298)	31	–	(1,778)
Others	<u>1,565</u>	<u>7,860</u>	<u>5,806</u>	<u>1,126</u>	<u>6,248</u>
	<u>669,330</u>	<u>293,250</u>	<u>441,777</u>	<u>169,834</u>	<u>619,297</u>

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8. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, general and administrative expenses and selling expenses are analyzed as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Changes in semi-finished goods and work in progress, contract fulfillment costs and finished goods	(6,192,761)	(4,942,593)	(8,573,631)	(5,132,257)	(84,937)
Raw materials consumed	31,590,790	44,148,452	47,472,322	19,858,892	20,692,173
Employee benefit expenses (Note 9)	3,312,345	4,535,674	6,288,319	2,862,529	4,541,519
Installation and service fees	2,088,855	7,649,291	8,958,330	3,848,072	3,937,331
Warranty costs	1,163,445	2,077,525	2,585,134	765,740	1,256,997
Depreciation of property, plant and equipment and investment properties (Notes 14, 17)	358,872	495,787	719,569	312,301	470,566
Depreciation of right-of-use assets (Note 15)	89,101	116,351	116,541	52,990	44,057
Amortization of intangible assets (Note 16)	13,404	18,036	21,414	8,771	16,452
Logistics fees	955,027	1,008,970	1,224,240	371,427	742,846
Provision for impairment of inventories	364,676	1,198,674	693,879	77,295	576,856
Office and travel expenses	468,118	903,144	1,167,663	537,097	557,913
Consultancy and service fees	315,341	426,084	376,322	216,778	198,520
Business development expenses	226,040	266,731	324,992	131,500	151,610
Advertisement and business promotion expenses	70,486	164,025	247,015	112,021	113,981
Lease expenses (Note 15)	116,054	184,247	344,264	127,034	113,638
Energy costs	58,751	90,777	107,813	39,512	57,707
Auditor’s remuneration	1,943	2,264	2,717	—	—
Others	1,285,546	2,072,382	1,797,647	864,632	1,256,511
	<u>36,286,033</u>	<u>60,415,821</u>	<u>63,874,550</u>	<u>25,054,334</u>	<u>34,643,740</u>

9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analyzed as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Wages, salaries, bonuses and other benefits in kind	3,112,125	4,203,052	5,656,000	2,556,313	4,200,798
Retirement scheme contributions	57,597	131,551	185,337	84,907	128,809
Termination benefits	2,358	956	8,722	4,695	13,886
Share-based payment expenses (Note 39)	140,265	200,115	438,260	216,614	198,026
	<u>3,312,345</u>	<u>4,535,674</u>	<u>6,288,319</u>	<u>2,862,529</u>	<u>4,541,519</u>

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(b) Directors’ and supervisors’ emoluments

Directors’ and supervisors’ emoluments for the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	Fees	Salaries, allowances, discretionary bonuses, benefits in kind	Retirement scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2022					
Executive directors					
Mr. Cao Renxian (<i>Note (a)</i>)	–	3,510	26	–	3,536
Mr. Zhang Xucheng	–	2,757	29	7,124	9,910
Dr. Gu Yilei (<i>Note (b)</i>)	–	9,600	63	2,532	12,195
Mr. Zheng Guibiao	–	2,200	26	–	2,226
Dr. Zhao Wei	–	2,940	26	–	2,966
Independent non-executive directors					
Ms. Gu Guang	80	–	–	–	80
Dr. Li Mingfa	80	–	–	–	80
Mr. Li Baoshan	80	–	–	–	80
Supervisors					
Mr. Tao Gaozhou	–	1,046	19	–	1,065
Mr. He Wei	–	1,050	19	–	1,069
Ms. Li Xiaomei	–	511	15	–	526
	<u>240</u>	<u>23,614</u>	<u>223</u>	<u>9,656</u>	<u>33,733</u>
Year ended December 31, 2023					
Executive directors					
Mr. Cao Renxian (<i>Note (a)</i>)	–	3,510	29	–	3,539
Mr. Zhang Xucheng	–	4,060	29	7,124	11,213
Dr. Gu Yilei	–	14,400	68	2,878	17,346
Mr. Zheng Guibiao (<i>Note (c)</i>)	–	417	11	–	428
Dr. Zhao Wei	–	3,730	29	–	3,759
Mr. Wu Jiamao (<i>Note (d)</i>)	–	9,940	29	1,297	11,266
Independent non-executive directors					
Ms. Gu Guang	80	–	–	–	80
Dr. Li Mingfa	80	–	–	–	80
Mr. Li Baoshan (<i>Note (e)</i>)	33	–	–	–	33
Mr. Zhang Lei (<i>Note (f)</i>)	53	–	–	–	53
Supervisors					
Mr. Tao Gaozhou	–	1,074	29	–	1,103
Mr. He Wei	–	1,290	23	11	1,324
Ms. Li Xiaomei (<i>Note (g)</i>)	–	137	6	–	143
Mr. Zhang Hui (<i>Note (h)</i>)	–	588	12	–	600
	<u>246</u>	<u>39,146</u>	<u>265</u>	<u>11,310</u>	<u>50,967</u>

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	Fees	Salaries, allowances, discretionary bonuses, benefits in kind	Retirement scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2024					
Executive directors					
Mr. Cao Renxian (<i>Note (a)</i>)	–	3,880	41	–	3,921
Dr. Gu Yilei	–	17,500	69	10,118	27,687
Mr. Zhang Xucheng	–	5,120	34	7,124	12,278
Dr. Zhao Wei.	–	4,030	41	–	4,071
Mr. Wu Jiamao	–	12,940	41	6,336	19,317
Independent non-executive directors					
Ms. Gu Guang	80	–	–	–	80
Dr. Li Mingfa	80	–	–	–	80
Mr. Zhang Lei	80	–	–	–	80
Supervisors					
Mr. Tao Gaozhou	–	1,142	35	–	1,177
Mr. He Wei.	–	1,450	36	21	1,507
Mr. Zhang Hui.	–	828	17	–	845
	<u>240</u>	<u>46,890</u>	<u>314</u>	<u>23,599</u>	<u>71,043</u>
Six months ended June 30, 2024 (<i>unaudited</i>)					
Executive directors					
Mr. Cao Renxian (<i>Note (a)</i>)	–	612	19	–	631
Dr. Gu Yilei	–	732	35	3,964	4,731
Mr. Zhang Xucheng	–	733	19	3,562	4,314
Dr. Zhao Wei.	–	736	19	–	755
Mr. Wu Jiamao	–	749	19	2,539	3,307
Independent non-executive directors					
Ms. Gu Guang	40	–	–	–	40
Dr. Li Mingfa	40	–	–	–	40
Mr. Zhang Lei	40	–	–	–	40
Supervisors					
Mr. Tao Gaozhou	–	247	17	–	264
Mr. He Wei.	–	371	17	7	395
Mr. Zhang Hui.	–	245	9	–	254
	<u>120</u>	<u>4,425</u>	<u>154</u>	<u>10,072</u>	<u>14,771</u>

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	Fees	Salaries, allowances, discretionary bonuses, benefits in kind	Retirement scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended June 30, 2025 (unaudited)					
Executive directors					
Mr. Cao Renxian (<i>Note (a)</i>)	–	613	20	–	633
Dr. Gu Yilei	–	794	26	4,068	4,888
Mr. Zhang Xucheng	–	807	19	2,683	3,509
Dr. Zhao Wei.	–	799	20	–	819
Mr. Wu Jiamao	–	796	26	3,133	3,955
Independent non-executive directors					
Ms. Gu Guang	40	–	–	–	40
Dr. Li Mingfa	40	–	–	–	40
Mr. Zhang Lei	40	–	–	–	40
Supervisors					
Mr. Tao Gaozhou (<i>Note (i)</i>)	–	195	14	–	209
Mr. He Wei (<i>Note (i)</i>)	–	302	22	15	339
Mr. Zhang Hui (<i>Note (i)</i>)	–	187	7	–	194
	<u>120</u>	<u>4,493</u>	<u>154</u>	<u>9,899</u>	<u>14,666</u>

Notes:

- (a) Mr. Cao Renxian is the President and the Chairman of the board of directors.
- (b) Dr. Gu Yilei was appointed as an executive director of the Company on May 18, 2022.
- (c) Mr. Zheng Guibiao resigned as an executive director and senior vice president of the Company upon expiry of his term of office on May 19, 2023.
- (d) Mr. Wu Jiamao was appointed as an executive director and senior vice president of the Company on May 19, 2023.
- (e) Mr. Li Baoshan resigned as an independent non-executive director of the Company upon expiry of his term of office on May 19, 2023.
- (f) Mr. Zhang Lei was appointed as an independent non-executive director of the Company on My 19, 2023.
- (g) Ms. Li Xiaomei resigned as a supervisor of the Company upon expiry of her term of office on May 19, 2023.
- (h) Mr. Zhang Hui was appointed as a supervisor of the Company on May 19, 2023, and left the office as the abolition of the board of supervisors on May 28, 2025.
- (i) Shareholders of the Company passed a resolution at the general shareholder’s meeting held on May 28, 2025 to abolish the supervisory committee of the Company effective immediately.
- (j) Fees, salaries, allowances and benefits in kind paid to or for the executive directors, independent non-executive directors of the Company and supervisors are generally emoluments paid or receivable in respect of services in connection with the management of the affairs of the Company and its subsidiaries.

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There was no arrangement under which directors and supervisors waived or agreed to waive any remuneration during the Track Record Period. No emolument was paid by the Group to the directors of the Company and supervisors as an inducement to join or upon joining the Group or as compensation for loss of office for the Track Record Period.

(c) Five highest paid individuals

During the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2024 and 2025, the five highest paid individuals included 2, 3, 3, 2, and 3 directors, respectively, whose emoluments are reflected in Note 9(b) above. The aggregate emoluments payable to the remaining 3, 2, 2, 3, and 2 individuals during the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Salaries, allowances, discretionary bonuses and benefits in kind . . .	15,853	11,571	9,624	1,979	2,960
Retirement scheme contributions	86	32	54	50	17
Share-based payment expenses	3,043	1,714	7,998	9,745	2,844
	<u>18,982</u>	<u>13,317</u>	<u>17,676</u>	<u>11,774</u>	<u>5,821</u>

The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Group. The emoluments of the remaining highest paid individuals fell within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(unaudited)	(unaudited)
HK\$2,000,001–HK\$2,500,000 . .	–	–	–	–	1
HK\$3,500,001–HK\$4,000,000 . .	–	–	–	2	–
HK\$4,000,001–HK\$4,500,000 . .	–	–	–	–	1
HK\$4,500,001–HK\$5,000,000 . .	1	–	–	–	–
HK\$5,000,001–HK\$5,500,000 . .	–	–	–	1	–
HK\$6,000,001–HK\$6,500,000 . .	1	–	–	–	–
HK\$7,000,001–HK\$7,500,000 . .	–	1	–	–	–
HK\$7,500,001–HK\$8,000,000 . .	–	1	1	–	–
HK\$10,000,001–HK\$10,500,000 .	1	–	–	–	–
HK\$11,000,001–HK\$11,500,000 .	–	–	1	–	–
	–	–	–	–	–
	<u>3</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>2</u>

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10. FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Interest expense on bank borrowings	186,861	268,082	310,582	160,872	110,546
Interest expense on other borrowings	3,186	18,008	43,321	13,072	45,406
Interest expense on lease liabilities	19,041	32,847	17,563	9,901	22,223
Interest expense on redemption liabilities . .	—	—	20,400	7,590	12,601
	<u>209,088</u>	<u>318,937</u>	<u>391,866</u>	<u>191,435</u>	<u>190,776</u>

During the Track Record Period, the amount of approximately Nil, Nil, RMB8,872,000, RMB3,505,000 (unaudited), and RMB6,245,000 (unaudited) finance costs on bank borrowings, which funds were specifically invested in construction in progress, have been capitalized.

11. INCOME TAX EXPENSES

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Current income tax	872,542	2,895,096	3,076,571	1,216,882	1,602,278
Deferred income tax (Note 27)	(434,154)	(1,043,873)	(796,507)	(314,982)	(64,052)
Income tax expenses	<u>438,388</u>	<u>1,851,223</u>	<u>2,280,064</u>	<u>901,900</u>	<u>1,538,226</u>

Taxes on profits assessable have been calculated at the rate of tax prevailing in the jurisdictions in which relevant entities operate.

(a) PRC Enterprise Income Tax (“EIT”)

During the Track Record Period, pursuant to PRC Enterprise Income Tax Law and the respective regulations, the Company have obtained **High and New Technology Enterprises certification (“HNTE”)** and EIT for the Company entitled to a preferential corporate income tax rate of 15%, and the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below:

During the Track Record Period, certain subsidiaries of the Group have obtained HNTE and hence they are entitled to a preferential corporate income tax rate of 15% for a valid period of 3 years.

During the Track Record Period, one subsidiary of the Group enjoys the corporate income tax incentive policy in the Guangdong-Macao In-Depth Cooperation Zone in Hengqin, with a preferential tax rate of 15%.

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Pursuant to the preferential corporate income tax policies for nationally key-supported public infrastructure projects under the PRC Enterprise Income Tax Law and its Implementation Regulations, income derived by resident enterprises (“**enterprises**”) from investment and operation of public infrastructure projects that comply with the scope, conditions and standards specified in the Catalog of Corporate Income Tax Preferences for Public Infrastructure Projects (the “**Catalog**”), upon approval by relevant authorities, shall be exempt from corporate income tax for the first three years starting from the first tax year in which the project generates operating revenue, followed by a 50% reduction of the applicable tax rate for the fourth to sixth years.

Pursuant to Caishui [2022] No. 13 “**Announcement on Further Implementing the Income Tax Preferential Policies for Small Meager-profit Enterprises**” (關於進一步實施小微企業所得稅優惠政策的公告), certain subsidiaries were qualified for Small Meager-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income exceeding RMB1,000,000 but less than RMB3,000,000 from January 1, 2022 to December 31, 2024.

Pursuant to Caishui [2023] No. 12 “**Announcement on the Income Tax Preferential Policies for Small Meager-profit Enterprises and Self-employed Businesses**” (關於小微企業和個體工商戶所得稅優惠政策的公告), certain subsidiaries were qualified for Small Meager-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB3,000,000 from January 1, 2023 to December 31, 2027.

(b) Hong Kong Profits Tax

Hong Kong Profits Tax has been subject to at the rate of 16.5% on the estimated assessable profits for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025.

(c) Corporate income tax in other jurisdictions

Taxation for other overseas subsidiaries are charged at the appropriate current rates of taxation ruling in the relevant countries.

(d) Organization for Economic Cooperation and Development Pillar Two Model Rules

Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules” were issued on May 23, 2023 which are effective upon issuance and require retrospective application. The amendments provide a temporary exception from deferred tax accounting for the income tax arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the **Organization for Economic Cooperation and Development** (“**OECD**”).

The Group is within the scope of **Global Minimum Tax** (“**GMT**”) under the OECD Pillar Two model rules (“**Pillar Two**”). Subject to tax legislation enacting Pillar Two Being passed in the jurisdictions where the Company and its subsidiaries operate, the Group is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per respective jurisdiction. The Group applies the IAS 12 exception to recognition and disclosure information about deferred tax assets and liabilities relating to Pillar Two income taxes.

For those jurisdictions where the Pillar Two legislation was enacted but not effective at the reporting date, the Group has no related current tax exposure. However, certain subsidiaries of the Group are located in jurisdictions mainly including Vietnam and Germany, where Pillar Two legislation was effective since January 1, 2024, and the Group’s assessment indicates that there is no material related current tax exposure in these jurisdictions during the year ended December 31, 2024 and the six months ended June 30, 2024 and 2025.

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ACCOUNTANTS’ REPORT

Reconciliation between the income tax expenses and profit before income tax in the consolidated statements of comprehensive income is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>
Profit before income tax . .	4,133,962	11,459,963	13,544,291	5,948,517	9,368,453
Tax at the preferential tax rate of 15%	620,094	1,718,994	2,031,644	892,278	1,404,994
Tax effect of					
– different tax rates of the subsidiaries	(4,975)	133,143	150,425	10,873	(27,028)
– non-taxable income . . .	(23,295)	(27,735)	(92,043)	(43,694)	(67,618)
– non-deductible expenses .	31,084	76,839	46,440	34,809	21,302
– deductible temporary differences and tax losses for which no deferred tax assets were recognized	75,657	326,382	499,050	172,656	402,362
– utilization of temporary differences and tax losses for which no deferred tax assets were recognized previously . .	(20,981)	(24,664)	(19,517)	(3,075)	(3,688)
– adjustments in respect of current tax of previous years/periods	26,641	4,288	(7,938)	–	(619)
– additional deduction of research and development expenses and acquisition of equipment (<i>Note</i>)	(265,837)	(356,024)	(327,997)	(161,947)	(191,479)
Income tax expenses	<u>438,388</u>	<u>1,851,223</u>	<u>2,280,064</u>	<u>901,900</u>	<u>1,538,226</u>

Note:

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from January 1, 2022 to September 30, 2022 and for the period from October 1, 2022 to June 30, 2025, respectively.

The State Taxation Administration of the PRC announced in September 2022 that enterprises accredited as HNTe would be entitled to claim 100% of the purchase price for equipment and appliances newly purchased during the period from October 1, 2022 to December 31, 2022 as tax deductible expenses and 100% additional deduction for the year ended December 31, 2022.

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12. DIVIDENDS

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)	<i>RMB'000</i> (<i>unaudited</i>)
Final dividends.	<u>163,373</u>	<u>325,315</u>	<u>1,418,696</u>	<u>1,418,696</u>	<u>2,216,727</u>

The final dividends approximately of RMB163,373,000 (RMB1.10 per 10 shares, tax inclusive), RMB325,315,000 (RMB2.20 per 10 shares, tax inclusive), RMB1,418,696,000 (RMB9.65 per 10 shares, tax inclusive) and RMB2,216,727,000 (RMB10.80 per 10 shares, tax inclusive) in respect of the years ended 31 December 2021, 2022, 2023 and 2024 were approved by the Annual General Meetings of the Company.

The interim dividends of RMB9.50 per 10 shares (tax inclusive) totaling approximately RMB1,949,898,000 in respect of the six months ended June 30, 2025 were approved by the Extraordinary General Meeting of the Company on September 30, 2025. The Group had not recognized this as a liability as at June 30, 2025.

13. EPS ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic EPS

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period, excluding shares not considered outstanding for EPS calculation purposes.

The following table illustrates the earnings and shares information used in the calculation of basic EPS:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(<i>unaudited</i>)	(<i>unaudited</i>)
Profit attributable to owners of the Company used in calculating basic EPS (<i>RMB'000</i>).	3,593,447	9,439,562	11,036,279	4,959,074	7,734,578
Weighted average number of ordinary shares in issue (<i>thousand shares</i>) (<i>Note</i>).	<u>2,073,012</u>	<u>2,072,782</u>	<u>2,072,671</u>	<u>2,071,894</u>	<u>2,071,597</u>
Basic EPS (<i>RMB per share</i>)	<u>1.73</u>	<u>4.55</u>	<u>5.32</u>	<u>2.39</u>	<u>3.73</u>

Note: The weighted average number of ordinary shares in issue used to determine the basic EPS for the Track Record Period were determined by assuming that the capitalization of capital reserve occurred in May 2024 had been applied retrospectively, with effect from January 1, 2022.

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(b) Diluted EPS

For the years ended December 31, 2022, 2023, 2024 and six months ended June 30, 2024 and 2025 the share incentive schemes granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share incentive schemes (collectively forming the denominator for computing the diluted EPS).

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024 (unaudited)	2025 (unaudited)
Profit attributable to owners of the Company used in calculating basic EPS (RMB’000)	3,593,447	9,439,562	11,036,279	4,959,074	7,734,578
Weighted average number of ordinary shares in issue (thousand shares)	2,073,012	2,072,782	2,072,671	2,071,894	2,071,597
Adjustments for potential dilutive ordinary shares arising from share incentive schemes (thousand shares)	1,027	910	3,671	850	1,306
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares)	2,074,039	2,073,692	2,076,342	2,072,744	2,072,903
Diluted EPS (RMB per share)	1.73	4.55	5.32	2.39	3.73

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Transportation equipment	Power stations	Office and other equipment	Freehold lands	Construction in progress	Others	Total
	RMB’000 Note (a)	RMB’000	RMB’000	RMB’000 Note (b)	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at January 1, 2022									
Cost	1,172,140	756,450	44,138	3,248,650	176,299	–	424,311	28,977	5,850,965
Accumulated depreciation	(93,049)	(372,223)	(16,957)	(568,224)	(101,231)	–	–	(23,521)	(1,175,205)
Net carrying amount	1,079,091	384,227	27,181	2,680,426	75,068	–	424,311	5,456	4,675,760
Year ended December 31, 2022									
Opening net carrying amount	1,079,091	384,227	27,181	2,680,426	75,068	–	424,311	5,456	4,675,760
Additions	3,740	321,161	11,431	–	21,948	–	1,365,027	40,554	1,763,861
Disposals	–	(7,201)	(433)	–	(2,664)	–	(428)	(166)	(10,892)
Depreciation	(50,811)	(130,639)	(4,144)	(152,557)	(13,168)	–	–	(7,553)	(358,872)
Transfers	33,857	69,274	–	184,217	18,827	–	(306,175)	–	–
Classify to inventory	–	–	–	–	–	–	(294,064)	–	(294,064)
Others	(5,213)	–	–	–	–	–	–	–	(5,213)
Exchange realignment	–	228	32	–	(322)	–	–	–	(62)
Closing net carrying amount	1,060,664	637,050	34,067	2,712,086	99,689	–	1,188,671	38,291	5,770,518

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	Buildings	Machinery	Transportation equipment	Power stations	Office and other equipment	Freehold lands	Construction in progress	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note (a)			Note (b)					
As at December 31,									
2022									
Cost	1,203,026	1,123,152	53,599	3,432,867	210,673	–	1,188,671	69,365	7,281,353
Accumulated depreciation	(142,362)	(486,102)	(19,532)	(720,781)	(110,984)	–	–	(31,074)	(1,510,835)
Net carrying amount . .	<u>1,060,664</u>	<u>637,050</u>	<u>34,067</u>	<u>2,712,086</u>	<u>99,689</u>	<u>–</u>	<u>1,188,671</u>	<u>38,291</u>	<u>5,770,518</u>
Year ended									
December 31, 2023 . .									
Opening net carrying amount	1,060,664	637,050	34,067	2,712,086	99,689	–	1,188,671	38,291	5,770,518
Additions	67,891	363,289	10,983	–	69,288	93,879	2,318,687	25,479	2,949,496
Disposals	–	(3,662)	(342)	(2,118)	(3,147)	–	(81)	–	(9,350)
Depreciation	(62,260)	(170,630)	(6,699)	(204,211)	(32,763)	–	–	(19,224)	(495,787)
Impairment	–	(148)	–	(39,942)	–	–	–	–	(40,090)
Transfers	804,312	246,586	70	732,807	31,263	–	(1,821,520)	6,482	–
Exchange realignment . .	–	83	46	–	53	–	–	–	182
Closing net carrying amount	<u>1,870,607</u>	<u>1,072,568</u>	<u>38,125</u>	<u>3,198,622</u>	<u>164,383</u>	<u>93,879</u>	<u>1,685,757</u>	<u>51,028</u>	<u>8,174,969</u>
As at December 31,									
2023									
Cost	2,075,229	1,712,649	63,492	4,162,299	287,476	93,879	1,685,757	101,326	10,182,107
Accumulated depreciation	(204,622)	(639,933)	(25,367)	(923,735)	(123,093)	–	–	(50,298)	(1,967,048)
Accumulated impairment	–	(148)	–	(39,942)	–	–	–	–	(40,090)
Net carrying amount . .	<u>1,870,607</u>	<u>1,072,568</u>	<u>38,125</u>	<u>3,198,622</u>	<u>164,383</u>	<u>93,879</u>	<u>1,685,757</u>	<u>51,028</u>	<u>8,174,969</u>
Year ended									
December 31, 2024									
Opening net carrying amount	1,870,607	1,072,568	38,125	3,198,622	164,383	93,879	1,685,757	51,028	8,174,969
Additions	15,060	441,873	57,808	–	134,437	–	2,706,090	60,627	3,415,895
Disposals	(339)	(2,259)	(929)	(1,430)	(1,463)	–	(1,818)	–	(8,238)
Depreciation	(101,085)	(248,842)	(20,573)	(235,849)	(75,640)	–	–	(37,580)	(719,569)
Additions through acquisition of a subsidiary	410,367	54,297	9,715	–	2,370	–	1,481	–	478,230
Transfers	1,100,278	109,589	–	819,801	94,693	–	(2,126,526)	2,165	–
Exchange realignment . .	–	665	50	–	(1,445)	2,354	(133)	–	1,491
Closing net carrying amount	<u>3,294,888</u>	<u>1,427,891</u>	<u>84,196</u>	<u>3,781,144</u>	<u>317,335</u>	<u>96,233</u>	<u>2,264,851</u>	<u>76,240</u>	<u>11,342,778</u>
As at December 31,									
2024									
Cost	3,661,468	2,338,182	139,970	4,980,102	523,400	96,233	2,264,851	164,118	14,168,324
Accumulated depreciation	(366,580)	(910,143)	(55,774)	(1,159,016)	(206,065)	–	–	(87,878)	(2,785,456)
Accumulated impairment	–	(148)	–	(39,942)	–	–	–	–	(40,090)
Net carrying amount . .	<u>3,294,888</u>	<u>1,427,891</u>	<u>84,196</u>	<u>3,781,144</u>	<u>317,335</u>	<u>96,233</u>	<u>2,264,851</u>	<u>76,240</u>	<u>11,342,778</u>

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	Buildings	Machinery	Transportation equipment	Power stations	Office and other equipment	Freehold lands	Construction in progress	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note (a)			Note (b)					
Six months ended									
June 30, 2025									
(unaudited)									
Opening net carrying									
amount	3,294,888	1,427,891	84,196	3,781,144	317,335	96,233	2,264,851	76,240	11,342,778
Additions (unaudited) . .	103,300	196,801	11,139	–	76,598	–	921,295	24,494	1,333,627
Disposals (unaudited) . .	–	(11,736)	(856)	(7,538)	(2,798)	–	(946)	(358)	(24,232)
Depreciation									
(unaudited)	(76,409)	(169,649)	(9,216)	(135,421)	(59,063)	–	–	(18,530)	(468,288)
Impairment (unaudited) .	–	–	–	(24,195)	–	–	–	–	(24,195)
Transfers (unaudited) . .	712,509	524,354	692	111,330	143,902	–	(1,503,320)	10,533	–
Classify to intangible									
assets (unaudited) . .	–	–	–	–	–	–	(8,618)	–	(8,618)
Exchange realignment									
(unaudited)	–	1,320	(28)	–	2,807	3,193	–	–	7,292
Closing net carrying									
amount (unaudited) . .	<u>4,034,288</u>	<u>1,968,981</u>	<u>85,927</u>	<u>3,725,320</u>	<u>478,781</u>	<u>99,426</u>	<u>1,673,262</u>	<u>92,379</u>	<u>12,158,364</u>
As at June 30, 2025									
(unaudited)									
Cost (unaudited)	4,477,298	3,024,741	149,286	5,083,794	737,094	99,426	1,673,262	198,787	15,443,688
Accumulated									
depreciation									
(unaudited)	(443,010)	(1,055,612)	(63,359)	(1,294,336)	(258,313)	–	–	(106,408)	(3,221,038)
Accumulated impairment									
(unaudited)	–	(148)	–	(64,138)	–	–	–	–	(64,286)
Net carrying amount									
(unaudited)	<u>4,034,288</u>	<u>1,968,981</u>	<u>85,927</u>	<u>3,725,320</u>	<u>478,781</u>	<u>99,426</u>	<u>1,673,262</u>	<u>92,379</u>	<u>12,158,364</u>

Notes:

- (a) The Group’s buildings located in the PRC and the carrying amounts of the buildings amounted to approximately RMB107,247,000, RMB751,827,000, RMB155,744,000 and RMB283,499,000 (unaudited) as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, were in the process of obtaining the ownership certificates as of the end of each reporting period. The group is of the opinion that the Group is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Group’s consolidated statements of financial position as at December 31, 2022, 2023, 2024 and June 30, 2025. As of the date of this report, all ownership certificates are still being processed.
- (b) Certain property, plant and equipment are pledged as security for the Group’s borrowings, details are disclosed in Note 41 to the Historical Financial Information.

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(c) Depreciation of the Group’s property, plant and equipment has been recognized as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Cost of sales	229,442	314,929	429,778	300,579
General and administrative expenses	66,386	74,758	115,632	72,055
Selling expenses	9,197	12,131	32,694	19,515
Research and development expenses.	53,847	93,969	141,465	76,139
	<u>358,872</u>	<u>495,787</u>	<u>719,569</u>	<u>468,288</u>

The Company

	Buildings	Machinery	Transportation equipment	Power stations	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Note (a)								
As at January 1, 2022								
Cost	986,238	581,286	19,596	30,608	73,281	556	240,636	1,932,201
Accumulated depreciation . .	(53,981)	(282,584)	(9,185)	(17,919)	(50,344)	(201)	–	(414,214)
Net carrying amount	<u>932,257</u>	<u>298,702</u>	<u>10,411</u>	<u>12,689</u>	<u>22,937</u>	<u>355</u>	<u>240,636</u>	<u>1,517,987</u>
Year ended December 31, 2022								
Opening net carrying amount .	932,257	298,702	10,411	12,689	22,937	355	240,636	1,517,987
Additions	5,744	170,591	2,857	–	15,228	1,464	466,831	662,715
Disposals	(68)	(24,585)	(471)	–	(665)	–	(19,940)	(45,729)
Depreciation	(39,927)	(78,505)	(1,917)	–	(14,074)	(502)	–	(134,925)
Transfers	27,175	55,620	–	–	18,827	–	(101,622)	–
Closing net carrying amount .	<u>925,181</u>	<u>421,823</u>	<u>10,880</u>	<u>12,689</u>	<u>42,253</u>	<u>1,317</u>	<u>585,905</u>	<u>2,000,048</u>
As at December 31, 2022								
Cost	1,018,901	748,615	20,452	30,608	104,543	2,020	585,905	2,511,044
Accumulated depreciation . .	(93,720)	(326,792)	(9,572)	(17,919)	(62,290)	(703)	–	(510,996)
Net carrying amount	<u>925,181</u>	<u>421,823</u>	<u>10,880</u>	<u>12,689</u>	<u>42,253</u>	<u>1,317</u>	<u>585,905</u>	<u>2,000,048</u>
Year ended December 31, 2023								
Opening net carrying amount .	925,181	421,823	10,880	12,689	42,253	1,317	585,905	2,000,048
Additions	35,483	224,769	2,769	–	39,030	6,358	1,272,101	1,580,510
Disposals	–	(34,466)	(80)	–	(2,862)	–	(17,063)	(54,471)
Depreciation	(50,796)	(102,733)	(2,135)	–	(16,807)	(1,253)	–	(173,724)
Transfers	657,834	113,611	–	–	29,384	–	(800,829)	–
Closing net carrying amount .	<u>1,567,702</u>	<u>623,004</u>	<u>11,434</u>	<u>12,689</u>	<u>90,998</u>	<u>6,422</u>	<u>1,040,114</u>	<u>3,352,363</u>
As at December 31, 2023								
Cost	1,712,218	1,020,164	22,582	30,608	159,773	8,378	1,040,114	3,993,837
Accumulated depreciation . .	(144,516)	(397,160)	(11,148)	(17,919)	(68,775)	(1,956)	–	(641,474)
Net carrying amount	<u>1,567,702</u>	<u>623,004</u>	<u>11,434</u>	<u>12,689</u>	<u>90,998</u>	<u>6,422</u>	<u>1,040,114</u>	<u>3,352,363</u>

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	Buildings	Machinery	Transportation equipment	Power stations	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note (a)							
Year ended December 31, 2024								
Opening net carrying amount .	1,567,702	623,004	11,434	12,689	90,998	6,422	1,040,114	3,352,363
Additions	6,967	204,544	3,693	–	70,969	2,165	997,848	1,286,186
Disposals	–	(2,698)	(499)	–	(667)	–	(26,960)	(30,824)
Depreciation	(81,916)	(146,840)	(2,312)	–	(42,395)	(4,626)	–	(278,089)
Transfers	751,640	80,495	–	–	86,447	–	(918,582)	–
Closing net carrying amount .	<u>2,244,393</u>	<u>758,505</u>	<u>12,316</u>	<u>12,689</u>	<u>205,352</u>	<u>3,961</u>	<u>1,092,420</u>	<u>4,329,636</u>
As at December 31, 2024								
Cost	2,470,824	1,285,647	22,757	30,608	310,657	10,543	1,092,420	5,223,456
Accumulated depreciation . .	<u>(226,431)</u>	<u>(527,142)</u>	<u>(10,441)</u>	<u>(17,919)</u>	<u>(105,305)</u>	<u>(6,582)</u>	<u>–</u>	<u>(893,820)</u>
Net carrying amount	<u>2,244,393</u>	<u>758,505</u>	<u>12,316</u>	<u>12,689</u>	<u>205,352</u>	<u>3,961</u>	<u>1,092,420</u>	<u>4,329,636</u>
Six months ended June 30, 2025 (unaudited)								
Opening net carrying amount .	2,244,393	758,505	12,316	12,689	205,352	3,961	1,092,420	4,329,636
Additions (unaudited)	12,822	87,847	351	–	15,629	–	227,992	344,641
Disposals (unaudited).	–	(2,283)	(43)	–	(1,188)	–	(50,912)	(54,426)
Depreciation (unaudited) . . .	(45,473)	(86,278)	(1,191)	–	(36,583)	(2,195)	–	(171,720)
Transfers (unaudited).	317,547	308,512	–	–	119,494	–	(745,553)	–
Closing net carrying amount (unaudited)	<u>2,529,289</u>	<u>1,066,303</u>	<u>11,433</u>	<u>12,689</u>	<u>302,704</u>	<u>1,766</u>	<u>523,947</u>	<u>4,448,131</u>
As at June 30, 2025 (unaudited)								
Cost (unaudited)	2,801,193	1,662,336	22,615	30,608	442,296	10,543	523,947	5,493,538
Accumulated depreciation (unaudited)	<u>(271,904)</u>	<u>(596,033)</u>	<u>(11,182)</u>	<u>(17,919)</u>	<u>(139,592)</u>	<u>(8,777)</u>	<u>–</u>	<u>(1,045,407)</u>
Net carrying amount (unaudited)	<u>2,529,289</u>	<u>1,066,303</u>	<u>11,433</u>	<u>12,689</u>	<u>302,704</u>	<u>1,766</u>	<u>523,947</u>	<u>4,448,131</u>

Notes:

- (a) The Company’s buildings located in the PRC and the carrying amounts of the buildings amounted to approximately RMB107,247,000, RMB751,827,000, RMB155,744,000 and RMB55,967,000 (unaudited) as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, are in the process of obtaining the ownership certificates as of the end of each reporting period. The Company is of the opinion that the Company is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Company’s statements of financial position as at December 31, 2022, 2023 and 2024 and June 30, 2025. As of the date of this report, all ownership certificates are still being processed.
- (b) There is no property, plant and equipment of the Company pledged at the end of each year/period for the Track Record Period.

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15. LEASES

The Group as a lessee

(a) *Right-of-use assets*

The movements in the net carrying amount of right-of-use assets are analyzed as follows:

	Buildings	Office equipment	Land use rights	Leasehold land	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note (a)		Note (b)	Note (c)	
As at January 1, 2022.	164,261	–	135,657	180,126	480,044
Additions	121,261	–	146,841	255,153	523,255
Depreciation	(71,269)	–	(5,199)	(12,633)	(89,101)
Disposals	–	–	(1,986)	–	(1,986)
Lease modification and termination	(17,509)	–	–	(60,147)	(77,656)
Exchange realignment	457	–	–	–	457
As at December 31, 2022.	<u>197,201</u>	<u>–</u>	<u>275,313</u>	<u>362,499</u>	<u>835,013</u>
As at January 1, 2023.	197,201	–	275,313	362,499	835,013
Additions	187,507	4,834	391,255	1,819	585,415
Depreciation	(98,337)	(470)	(10,861)	(6,683)	(116,351)
Lease modification and termination	(48,395)	–	–	(202,521)	(250,916)
Exchange realignment	130	(46)	–	–	84
As at December 31, 2023.	<u>238,106</u>	<u>4,318</u>	<u>655,707</u>	<u>155,114</u>	<u>1,053,245</u>
As at January 1, 2024.	238,106	4,318	655,707	155,114	1,053,245
Additions	66,123	2,827	138,331	9,496	216,777
Additions through acquisition of a subsidiary	–	–	194,017	–	194,017
Depreciation	(90,670)	(2,564)	(15,768)	(8,119)	(117,121)
Disposals	–	–	(19,917)	–	(19,917)
Lease modification and termination	(3,033)	(6)	–	(20,534)	(23,573)
Exchange realignment	(3,417)	87	294	–	(3,036)
As at December 31, 2024.	<u>207,109</u>	<u>4,662</u>	<u>952,664</u>	<u>135,957</u>	<u>1,300,392</u>
As at January 1, 2025.	207,109	4,662	952,664	135,957	1,300,392
Additions (<i>unaudited</i>)	29,078	1,437	77,610	–	108,125
Depreciation (<i>unaudited</i>)	(30,245)	(1,464)	(10,516)	(1,832)	(44,057)
Disposals (<i>unaudited</i>)	–	–	(42,934)	–	(42,934)
Lease modification and termination (<i>unaudited</i>)	(21,660)	–	–	–	(21,660)
Exchange realignment (<i>unaudited</i>)	2,224	374	–	–	2,598
As at June 30, 2025 (<i>unaudited</i>)	<u>186,506</u>	<u>5,009</u>	<u>976,824</u>	<u>134,125</u>	<u>1,302,464</u>

Notes:

- (a) The Group has obtained the right to use buildings and others used in its operations through tenancy agreements. The leases typically run for an initial period of 1.5 to 26 years.

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- (b) Land in respect of land use rights are all located in the PRC with a lease period of 50 years. Lump sum payments were made upfront to acquire these property interests from the relevant government authorities.
- (c) The Group has obtained the right to use land through tenancy agreements. The leases typically run for an initial period of 2 to 30 years.
- (d) Depreciation of the Group’s right-of-use assets has been recognized as follows:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Cost of sales	60,087	57,042	46,746	18,668
General and administrative expenses	9,727	18,970	19,779	13,599
Selling expenses	10,470	27,065	35,042	4,839
Research and development expenses	8,817	13,274	14,975	6,951
Construction in progress	–	–	579	–
	<u>89,101</u>	<u>116,351</u>	<u>117,121</u>	<u>44,057</u>

(b) Lease liabilities

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Total minimum lease payments	761,701	561,072	489,317	462,275
Future interest expense on lease liabilities	(253,149)	(156,065)	(114,718)	(102,164)
	<u>508,552</u>	<u>405,007</u>	<u>374,599</u>	<u>360,111</u>
Current	77,553	81,182	59,664	51,508
Non-current	430,999	323,825	314,935	308,603
	<u>508,552</u>	<u>405,007</u>	<u>374,599</u>	<u>360,111</u>

The maturity analysis of lease liabilities is disclosed in Note 48 to the Historical Financial Information.

- (c) *The amounts recognized in the consolidated statements of comprehensive income in relation to leases are as follows:*

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000 (unaudited)
Interest expense	19,041	32,847	17,563	9,901	22,223
Depreciation of right-of-use assets	89,101	116,351	117,121	52,990	44,057
Expenses relating to short-term leases and leases of low-value assets	116,054	184,247	344,264	127,034	113,638
	<u>224,196</u>	<u>333,445</u>	<u>478,948</u>	<u>189,925</u>	<u>179,918</u>

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The Company as a lessee

(a) Right-of-use assets

The movements in the net carrying amount of right-of-use assets are analyzed as follows:

	Buildings	Land use rights	Total
	RMB'000	RMB'000	RMB'000
As at January 1, 2022	42,607	90,834	133,441
Additions	31,026	69,765	100,791
Depreciation	(24,523)	(2,778)	(27,301)
Lease modification and termination	(1,383)	—	(1,383)
As at December 31, 2022	<u>47,727</u>	<u>157,821</u>	<u>205,548</u>
As at January 1, 2023	47,727	157,821	205,548
Additions	13,423	115,306	128,729
Depreciation	(26,477)	(4,464)	(30,941)
Lease modification and termination	(14,756)	—	(14,756)
As at December 31, 2023	<u>19,917</u>	<u>268,663</u>	<u>288,580</u>
As at January 1, 2024	19,917	268,663	288,580
Additions	11,671	815	12,486
Depreciation	(17,804)	(5,919)	(23,723)
Lease modification and termination	(342)	—	(342)
As at December 31, 2024	<u>13,442</u>	<u>263,559</u>	<u>277,001</u>
As at January 1, 2025	13,442	263,559	277,001
Additions (<i>unaudited</i>)	7,939	33,254	41,193
Depreciation (<i>unaudited</i>)	(2,636)	(2,973)	(5,609)
Lease modification and termination (<i>unaudited</i>)	(10,622)	—	(10,622)
As at June 30, 2025 (<i>unaudited</i>)	<u>8,123</u>	<u>293,840</u>	<u>301,963</u>

(b) Lease liabilities

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (<i>unaudited</i>)
Total minimum lease payments	51,115	21,288	12,097	6,955
Future interest expense on lease liabilities	(2,336)	(636)	(488)	(238)
	<u>48,779</u>	<u>20,652</u>	<u>11,609</u>	<u>6,717</u>
Current	26,994	18,047	5,682	3,912
Non-current	21,785	2,605	5,927	2,805
	<u>48,779</u>	<u>20,652</u>	<u>11,609</u>	<u>6,717</u>

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ACCOUNTANTS’ REPORT

- (c) *The amounts recognized in the Company’s statements of comprehensive income in relation to leases are as follows:*

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000 (unaudited)
Interest expense	2,717	1,981	674	388	170
Depreciation of right-of-use assets	27,301	30,941	23,723	11,253	5,609
Expenses relating to short-term leases and leases of low-value assets	18,686	33,721	43,988	12,267	12,386
	<u>48,704</u>	<u>66,643</u>	<u>68,385</u>	<u>23,908</u>	<u>18,165</u>

The Group and Company as a lessor

No significant properties were rent out by the Group and the Company during the Track Record Period.

16. INTANGIBLE ASSETS

The Group

	Software	Patent rights and non-patented technologies	Trademarks	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at January 1, 2022				
Cost	83,723	—	—	83,723
Accumulated amortization	(44,995)	—	—	(44,995)
Net carrying amount	<u>38,728</u>	<u>—</u>	<u>—</u>	<u>38,728</u>
Year ended December 31, 2022				
Opening net carrying amount	38,728	—	—	38,728
Additions	39,892	—	—	39,892
Disposals	(150)	—	—	(150)
Amortization	(13,404)	—	—	(13,404)
Exchange realignment	(5)	—	—	(5)
Closing net carrying amount	<u>65,061</u>	<u>—</u>	<u>—</u>	<u>65,061</u>
As at December 31, 2022				
Cost	123,410	—	—	123,410
Accumulated amortization	(58,349)	—	—	(58,349)
Net carrying amount	<u>65,061</u>	<u>—</u>	<u>—</u>	<u>65,061</u>
Year ended December 31, 2023				
Opening net carrying amount	65,061	—	—	65,061
Additions	32,107	—	—	32,107
Disposals	(2,425)	—	—	(2,425)
Amortization	(18,036)	—	—	(18,036)
Exchange realignment	1	—	—	1
Closing net carrying amount	<u>76,708</u>	<u>—</u>	<u>—</u>	<u>76,708</u>
As at December 31, 2023				
Cost	150,925	—	—	150,925
Accumulated amortization	(74,217)	—	—	(74,217)
Net carrying amount	<u>76,708</u>	<u>—</u>	<u>—</u>	<u>76,708</u>

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	Software	Patent rights and non-patented technologies	Trademarks	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2024				
Opening net carrying amount	76,708	–	–	76,708
Additions	39,773	–	–	39,773
Additions through acquisition of a subsidiary	1,940	54,300	20,700	76,940
Disposals	(2,228)	–	–	(2,228)
Amortization	(21,414)	–	–	(21,414)
Exchange realignment	(41)	–	–	(41)
Closing net carrying amount	<u>94,738</u>	<u>54,300</u>	<u>20,700</u>	<u>169,738</u>
As at December 31, 2024				
Cost	195,919	62,162	31,195	289,276
Accumulated amortization	<u>(101,181)</u>	<u>(7,862)</u>	<u>(10,495)</u>	<u>(119,538)</u>
Closing net carrying amount	<u>94,738</u>	<u>54,300</u>	<u>20,700</u>	<u>169,738</u>
Six months ended June 30, 2025 (unaudited)				
Opening net carrying amount	94,738	54,300	20,700	169,738
Additions (unaudited)	24,831	211	–	25,042
Transfer from construction in progress (unaudited)	8,618	–	–	8,618
Disposals (unaudited)	(2,897)	–	–	(2,897)
Amortization (unaudited)	(11,031)	(4,050)	(1,371)	(16,452)
Exchange realignment (unaudited)	<u>117</u>	<u>–</u>	<u>–</u>	<u>117</u>
Closing net carrying amount (unaudited)	<u>114,376</u>	<u>50,461</u>	<u>19,329</u>	<u>184,166</u>
As at June 30, 2025 (unaudited)				
Cost (unaudited)	223,946	61,802	31,195	316,943
Accumulated amortization (unaudited)	<u>(109,570)</u>	<u>(11,341)</u>	<u>(11,866)</u>	<u>(132,777)</u>
Net carrying amount (unaudited)	<u>114,376</u>	<u>50,461</u>	<u>19,329</u>	<u>184,166</u>

Notes:

- (a) Amortization of the Group’s intangible assets has been recognized as follows:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Cost of sales	798	1,797	4,162	2,330
General and administrative expenses	6,925	7,752	8,076	10,426
Selling expenses	1,290	2,711	3,791	1,007
Research and development expenses	<u>4,391</u>	<u>5,776</u>	<u>5,385</u>	<u>2,689</u>
	<u>13,404</u>	<u>18,036</u>	<u>21,414</u>	<u>16,452</u>

- (b) There is no intangible assets of the Group pledged at the end of each year/period for the Track Record Period.

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The Company

Software and others

RMB'000

As at January 1, 2022

Cost	73,435
Accumulated amortization	(41,563)
Net carrying amount	<u>31,872</u>

Year ended December 31, 2022

Opening net carrying amount	31,872
Additions	28,727
Disposals	(340)
Amortization	(10,599)
Closing net carrying amount	<u>49,660</u>

As at December 31, 2022

Cost	99,559
Accumulated amortization	(49,899)
Net carrying amount	<u>49,660</u>

Year ended December 31, 2023

Opening net carrying amount	49,660
Additions	17,332
Disposals	(1,700)
Amortization	(11,926)
Closing net carrying amount	<u>53,366</u>

As at December 31, 2023

Cost	110,891
Accumulated amortization	(57,525)
Net carrying amount	<u>53,366</u>

Year ended December 31, 2024

Opening net carrying amount	53,366
Additions	33,770
Disposals	(65)
Amortization	(13,281)
Closing net carrying amount	<u>73,790</u>

As at December 31, 2024

Cost	144,482
Accumulated amortization	(70,692)
Closing net carrying amount	<u>73,790</u>

Six months ended June 30, 2025 (unaudited)

Opening net carrying amount	73,790
Additions (unaudited)	23,492
Disposals (unaudited)	(2,718)
Amortization (unaudited)	(7,991)
Closing net carrying amount (unaudited)	<u>86,573</u>

As at June 30, 2025 (unaudited)

Cost (unaudited)	162,622
Accumulated amortization (unaudited)	(76,049)
Net carrying amount (unaudited)	<u>86,573</u>

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17. INVESTMENT PROPERTIES

	Buildings	Land use rights	Total
	RMB'000	RMB'000	RMB'000
As at January 1, 2022, December 31, 2022, January 1, 2023, December 31, 2023 and January 1, 2024			
Cost	–	–	–
Accumulated depreciation	–	–	–
Net carrying amount	–	–	–
Year ended December 31, 2024			
Opening net carrying amount	–	–	–
Additions through acquisition of a subsidiary (Note 43)	72,569	15,768	88,337
Closing net carrying amount	72,569	15,768	88,337
As at December 31, 2024			
Cost	93,943	16,878	110,821
Accumulated depreciation	(21,374)	(1,110)	(22,484)
Closing net carrying amount	72,569	15,768	88,337
Six months ended June 30, 2025 (unaudited)			
Opening net carrying amount	72,569	15,768	88,337
Depreciation (unaudited)	(2,093)	(185)	(2,278)
Closing net carrying amount (unaudited)	70,476	15,583	86,059
As at June 30, 2025 (unaudited)			
Cost (unaudited)	93,943	16,878	110,821
Accumulated depreciation (unaudited)	(23,467)	(1,295)	(24,762)
Net carrying amount (unaudited)	70,476	15,583	86,059

As at December 31, 2024 and June 30, 2025, the fair value of the investment properties was not materially different from the carrying amount.

18. INVESTMENTS IN ASSOCIATES

The Group

	As at December 31.			As at June 30.
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Unlisted investments	228,278	440,042	483,897	562,483
At the beginning of the year/period	115,159	228,278	440,042	483,897
Additions	117,519	253,223	148,024	82,009
Additions through acquisition of a subsidiary	–	–	11,561	–
Disposals	–	–	–	(425)
Share of results, net.	(2,287)	(2,985)	11,319	18,124
Dividends	(40)	(1,256)	–	(15,383)
Unrealized profit	(2,073)	(27,967)	(127,049)	(5,739)
Others	–	(9,251)	–	–
At the end of the year/period	228,278	440,042	483,897	562,483

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The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Unlisted investments	211,231	335,744	393,534	381,603
At the beginning of the year/period .	110,159	211,231	335,744	393,534
Additions	103,519	140,000	58,810	–
Share of results, net.	(2,408)	(6,167)	(1,020)	3,143
Dividends	(39)	(69)	–	(15,074)
Others	–	(9,251)	–	–
At the end of the year/period	211,231	335,744	393,534	381,603

Notes:

- (a) In the opinion of the Group, these investments in associates are immaterial to the Group, both individually and in aggregate.
- (b) There were no material contingent liabilities relating to the Group’s investments in associates.

19. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Investments, at cost	5,076,390	6,767,761	6,815,720	6,901,372

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As at December 31, 2022, 2023 and June 30, 2025 and the date of this report, the Company’s principal subsidiaries are as follows:

Name of entity	Place of incorporation/ operation	Registered share capital	Effective interest held by the Company								Principal activities	
			As at December 31,				As at June 30,					
			2022		2023		2024		2025			
			Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect		
Sungrow Renewables Development Co., Ltd. (“ Sungrow Renewables ”) (陽光新能源開發股份有限公司) (<i>Note (a)</i>)	PRC	RMB1,566,311,788	82.00%	–	82.94%	–	79.40%	–	79.40%	–	–	New energy development
Sungrow Renewable Energy Investment Pte. Ltd.	Singapore	USD160,000,000	–	82.00%	–	82.94%	–	79.40%	–	79.40%	–	Sales of products
Hefei Taihe Intelligent Technology Group Co., Ltd. (“ Taihe Intelligent ”) (合肥泰禾智能科技有限公司集團股份有限公司) (<i>Note (b)</i>)	PRC	RMB183,375,358	–	N/A	–	N/A	–	11.24%	–	16.87%	–	Manufacturing
Sungrow Power (Vietnam) Company Limited	Vietnam	VND496,500,000,000	–	82.00%	–	82.94%	–	79.40%	–	79.40%	–	New energy development
Sungrow Energy Storage Technology Co., Ltd. (“ Sungrow Energy Storage ”) (陽光儲能技術有限公司) (<i>Note (c)</i>)	PRC	RMB511,538,462	100.00%	–	100.00%	–	100.00%	–	100.00%	–	–	Manufacturing
Hefei Sungrow Electric Power Technology Co., Ltd. (“ Sungrow Electric Power ”) (合肥陽光電力科技有限公司) (<i>Note (d)</i>)	PRC	RMB490,829,000	100.00%	–	81.50%	–	81.50%	–	81.50%	–	–	Manufacturing
Sungrow Hydrogen SCI.&TECH. Co., Ltd. (“ Sungrow Hydrogen SCT ”) (陽光氫能科技有限公司) (<i>Note (e)</i>)	PRC	RMB403,830,000	100.00%	–	74.29%	–	74.29%	–	74.29%	–	–	Manufacturing
Feidong Jinyang New Energy Power Generation Co., Ltd. (肥東金陽新能源發電有限公司)	PRC	RMB270,000,000	–	82.00%	–	82.94%	–	79.40%	–	79.40%	–	New energy development
Hefei Sungrow Zhiyuan Technology Co., Ltd. (合肥陽光智源科技有限公司)	PRC	RMB200,000,000	100.00%	–	100.00%	–	100.00%	–	100.00%	–	–	Manufacturing

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Name of entity	Place of incorporation/ operation	Registered share capital	Effective interest held by the Company												
			As at December 31,				As at June 30,				As at the date of this report				
			2022		2023		2024		2025						
			Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Principal activities
Cao Nguyen1 WindPower Development Investment JointStock Company	Vietnam	VND484,350,000,000	-	82.00%	-	82.94%	-	79.40%	-	79.40%	-	79.40%	-	79.40%	New energy development
Sungrow FPV Sci.& Tech Co., Ltd. (“Sungrow FPV Sci.”) (陽光水面光伏科技有限公司) (Note (f))	PRC	RMB122,521,000	100.00%	-	82.03%	-	82.03%	-	82.03%	-	82.03%	-	82.03%	-	Manufacturing
Sungrow Power (Singapore) Pte. Ltd.	Singapore	USD20,451,559	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Investment platform
Sungrow Developers India Private Limited	India	INR151,000,000	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Manufacturing
Sungrow Developers (Thailand) Co., Ltd.	Thailand	THB1,500,000,000	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Manufacturing
Sungrow Benelux B.V.	Netherlands	EUR60,000	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Sales of products
Sungrow Smart Maintenance Technology Co., Ltd. (“Sungrow Smart Maintenance”) (陽光智維科技股份有限公司) (Note (g))	PRC	RMB98,815,000	100.00%	-	81.47%	-	81.47%	-	81.47%	-	81.47%	-	81.47%	-	Manufacturing
Sungrow Power (Hong Kong) Co., Limited	Hong Kong	HKD44,624,524	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Sales of products
Sungrow Iberica, S.A.U.	Spain	EUR553,000	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Sales of products
Sungrow USA Corporation	USA	USD100,000	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Sales of products
Sungrow Power UK Limited	UK	GBP100,000	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Sales of products
Sungrow (India) Private Limited	India	INR100,000	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Sales of products
Sungrow Italy S.R.L.	Italy	EUR10,000	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	Sales of products
Bozhou Daoyang Power Technology Co., Ltd. (亳州市道陽電源科技有限公司)	PRC	RMB20,000,000	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Manufacturing
Jiangsu Yuyi Yangxuan Energy Technology Co., Ltd. (江蘇宇頤陽軒能源科技有限公司)	PRC	RMB100,000,000	N/A	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	100.00%	-	Manufacturing

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- (e) In 2023, the Sungrow Hydrogen SCI. implemented an Employee Stock Ownership Plan and introduced external investors, which led to the Group’s interests in Sungrow Hydrogen SCI. decreased from 100.00% to 74.29%. The Group recognized an increase in capital reserve of approximately RMB530,415,000 and an increase in non-controlling interests of approximately RMB199,161,000.
- (f) In 2023, the Sungrow FPV Sci. implemented an Employee Stock Ownership Plan, which led to the Group’s interests in Sungrow FPV Sci. decreased from 100.00% to 82.03%. The Group recognized a decrease in capital reserve of approximately RMB5,428,000 and an increase in non-controlling interests of approximately RMB14,582,000.
- (g) In 2023, the Sungrow Smart Maintenance implemented an Employee Stock Ownership Plan, which led to the Group’s interests in Sungrow Smart Maintenance decreased from 100.00% to 81.47%. The Group recognized a decrease in capital reserve of approximately RMB1,007,000 and an increase in non-controlling interests of approximately RMB61,447,000.
- (h) Except for the aforementioned non-controlling interests transactions, the Group had other transactions with non-controlling interests and recognised a decrease in capital reserve of approximately RMB1,441,000 and a decrease in non-controlling interests of approximately RMB3,290,000 during the year ended December 31, 2022, an increase in capital reserve of approximately RMB3,142,000 and an increase in non-controlling interests of approximately RMB66,858,000 during the year ended December 31, 2023, a decrease in capital reserve of approximately RMB14,920,000 and an increase in non-controlling interests of approximately RMB31,699,000 during the year ended December 31, 2024, an increase in non-controlling interests of approximately RMB91,636,000 (unaudited) during the six months ended June 30, 2024, and an increase in non-controlling interests of approximately RMB3,430,000 (unaudited) during the six months ended June 30, 2025.

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The statutory auditors of the above subsidiaries of the Company during the Track Record Period are as follows:

Name of entity	Name of statutory auditors		
	Year ended December 31,		
	2022	2023	2024
Sungrow Renewables	RSM China CPA LLP	RSM China CPA LLP	RSM China CPA LLP
Sungrow Renewable Energy Investment Pte. Ltd.	RSM Chlo Lim LLP	FOZL Assurance PAC	FOZL Assurance PAC
Taihe Intelligent	RSM China CPA LLP	RSM China CPA LLP	RSM China CPA LLP
Sungrow Power (Vietnam) Company Limited	RSM Vietnam Auditing & Consulting Company Ltd	RSM Vietnam Auditing & Consulting Company Ltd	RSM Vietnam Auditing & Consulting Company Ltd
Sungrow Energy Storage	RSM China CPA LLP	RSM China CPA LLP	RSM China CPA LLP
Sungrow Electric Power.	RSM China CPA LLP	RSM China CPA LLP	RSM China CPA LLP
Sungrow Hydrogen SCI.	RSM China CPA LLP	RSM China CPA LLP	RSM China CPA LLP
Feidong Jinyang New Energy Power Generation Co., Ltd.	RSM China CPA LLP	RSM China CPA LLP	RSM China CPA LLP
Hefei Sungrow Zhiyuan Technology Co., Ltd. (Note (a))	N/A	RSM China CPA LLP	RSM China CPA LLP
Cao Nguyen1 WindPower Development Investment JointStock Company	RSM Vietnam Auditing & Consulting Company Ltd	RSM Vietnam Auditing & Consulting Company Ltd	RSM Vietnam Auditing & Consulting Company Ltd
Sungrow FPV Sci.	RSM China CPA LLP	RSM China CPA LLP	RSM China CPA LLP
Sungrow Power (Singapore) Pte. Ltd.	RSM Chlo Lim LLP	FOZL Assurance PAC	FOZL Assurance PAC
Sungrow Developers India Private Limited (Notes (b))	DHRUV DUA & CO	DHRUV DUA & CO	N/A
Sungrow Developers (Thailand) Co., Ltd.	P.M. AUDIT	KPMG Phoomchai Audit Ltd.	KPMG Phoomchai Audit Ltd.
Sungrow Benelux B.V. (Note (c))	N/A	N/A	N/A
Sungrow Smart Maintenance	Anhui Jinkaicheng CPA	RSM China CPA LLP	RSM China CPA LLP
Sungrow Power (Hong Kong) Co., Limited	SHINEWING (HK) CPA Limited	PricewaterhouseCoopers	KPMG
Sungrow Iberica, S.A.	PKF Audiec, S.A.P.	PKF Audiec, S.A.P.	PKF Audiec, S.A.P.
Sungrow USA Corporation	RSM US LLP	RSM US LLP	RSM US LLP
Sungrow Power Uk Limited	Alliotts LLP	Alliotts LLP	Alliotts LLP
Sungrow (India) Private Limited (Notes (b))	DHRUV DUA & CO	DHRUV DUA & CO	N/A
Sungrow Italy S.R.L. (Note (c))	N/A	N/A	N/A
Bozhou Daoyang Power Technology Co., Ltd. (Note (c))	N/A	N/A	N/A
Jiangsu Yuyi Yangxuan Energy Technology Co., Ltd. (Note (d))	N/A	N/A	N/A
Sunshine Power (Zhuhai Hengqin) Co., Ltd. (Note (e))	N/A	N/A	RSM China CPA LLP
Hefei Sungrow Information Technology Co., Ltd.	RSM China CPA LLP	RSM China CPA LLP	RSM China CPA LLP
Sungrow Deutschland GmbH (Note (b))	INTARIA AG	RSM Ebner Stolz GmbH & Co.	N/A
Sungrow Australia Group Pty Ltd.	Rothsay Audit & Assurance Pty Ltd	In.Corp Audit & Assurance Pty Ltd	BDO Audit Pty Ltd

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Notes:

- (a) No audited financial statements were issued for this subsidiary for the year ended December 31, 2022 as it is newly incorporated.
- (b) At the date of this report, the audited financial statements of these subsidiaries for the year ended 31 December 2024 are not yet issued.
- (c) No audited financial statements were issued for these subsidiaries for the years ended December 31, 2022, 2023 and 2024.
- (d) No audited financial statements were issued for this subsidiary for the year ended December 31, 2023 as it is newly incorporated. And at the date of this report, the audited financial statements of this subsidiary for the year ended 31 December 2024 are not yet issued.
- (e) No audited financial statements were issued for this subsidiary for the year ended December 31, 2023 as it is newly incorporated.
- (f) The English name of the subsidiaries with Chinese name represents the best effort by the management of the Group in translating their Chinese name as they do not have an official English name.
- (g) The above table lists the subsidiaries of the Company which, in the opinion of the Group, principally affected the results or a listed company during the Track Record Period. To give details of other subsidiaries would, in the opinion of the Group, result in particulars of excessive length.
- (h) Listed above subsidiaries have adopted December 31 as their financial year end date except Sungrow Developers India Private Limited and Sungrow (India) Private Limited which adopt March 31 as their financial year end date.

20. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at December 31, 2022, 2023, 2024 and June 30, 2025, the total non-controlling interests is approximately RMB1,070,930,000, RMB1,749,278,000, RMB3,293,684,000 and RMB3,245,611,000 (unaudited) of which approximately RMB1,042,941,000, RMB1,334,939,000, RMB2,895,924,000 and RMB2,855,540,000 (unaudited) is attributable to Sungrow Renewables.

Details of the Group’s subsidiary that have material non-controlling interests are set out below:

Sungrow Renewables

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Percentage of equity interest held by non-controlling interest	18.00%	17.06%	17.06%	17.06%
Profit for the year/period attributable to non-controlling interest	115,544	206,760	277,222	104,231
Accumulated balances of non-controlling interests	1,042,941	1,334,939	2,895,924	2,855,540

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The following tables illustrate the summarized financial information of the above subsidiary. The amounts disclosed are before any intra-group eliminations:

	As at December 31,			As at June 30,	
	2022	2023	2024	2025	
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	
Current assets	16,806,484	23,120,574	28,795,255	26,276,529	
Non-current assets	4,703,750	5,017,476	7,944,902	8,208,280	
Current liabilities	(11,540,358)	(16,702,249)	(16,868,457)	(15,815,737)	
Non-current liabilities	(4,177,628)	(3,609,184)	(8,530,840)	(7,182,781)	
Net assets	<u>5,792,248</u>	<u>7,826,617</u>	<u>11,340,860</u>	<u>11,486,291</u>	

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue	12,787,869	26,560,196	23,310,197	9,866,186	9,930,321
Profit for the year/period	641,207	1,148,410	1,625,325	640,415	596,209
Other comprehensive (loss)/income	<u>(8,887)</u>	<u>11,691</u>	<u>(2,950)</u>	<u>(4,342)</u>	<u>3,119</u>
Total comprehensive income for the year/period	<u>632,320</u>	<u>1,160,101</u>	<u>1,622,375</u>	<u>636,073</u>	<u>599,328</u>
Net cash flows (used in)/generated from operating activities	(2,103,457)	(3,604,986)	(1,339,001)	(4,190,628)	2,083,823
Net cash flows used in investing activities	(41,147)	(1,181,414)	(653,960)	(183,682)	(286,026)
Net cash flows generated from/(used in) financing activities	<u>2,529,463</u>	<u>5,098,600</u>	<u>2,419,726</u>	<u>3,963,100</u>	<u>(1,384,893)</u>
Net increase/(decrease) in cash and cash equivalents	<u>387,205</u>	<u>275,090</u>	<u>422,545</u>	<u>(412,899)</u>	<u>424,609</u>

21. GOODWILL

	As at December 31,			As at June 30,	
	2022	2023	2024	2025	
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	
At the beginning of the year/period					
Cost	<u>—</u>	<u>—</u>	<u>—</u>	<u>296,978</u>	
Net carrying amount	<u>—</u>	<u>—</u>	<u>—</u>	<u>296,978</u>	
Additions	<u>—</u>	<u>—</u>	<u>296,978</u>	<u>—</u>	
At the end of the year/period					
Cost	<u>—</u>	<u>—</u>	<u>296,978</u>	<u>296,978</u>	
Net carrying amount	<u>—</u>	<u>—</u>	<u>296,978</u>	<u>296,978</u>	

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Impairment tests for goodwill

The carrying amount of goodwill allocated to the CGU of the Group are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Taihe Intelligent	–	–	296,978	296,978

Impairment reviews on the goodwill have been conducted by the Group as at December 31, 2024, according to IAS 36 “Impairment of assets.” For the purposes of impairment review, the recoverable amount of CGU is determined based on fair value less costs of disposal with calculations by using market approach reference to valuation reports issued by an independent valuer.

Taihe Intelligent is an A-share listed company on the Shanghai Stock Exchange. The key assumptions used for fair value less costs of disposal calculations for the above CGU are as follows:

	As at December 31, 2024
Reference market price (<i>Note (a)</i>)	RMB19.55
Control premium (<i>Note (b)</i>)	24.04%

Notes:

- (a) The reference market price is based on Taihe Intelligent’s average share price of the 20 trading days preceding the valuation reference date.
- (b) The control premium is determined by referencing transaction cases involving changes in controlling interests of listed companies from public market information in 2024.

As at June 30, 2025, the Group has considered and assessed all available internal and external sources of information and has not identified any indications that an impairment loss of goodwill may have occurred during the six months ended June 30, 2025. Therefore, the Group considers there is no material change in the recoverable amount of the CGU nor impairment as at June 30, 2025.

22. FINANCIAL ASSETS AT FVTPL

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Non-current				
– Unlisted equity investments . . .	303,678	500,017	815,262	973,511
Current				
– Bank wealth management products (WMPs) and structured deposits (<i>Note</i>)	899,454	1,694,168	9,829,664	7,510,933
– Unlisted equity investments . . .	591,040	377,350	335,110	374,915
– Forward exchange contracts . . .	–	531	–	–
	1,490,494	2,072,049	10,164,774	7,885,848

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The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Non-current				
– Unlisted equity investments . . .	125,035	201,011	356,757	392,587
Current				
– Bank WMPs and structured deposits (<i>Note</i>)	890,000	1,650,006	9,400,000	6,950,000
– Unlisted equity investments . . .	133,463	142,629	142,629	140,207
	1,023,463	1,792,635	9,542,629	7,090,207

Note:

The bank WMPs and structured deposits are mainly managed by reputable banks in the PRC to invest principally in certain financial assets. They are classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

The bank WMPs and structured deposits are classified as current assets as the Group expects to realize these financial assets within twelve months after each reporting period.

23. FINANCIAL ASSETS AT FVTOCI

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Non-current				
– Transferable large denomination certificates of deposits (<i>Note (b)</i>)	–	–	190,319	195,920
Current				
– Notes receivables measured at FVTOCI (<i>Note (a)</i>)	1,038,041	772,690	1,167,009	3,621,694

Notes:

- (a) The balance represents notes receivables held by the Group which are issued or guaranteed by reputable PRC banks with high credit ratings. The notes receivables had a maturity of within six months at the end of each year/period for the Track Record Period. The notes receivables are measured at FVTOCI since the notes 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 believes that the notes receivables do not expose to significant credit risk and will not cause significant losses due to the bank default. The changes in the fair value of the notes receivables are minimal due to its short-term nature.

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In addition, the Group has discounted certain notes receivables to banks and endorsed certain notes receivables to its suppliers to settle its payables. The Group consider the probabilities on default of the discounted or endorsed notes receivables are limited and the Group has derecognized the full carrying amount of these notes receivables and the associated trade and other payables when the notes receivables are endorsed or discounted.

The maximum exposure to the Group that may result from the default of these endorsed and discounted notes receivables at the end of each year/period for the Track Record Period are approximately RMB3,172,190,000, RMB1,491,869,000, RMB7,047,527,000 and RMB4,868,501,000 (unaudited), respectively.

- (b) Transferable large denomination certificates of deposit where the contractual cash flows are solely principal and interest and the objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets.

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current				
– Notes receivables measured at FVTOCI (<i>Note</i>)	841,039	623,246	539,663	2,998,432

Note:

The maximum exposure to the Company that may result from the default of these endorsed and discounted notes receivables at the end of each year/period for the Track Record Period are approximately RMB1,193,239,000, RMB1,608,514,000, RMB2,415,847,000, and RMB2,063,818,000 (unaudited), respectively.

24. TRADE AND NOTES RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Non-current				
Long-term trade receivables	352,460	320,380	286,420	268,414
Current				
Trade receivables	15,170,608	23,099,047	30,523,397	30,598,848
Notes receivables	1,088,392	698,135	851,025	1,612,113
Current portion of long-term trade receivables	56,540	56,620	56,580	56,580
	16,315,540	23,853,802	31,431,002	32,267,541
Less: allowance for impairment . . .	(1,370,920)	(2,008,782)	(2,891,381)	(3,112,256)
	14,944,620	21,845,020	28,539,621	29,155,285

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The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Non-current				
Long-term trade receivables				
– Due from subsidiaries	–	3,592,651	2,854,451	2,457,644
– Due from other parties	352,460	320,380	286,420	268,414
	<u>352,460</u>	<u>3,913,031</u>	<u>3,140,871</u>	<u>2,726,058</u>
Current				
Trade receivables				
– Due from subsidiaries	6,259,981	4,040,083	5,886,933	4,520,128
– Due from other parties	7,225,094	8,698,442	12,752,683	12,277,508
Notes receivables	515,452	621,709	741,157	1,311,010
Current portion of long-term trade receivables	56,540	56,620	56,580	56,580
	<u>14,057,067</u>	<u>13,416,854</u>	<u>19,437,353</u>	<u>18,165,226</u>
Less: allowance for impairment . . .	<u>(1,200,121)</u>	<u>(1,266,442)</u>	<u>(1,792,261)</u>	<u>(1,747,750)</u>
	<u>12,856,946</u>	<u>12,150,412</u>	<u>17,645,092</u>	<u>16,417,476</u>

Certain trade and notes receivables are pledged as security for the Group’s borrowings, details are disclosed in Note 41 to the Historical Financial Information.

The credit period granted to customers is generally within 180 days during the Track Record Period. The aging analysis of trade receivables and long-term trade receivables based on recognition date is as follows:

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year.	12,886,090	19,914,954	25,476,280	23,445,377
Over 1 year but within 2 years	1,313,757	1,929,910	3,033,702	4,737,063
Over 2 year but within 3 years	493,411	506,206	897,095	1,194,687
Over 3 years	886,350	1,124,977	1,459,320	1,546,715
	<u>15,579,608</u>	<u>23,476,047</u>	<u>30,866,397</u>	<u>30,923,842</u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year.	11,866,204	14,076,695	15,611,215	13,332,411
Over 1 year but within 2 years	769,155	1,340,359	4,522,290	4,331,170
Over 2 year but within 3 years	382,348	185,577	631,098	924,221
Over 3 years	876,368	1,105,545	1,072,464	992,472
	<u>13,894,075</u>	<u>16,708,176</u>	<u>21,837,067</u>	<u>19,580,274</u>

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Movements in impairment of trade and notes receivables are as follows:

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
At the beginning of the year/period .	953,394	1,370,920	2,008,782	2,891,381
Loss of impairment recognized, net <i>(Note)</i>	406,819	639,415	837,422	269,814
Written off	(5,175)	(8,817)	(20,689)	(60,958)
Addition through acquisition of a subsidiary	—	129	56,703	—
Exchange realignment	15,221	9,103	198	11,513
Others	661	(1,968)	8,965	506
At the end of the year/period	<u>1,370,920</u>	<u>2,008,782</u>	<u>2,891,381</u>	<u>3,112,256</u>

Note:

Detail information about the impairment of trade receivables and the Group’s exposure to credit risk is described in Note 48.

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
At the beginning of the year/period .	783,610	1,200,121	1,266,442	1,792,261
Loss of impairment recognized, net <i>(Note)</i>	421,678	74,991	545,185	2,657
Written off	(5,167)	(8,670)	(19,366)	(47,168)
At the end of the year/period	<u>1,200,121</u>	<u>1,266,442</u>	<u>1,792,261</u>	<u>1,747,750</u>

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25. CONTRACT ASSETS

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Retention receivables under retention period (<i>Note (a)</i>)	613,710	2,131,321	2,433,940	2,767,106
Work-in-progress assets unbilled	1,278,518	684,421	917,455	1,066,337
	1,892,228	2,815,742	3,351,395	3,833,443
Less: allowance for impairment	(97,364)	(159,384)	(244,153)	(336,395)
	<u>1,794,864</u>	<u>2,656,358</u>	<u>3,107,242</u>	<u>3,497,048</u>
Current	1,291,527	2,008,704	1,615,259	1,763,213
Non-current	503,337	647,654	1,491,983	1,733,835
	<u>1,794,864</u>	<u>2,656,358</u>	<u>3,107,242</u>	<u>3,497,048</u>

Notes:

- (a) The Group typically agrees to retain 3% to 10% of the contract value as retention money. The retention period normally ranges from two to five years upon the completion of work. These amounts are included in contract assets until the end of the retention period as the Group’s entitlement to these final payments are conditional on the projects keep properly functioning during the retention period.
- (b) Detail information about the impairment of contract assets and the Group’s exposure to credit risk is described in Note 48.

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Retention receivables under retention period	748,754	1,005,576	1,073,586	1,159,376
Less: allowance for impairment	(40,168)	(56,994)	(79,103)	(110,186)
	<u>708,586</u>	<u>948,582</u>	<u>994,483</u>	<u>1,049,190</u>
Current	356,483	531,060	560,201	599,836
Non-current	352,103	417,522	434,282	449,354
	<u>708,586</u>	<u>948,582</u>	<u>994,483</u>	<u>1,049,190</u>

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26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Non-current				
Prepayments for acquisition of long-term assets	488,911	267,551	462,161	551,379
Prepayments for production capacity guarantee	41,851	15,653	12,246	10,562
Others	18,619	25,110	33,172	33,691
	<u>549,381</u>	<u>308,314</u>	<u>507,579</u>	<u>595,632</u>
Current				
Other receivables				
– Deposits	382,267	578,710	1,040,010	996,988
– Receivables for disposal of assets related to power station projects	681,865	884,698	907,095	912,096
– Others	242,168	194,503	218,764	300,895
	<u>1,306,300</u>	<u>1,657,911</u>	<u>2,165,869</u>	<u>2,209,979</u>
Less: allowance for impairment . . .	<u>(134,486)</u>	<u>(249,038)</u>	<u>(405,182)</u>	<u>(392,657)</u>
	<u>1,171,814</u>	<u>1,408,873</u>	<u>1,760,687</u>	<u>1,817,322</u>
Prepayment for materials and service	350,689	457,424	214,869	946,884
VAT recoverable	860,301	999,741	2,420,593	1,816,956
Others	97,185	170,117	304,327	399,934
	<u>2,479,989</u>	<u>3,036,155</u>	<u>4,700,476</u>	<u>4,981,096</u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Non-current				
Prepayments for acquisition of long-term assets	184,962	189,566	217,155	239,040
Prepayments for production capacity guarantee	41,851	15,653	12,246	10,562
Others	13,924	15,882	22,733	25,664
	<u>240,737</u>	<u>221,101</u>	<u>252,134</u>	<u>275,266</u>

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	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current				
Other receivables				
– Due from subsidiaries	878,368	1,836,531	3,415,957	4,712,590
– Deposits	199,654	191,430	599,947	550,826
– Others	89,516	91,287	107,880	114,503
	<u>1,167,538</u>	<u>2,119,248</u>	<u>4,123,784</u>	<u>5,377,919</u>
Less: allowance for impairment . . .	<u>(99,848)</u>	<u>(200,289)</u>	<u>(356,953)</u>	<u>(650,505)</u>
	<u>1,067,690</u>	<u>1,918,959</u>	<u>3,766,831</u>	<u>4,727,414</u>
Prepayments for materials and service	2,562	18,379	7,743	436,018
VAT recoverable	49,298	14	334,816	38,416
Others	9,646	13,146	32,581	32,976
	<u>1,129,196</u>	<u>1,950,498</u>	<u>4,141,971</u>	<u>5,234,824</u>

Certain other receivables are pledged as security for the Group’s borrowings, details are disclosed in Note 41 to the Historical Financial Information.

The movements on the impairment of other receivables are as follows:

The Group

	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022	93,991	–	12,618	106,609
Provision/(Reversal)	50,402	–	(774)	49,628
Written off	(13,731)	–	(8,644)	(22,375)
Exchange realignment	624	–	–	624
As at December 31, 2022	<u>131,286</u>	<u>–</u>	<u>3,200</u>	<u>134,486</u>
As at January 1, 2023	131,286	–	3,200	134,486
Provision	85,959	–	2,443	88,402
Additions through acquisition of a subsidiary	33,943	–	–	33,943
Written off	(6,522)	–	–	(6,522)
Exchange realignment	695	–	–	695
Others	(1,966)	–	–	(1,966)
As at December 31, 2023	<u>243,395</u>	<u>–</u>	<u>5,643</u>	<u>249,038</u>
As at January 1, 2024	243,395	–	5,643	249,038
Provision	164,828	–	–	164,828
Additions through acquisition of a subsidiary	949	–	–	949
Written off	(1,234)	–	(3,200)	(4,434)
Exchange realignment	855	–	–	855
Others	(6,054)	–	–	(6,054)
As at December 31, 2024	<u>402,739</u>	<u>–</u>	<u>2,443</u>	<u>405,182</u>
As at January 1, 2025	402,739	–	2,443	405,182
Reversal (unaudited)	(6,161)	–	(228)	(6,389)
Written off (unaudited)	(201)	–	–	(201)
Exchange realignment (unaudited) . .	106	–	–	106
Others (unaudited)	(6,041)	–	–	(6,041)
As at June 30, 2025 (unaudited) . .	<u>390,442</u>	<u>–</u>	<u>2,215</u>	<u>392,657</u>

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The Company

	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2022	73,398	—	12,618	86,016
Provision/(Reversal)	26,856	—	(774)	26,082
Written off	(3,606)	—	(8,644)	(12,250)
As at December 31, 2022	<u>96,648</u>	<u>—</u>	<u>3,200</u>	<u>99,848</u>
As at January 1, 2023	96,648	—	3,200	99,848
Provision	102,346	—	—	102,346
Written off	(1,905)	—	—	(1,905)
As at December 31, 2023	<u>197,089</u>	<u>—</u>	<u>3,200</u>	<u>200,289</u>
As at January 1, 2024	197,089	—	3,200	200,289
Provision	159,864	—	—	159,864
Written off	—	—	(3,200)	(3,200)
As at December 31, 2024	<u>356,953</u>	<u>—</u>	<u>—</u>	<u>356,953</u>
As at January 1, 2025	356,953	—	—	356,953
Provision (<i>unaudited</i>)	293,552	—	—	293,552
As at June 30, 2025 (<i>unaudited</i>)	<u>650,505</u>	<u>—</u>	<u>—</u>	<u>650,505</u>

27. DEFERRED INCOME TAX

The Group

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to the same tax authority.

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Deferred tax assets	1,098,157	2,182,534	3,084,065	3,138,677
Offset by deferred tax liabilities	(72,169)	(111,246)	(132,576)	(133,756)
Net deferred tax assets	<u>1,025,988</u>	<u>2,071,288</u>	<u>2,951,489</u>	<u>3,004,921</u>
Deferred tax liabilities	85,571	123,854	214,905	218,191
Offset by deferred tax assets	(72,169)	(111,246)	(132,576)	(133,756)
Net deferred tax liabilities	<u>13,402</u>	<u>12,608</u>	<u>82,329</u>	<u>84,435</u>

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(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Impairment provision	Tax losses	Unrealized profit on intra-group transactions	Accruals and provisions	Share-based payment	Deferred income	Lease liability	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022	174,044	176,177	218,953	7,677	57,214	18,858	39,780	692,703
Recognized/(reversed) in profit								
or loss	96,866	(142,235)	387,992	86,994	9,056	4,739	9,004	452,416
Reversed in capital reserve	–	–	–	–	(46,860)	–	–	(46,860)
Exchange realignment	(9)	–	–	(93)	–	–	–	(102)
As at December 31, 2022 and January 1, 2023	270,901	33,942	606,945	94,578	19,410	23,597	48,784	1,098,157
Recognized/(reversed) in profit								
or loss	116,357	24,982	748,882	159,882	5,995	(358)	26,416	1,082,156
Reversed in capital reserve	–	–	–	–	(2,222)	–	–	(2,222)
Exchange realignment	3,814	–	–	384	–	–	245	4,443
As at December 31, 2023 and January 1, 2024	391,072	58,924	1,355,827	254,844	23,183	23,239	75,445	2,182,534
Recognized/(reversed) in profit								
or loss	181,396	(31,262)	467,867	188,916	33,473	7,139	1,919	849,448
Recognized in capital reserve	–	–	–	–	18,519	–	–	18,519
Exchange realignment	5,197	–	–	(579)	–	–	29	4,647
Additions through acquisition of a subsidiary	8,114	–	4	6,465	1,111	13,223	–	28,917
As at December 31, 2024 and January 1, 2025	585,779	27,662	1,823,698	449,646	76,286	43,601	77,393	3,084,065
Recognized/(reversed) in profit								
or loss (unaudited)	64,114	(4,952)	(63,149)	79,232	(3,896)	(4,501)	490	67,338
Reversed in capital reserve (unaudited)	–	–	–	–	(15,173)	–	–	(15,173)
Exchange realignment (unaudited)	1,755	–	–	801	–	–	(109)	2,447
As at June 30, 2025 (unaudited).	<u>651,648</u>	<u>22,710</u>	<u>1,760,549</u>	<u>529,679</u>	<u>57,217</u>	<u>39,100</u>	<u>77,774</u>	<u>3,138,677</u>

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(b) Deferred tax liabilities

The movements in deferred tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Fair value adjustments arising from acquisition of subsidiaries	Fair value changes of financial assets at fair value	Depreciation of property, plant and equipment	Right-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022 . .	14,127	11,521	2,970	38,691	–	67,309
Reversed/(recognized) in profit or loss	(726)	(10,504)	20,625	8,867	–	18,262
As at December 31, 2022 and January 1, 2023 . .	13,401	1,017	23,595	47,558	–	85,571
Reversed/(recognized) in profit or loss	(796)	15,322	(800)	24,557	–	38,283
As at December 31, 2023 and January 1, 2024 . .	12,605	16,339	22,795	72,115	–	123,854
Reversed/(recognized) in profit or loss	(796)	7,144	28,901	3,047	14,645	52,941
Additions through acquisition of a subsidiary	37,469	(60)	635	66	–	38,110
As at December 31, 2024 and January 1, 2025 . .	49,278	23,423	52,331	75,228	14,645	214,905
Reversed/(recognized) in profit or loss (<i>unaudited</i>)	(1,469)	5,449	(36,090)	(435)	35,831	3,286
As at June 30, 2025 (<i>unaudited</i>)	47,809	28,872	16,241	74,793	50,476	218,191

(c) Tax losses and deductible temporary differences with deferred tax assets not recognized

Deferred tax assets are recognized to the extent that the realization of the related tax benefit through the future taxable profits is probable. Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (<i>unaudited</i>)
Tax losses	216,980	371,058	1,947,493	2,573,689
Deductible temporary differences . .	1,108,457	3,626,112	5,180,415	6,309,476
	1,325,437	3,997,170	7,127,908	8,883,165

The Group has unused tax losses of approximately RMB438,333,000, RMB756,676,000, RMB2,089,785,000, and RMB2,678,775,000 (*unaudited*) as at December 31, 2022, 2023, 2024 and June 30, 2025 respectively available for offset against future profits. No deferred tax assets has been recognized for these tax losses due to the unpredictability of future profit streams. Included in unrecognized tax losses are losses of approximately RMB216,980,000, RMB371,058,000, RMB1,947,493,000, and RMB2,573,689,000 (*unaudited*) respectively.

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Deductible tax losses that are not recognized for deferred tax assets will expire as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
2023	19,118	—	—	—
2025	18	18	1,675	1,675
2026	23,685	23,685	28,595	28,595
2027	34,651	35,443	40,056	40,056
2028	—	117,616	141,286	141,286
2029	11,175	13,311	293,709	288,411
2030	26,857	26,857	93,479	378,166
2031	48,695	48,695	166,227	166,227
2032	52,781	52,781	321,379	321,379
2033	—	52,652	558,571	546,395
2034	—	—	302,516	302,516
2035	—	—	—	358,983
	<u>216,980</u>	<u>371,058</u>	<u>1,947,493</u>	<u>2,573,689</u>

The Company

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Deferred tax assets	339,048	500,613	824,727	867,931
Offset by deferred tax liabilities . . .	<u>(27,947)</u>	<u>(29,465)</u>	<u>(33,000)</u>	<u>(36,322)</u>
	<u>311,101</u>	<u>471,148</u>	<u>791,727</u>	<u>831,609</u>
Deferred tax liabilities	27,947	29,465	33,000	36,322
Offset by deferred tax assets	<u>(27,947)</u>	<u>(29,465)</u>	<u>(33,000)</u>	<u>(36,322)</u>
Net deferred tax liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

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(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Impairment provision	Tax losses	Accruals and provisions	Share- based payment	Deferred income	Lease liability	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022.	152,551	129,812	2,194	52,775	18,858	6,689	362,879
Recognized/(reversed) in profit or loss	62,327	(129,812)	77,670	6,749	3,134	628	20,696
Reversed in capital reserve	—	—	—	(44,527)	—	—	(44,527)
As at December 31, 2022 and January 1, 2023.	214,878	—	79,864	14,997	21,992	7,317	339,048
Recognized/(reversed) in profit or loss	47,140	—	114,969	5,694	(924)	(4,219)	162,660
Reversed in capital reserve	—	—	—	(1,095)	—	—	(1,095)
As at December 31, 2023 and January 1, 2024.	262,018	—	194,833	19,596	21,068	3,098	500,613
Recognized/(reversed) in profit or loss	129,561	—	140,583	31,963	5,584	(1,357)	306,334
Recognized in capital reserve	—	—	—	17,780	—	—	17,780
As at December 31, 2024 and January 1, 2025.	391,579	—	335,416	69,339	26,652	1,741	824,727
Recognized/(reversed) in profit or loss (<i>unaudited</i>)	44,458	—	34,269	(5,871)	(3,059)	(734)	69,063
Reversed in capital reserve (<i>unaudited</i>)	—	—	—	(25,859)	—	—	(25,859)
As at June 30, 2025 (<i>unaudited</i>)	<u>436,037</u>	<u>—</u>	<u>369,685</u>	<u>37,609</u>	<u>23,593</u>	<u>1,007</u>	<u>867,931</u>

(b) Deferred tax liabilities

The movements in deferred tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Fair value adjustments arising from acquisition of subsidiaries	Depreciation of property, plant and equipment	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022.	6,391	5,019	2,970	14,380
Reversed/(recognized) in profit or loss	<u>768</u>	<u>(76)</u>	<u>12,875</u>	<u>13,567</u>
As at December 31, 2022 and January 1, 2023.	7,159	4,943	15,845	27,947
Reversed/(recognized) in profit or loss	<u>(4,172)</u>	<u>8,069</u>	<u>(2,379)</u>	<u>1,518</u>
As at December 31, 2023 and January 1, 2024.	2,987	13,012	13,466	29,465
Reversed/(recognized) in profit or loss	<u>(971)</u>	<u>6,861</u>	<u>(2,355)</u>	<u>3,535</u>
As at December 31, 2024 and January 1, 2025.	2,016	19,873	11,111	33,000
Reversed/(recognized) in profit or loss (<i>unaudited</i>)	<u>(797)</u>	<u>5,333</u>	<u>(1,214)</u>	<u>3,322</u>
As at June 30, 2025 (<i>unaudited</i>)	<u>1,219</u>	<u>25,206</u>	<u>9,897</u>	<u>36,322</u>

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28. INVENTORIES

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Raw materials	5,797,574	4,301,582	3,704,448	4,547,036
Semi-finished goods and work in progress	600,811	586,037	937,682	1,156,858
Contract fulfillment costs	6,774,998	9,843,985	14,004,601	11,745,755
Finished goods	6,510,441	8,398,821	12,460,191	14,584,798
	<u>19,683,824</u>	<u>23,130,425</u>	<u>31,106,922</u>	<u>32,034,447</u>
Less: provision for impairment (Note)	<u>(623,681)</u>	<u>(1,688,920)</u>	<u>(2,079,361)</u>	<u>(2,328,133)</u>
	<u><u>19,060,143</u></u>	<u><u>21,441,505</u></u>	<u><u>29,027,561</u></u>	<u><u>29,706,314</u></u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Raw materials	2,260,016	2,655,253	1,879,517	1,978,549
Semi-finished goods and work in progress	325,849	275,705	358,633	360,258
Finished goods	1,811,560	3,230,020	5,505,099	4,251,233
	<u>4,397,425</u>	<u>6,160,978</u>	<u>7,743,249</u>	<u>6,590,040</u>
Less: provision for impairment (Note)	<u>(92,387)</u>	<u>(223,068)</u>	<u>(382,215)</u>	<u>(398,476)</u>
	<u><u>4,305,038</u></u>	<u><u>5,937,910</u></u>	<u><u>7,361,034</u></u>	<u><u>6,191,564</u></u>

Note:

Inventories are stated at the lower of cost and net realizable value at the end of each reporting period. The net realizable value is the estimated selling price in the current course of business, less applicable costs, selling expenses and tax charges. The Group make the best estimate on the net realizable value and the corresponding impairment of inventory, while the impairment assessment may still be significantly changed due to the change of market conditions.

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29. RESTRICTED BANK DEPOSITS

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Pledged bank deposits for bank acceptance notes	1,673,251	1,663,290	1,832,774	1,739,906
Pledged bank deposits for other purposes (<i>Note</i>)	191,258	100,305	249,438	219,587
	<u>1,864,509</u>	<u>1,763,595</u>	<u>2,082,212</u>	<u>1,959,493</u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Pledged bank deposits for bank acceptance notes	896,459	546,752	537,818	565,468
Pledged bank deposits for other purposes (<i>Note</i>)	22,009	18,657	17,570	17,343
	<u>918,468</u>	<u>565,409</u>	<u>555,388</u>	<u>582,811</u>

Note:

Pledged bank balances for other purposes mainly included letters of guarantee, guarantee for land reclamation and guarantee for photovoltaic loan.

30. CASH AND CASH EQUIVALENTS

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Cash and bank deposits	<u>9,802,093</u>	<u>16,267,022</u>	<u>17,717,234</u>	<u>17,910,515</u>

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Denominated in:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
RMB	7,887,388	14,571,397	13,503,046	11,907,099
USD	1,284,483	1,120,317	3,463,805	5,112,606
EUR	169,153	94,432	178,882	403,746
Others	461,069	480,876	571,501	487,064
	<u>9,802,093</u>	<u>16,267,022</u>	<u>17,717,234</u>	<u>17,910,515</u>

RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Cash and bank deposits	<u>6,925,025</u>	<u>11,700,121</u>	<u>13,426,827</u>	<u>12,910,152</u>

Denominated in:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
RMB	6,078,661	11,688,873	10,456,122	9,266,087
USD	823,120	7,912	2,855,262	3,635,491
EUR	23,244	3,184	3,130	8,566
Others	—	152	112,313	8
	<u>6,925,025</u>	<u>11,700,121</u>	<u>13,426,827</u>	<u>12,910,152</u>

31. TRADE AND NOTES PAYABLES

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Trade payables	13,423,788	15,571,135	20,956,591	18,920,863
Notes payables	12,502,201	12,914,781	15,800,567	16,941,027
	<u>25,925,989</u>	<u>28,485,916</u>	<u>36,757,158</u>	<u>35,861,890</u>

The carrying amounts of the Group’s trade and notes payables approximated their fair values as at the balance sheet dates.

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The credit period granted by suppliers is generally within 180 days. The aging analysis of the trade payables of the Group as at December 31, 2022, 2023 and 2024 and June 30, 2025 based on recognition date is as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
– Within 1 year	10,709,916	15,146,216	20,625,794	18,645,315
– Over 1 year but within 2 years. . .	1,160,240	290,276	221,810	167,044
– Over 2 years but within 3 years . .	501,500	79,380	46,729	26,125
– Over 3 years	1,052,132	55,263	62,258	82,379
	<u>13,423,788</u>	<u>15,571,135</u>	<u>20,956,591</u>	<u>18,920,863</u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Trade payables				
– Due to other parties	6,156,302	7,183,355	8,393,944	7,772,867
– Due to subsidiaries	3,170,237	2,234,754	6,157,598	5,210,714
Notes payables	6,574,809	6,536,521	5,852,635	6,482,302
	<u>15,901,348</u>	<u>15,954,630</u>	<u>20,404,177</u>	<u>19,465,883</u>

The aging analysis of the trade payables of the Company as at December 31, 2022, 2023 and 2024 and June 30, 2025 based on recognized date is as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
– Within 1 year	7,474,129	8,992,200	13,837,056	11,804,561
– Over 1 year but within 2 years. . .	307,430	178,604	504,856	909,805
– Over 2 years but within 3 years . .	494,416	64,013	134,911	150,115
– Over 3 years	1,050,564	183,292	74,719	119,100
	<u>9,326,539</u>	<u>9,418,109</u>	<u>14,551,542</u>	<u>12,983,581</u>

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32. CONTRACT LIABILITIES

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Advance payments from customers .	<u>3,788,440</u>	<u>6,564,810</u>	<u>10,027,405</u>	<u>10,279,909</u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Advance payments from customers				
– Advance from subsidiaries	103,771	192,925	652,671	759,638
– Advance from other parties	<u>586,638</u>	<u>1,469,019</u>	<u>3,719,579</u>	<u>2,670,098</u>
	<u>690,409</u>	<u>1,661,944</u>	<u>4,372,250</u>	<u>3,429,736</u>

Contract liabilities mainly arise from the advance payments from customers upon which the performance obligations have been established while the underlying services or goods are yet to be provided.

Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized during the Track Record Periods relates to carried-forward contract liabilities:

The Group

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)	<i>RMB'000</i> (<i>unaudited</i>)
Revenue recognized that was included in the contract liability balance at the beginning of the year/period	<u>1,564,561</u>	<u>3,469,681</u>	<u>6,018,151</u>	<u>3,759,193</u>	<u>6,307,385</u>

The Company

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)	<i>RMB'000</i> (<i>unaudited</i>)
Revenue recognized that was included in the contract liability balance at the beginning of the year/period	<u>468,763</u>	<u>424,291</u>	<u>1,272,718</u>	<u>710,804</u>	<u>2,647,898</u>

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33. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Non-current				
Deferred income	166,799	168,762	371,210	357,674
Deposits from energy storage service systems projects.	–	–	382,163	403,196
Others	–	–	4,754	4,650
	<u>166,799</u>	<u>168,762</u>	<u>758,127</u>	<u>765,520</u>
Current				
Payroll and welfare payables	647,137	1,063,589	1,357,773	1,824,071
Other tax payables	665,609	1,192,614	2,060,387	1,312,735
Endorsed notes receivables that have not been derecognized and not yet due	568,857	543,322	580,901	1,273,015
Deposits received	1,059,952	1,293,801	1,335,095	1,092,482
Others	128,568	472,592	517,033	356,967
	<u>3,070,123</u>	<u>4,565,918</u>	<u>5,851,189</u>	<u>5,859,270</u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Non-current				
Deferred income	146,614	140,457	177,681	157,288
Current				
Amounts due to subsidiaries	322,615	2,851,637	6,644,667	4,417,094
Deposits received	43,669	38,267	39,077	38,916
Payroll and welfare payables	259,302	440,162	518,649	710,960
Endorsed notes receivables that have not been derecognized and not yet due	113,650	526,491	531,361	1,048,917
Other tax payables	107,632	167,269	256,606	319,014
Others	52,832	42,273	73,036	50,019
	<u>899,700</u>	<u>4,066,099</u>	<u>8,063,396</u>	<u>6,584,920</u>

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34. BORROWINGS

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Non-current				
<i>Unsecured and unguaranteed</i>				
Long-term bank borrowings	2,242,120	1,758,360	126,000	—
Long-term other borrowings	52,690	49,562	305,762	45,618
	<u>2,294,810</u>	<u>1,807,922</u>	<u>431,762</u>	<u>45,618</u>
<i>Unsecured and guaranteed</i>				
Long-term bank borrowings (Note (a))	—	—	524,346	592,696
<i>Secured and guaranteed</i>				
Long-term bank borrowings (Note (c))	—	1,561,783	—	—
<i>Secured and unguaranteed</i>				
Long-term bank borrowings (Note (b))	1,919,530	859,560	4,213,088	3,752,631
Long-term other borrowings (Note (b))	543,412	142,262	2,551,386	2,030,111
	<u>2,462,942</u>	<u>1,001,822</u>	<u>6,764,474</u>	<u>5,782,742</u>
	<u>4,757,752</u>	<u>4,371,527</u>	<u>7,720,582</u>	<u>6,421,056</u>
Current				
<i>Unsecured and unguaranteed</i>				
Bank borrowings under supplier financing arrangements (Note (d)).	520,692	1,873,028	2,952,512	2,713,156
Short-term bank borrowings	775,225	809,697	942,468	1,102,157
Bank borrowings under factoring of receivables	—	—	203,568	204,790
Current portion of long-term bank borrowings	592,430	1,030,110	937,079	—
Current portion of long-term other borrowings	3,620	4,458	4,153	4,530
	<u>1,891,967</u>	<u>3,717,293</u>	<u>5,039,780</u>	<u>4,024,633</u>
<i>Unsecured and guaranteed</i>				
Short-term bank borrowings (Note (a))	126,270	110,294	115,161	1,249,618
Current portion of long-term bank borrowings (Note (a))	—	—	—	8,000
	<u>126,270</u>	<u>110,294</u>	<u>115,161</u>	<u>1,257,618</u>
<i>Secured and guaranteed</i>				
Current portion of long-term bank borrowings (Note (c))	—	144,437	—	—
<i>Secured and unguaranteed</i>				
Current portion of long-term bank borrowings (Note (b))	136,277	58,776	309,135	307,777
Current portion of long-term other borrowings (Note (b))	—	23,124	615,208	182,750
	<u>136,277</u>	<u>81,900</u>	<u>924,343</u>	<u>490,527</u>
	<u>2,154,514</u>	<u>4,053,924</u>	<u>6,079,284</u>	<u>5,772,778</u>

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As at December 31, 2022, 2023, 2024 and June 30, 2025, the annual interest rates of short-term bank borrowings were ranged from 0.40% to 4.37%, 0.40% to 6.33%, 2.25% to 6.78%, and 2.11% to 6.15% (unaudited), respectively.

As at December 31, 2022, 2023, 2024 and June 30, 2025, the annual interest rates of long-term bank borrowings were ranged from 2.20% to 4.75%, 2.20% to 4.75%, 2.20% to 4.75%, and 2.10% to 4.10% (unaudited), respectively.

As at December 31, 2022, 2023, 2024 and June 30, 2025, the annual interest rates of long-term other borrowings were ranged from 3.75% to 5.05%, 2.21% to 5.05%, 2.98% to 3.36%, and 2.83% to 3.80% (unaudited), respectively.

Notes:

- (a) As at December 31, 2022, 2023 and 2024 and June 30, 2025, bank borrowings of subsidiaries approximately RMB126,270,000, RMB110,294,000, RMB639,507,000 and RMB1,850,314,000 (unaudited) were guaranteed by the Company or Sungrow Renewables.
- (b) As at December 31, 2022, 2023 and 2024 and June 30, 2025, bank borrowings of approximately RMB2,055,807,000, RMB918,336,000, RMB4,522,223,000 and RMB4,060,408,000 (unaudited) and other borrowings of approximately RMB543,412,000, RMB165,386,000, RMB3,166,594,000 and RMB2,212,861,000 (unaudited) were secured by the Group’s property, plant and equipment, other receivables, trade receivables (Note 41) and the tolling rights of the power generation projects.
- (c) As at December 31, 2023, bank borrowings of approximately RMB1,706,220,000 were secured by the Group’s property, plant and equipment, other receivables, trade receivables (Note 41) and the tolling rights of the power generation projects, and guaranteed by the Company or Sungrow Renewables.
- (d) The Group introduced a third-party supply chain information service platform to provide services to its suppliers with the Group’s electronic debt certificates. The Group’s payment obligations under the electronic debt certificates are unconditional and irrevocable, and unaffected by any commercial disputes between the parties involved in the transfer of the electronic debt certificates. The Group shall not claim set-off or raise any defense against the payment obligations. According to the business rules, the Group shall settle the amounts stated in the electronic debt certificates on the payment date. The electronic debt certificates are transferable and financially viable.

Under supplier financing arrangements, the banks paid a supplier the amounts owed by the Group in advance of the original due dates. The Group’s obligations to the supplier are legally extinguished on payment by the relevant banks. The Group then settled with the banks within 180 days after settlement by the banks. These arrangements have may extend the original payment. As at December 31, 2022, 2023, 2024 and June 30, 2025, the annual interest rates of borrowings under supplier financing arrangement were ranged from 1.90% to 3.20%, 2.40% to 3.2%, 1.70% to 3.05%, and 1.25% to 2.40% (unaudited) respectively and the interest rate was determined by reference to the prevailing market interest rate.

The non-cash transactions under the supplier financing arrangement were approximately RMB454,230,000, RMB1,922,011,000, RMB3,057,804,000, RMB1,924,820,000 (unaudited), and RMB2,105,887,000 (unaudited) during the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively.

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Carrying amount of financial liabilities that are part of supplier financing arrangements are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Presented as part of:				
– Trade and notes payables	–	–	4,934	63,303
Payments have been received by the suppliers from the banks:				
– Bank borrowings under supplier financing arrangements	520,692	1,873,028	2,952,512	2,713,156

Range of payment due dates for liabilities presented as part of “Bank borrowings under supplier financing arrangements” are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
				(unaudited)
Liabilities that are part of bank borrowings under supplier financing arrangements	within 360 days	within 360 days	within 360 days	within 360 days
Comparable trade payables that are not part of supplier financing arrangements	within 180 days	within 180 days	within 180 days	within 180 days

The carrying amounts of liabilities under the supplier financing arrangements approximated their fair values, due to their short-term nature.

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Non-current				
<i>Unsecured and unguaranteed</i>				
Long-term bank borrowings	957,720	811,360	–	–
Current				
<i>Unsecured and unguaranteed</i>				
Bank borrowings under supplier financing arrangements	–	–	157,164	187,170
Short-term bank borrowings	74,408	12,122	11,837	10,393
Bank borrowings under factoring of receivables	–	–	203,568	204,790
Current portion of long-term bank borrowings	37,948	146,989	811,893	–
	112,356	159,111	1,184,462	402,353

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The Group’s and the Company’s borrowings were repayable as follows:

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (<i>unaudited</i>)
Analyzed as:				
– Within 1 year	2,154,514	4,053,924	6,079,284	5,772,778
– Over 1 year but within 2 years .	1,668,862	2,013,310	2,625,808	1,711,418
– Over 2 years but within 5 years.	2,267,229	821,985	1,323,897	1,478,587
– Over 5 years	821,661	1,536,232	3,770,877	3,231,051
	<u>6,912,266</u>	<u>8,425,451</u>	<u>13,799,866</u>	<u>12,193,834</u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (<i>unaudited</i>)
Analyzed as:				
– Within 1 year	112,356	159,111	1,184,462	402,353
– Over 1 year but within 2 years .	210,000	811,360	–	–
– Over 2 years but within 3 years.	747,720	–	–	–
	<u>1,070,076</u>	<u>970,471</u>	<u>1,184,462</u>	<u>402,353</u>

The Group’s and the Company’s borrowings that are denominated in currencies of the relevant group entities are set out below:

The Group

Denominated in:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (<i>unaudited</i>)
RMB	6,650,950	8,401,169	13,684,705	11,732,538
EUR	74,229	–	–	–
USD	187,087	–	115,161	461,296
Others	–	24,282	–	–
	<u>6,912,266</u>	<u>8,425,451</u>	<u>13,799,866</u>	<u>12,193,834</u>

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The Company

Denominated in:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
RMB	995,847	970,471	1,184,462	402,353
EUR	74,229	—	—	—
	<u>1,070,076</u>	<u>970,471</u>	<u>1,184,462</u>	<u>402,353</u>

Details of the Group’s borrowing with floating rate are disclosed in Note 48 to the Historical Financial Information.

35. FINANCIAL LIABILITIES AT FVTPL

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Non-current				
– Liabilities arising from a forward share purchase agreement (<i>Note a</i>)	—	—	408,604	408,604
– Redemption liabilities to other investors of structured entities (<i>Note b</i>)	<u>39,610</u>	<u>39,610</u>	<u>41,846</u>	<u>40,937</u>
	<u>39,610</u>	<u>39,610</u>	<u>450,450</u>	<u>449,541</u>
Current				
– Forward exchange contracts . . .	<u>51,920</u>	<u>—</u>	<u>—</u>	<u>274</u>

Notes:

- Pursuant to the acquisition agreement, the Group will acquire 10.13% share interest of Taihe Intelligent. The payment obligation under the forward share purchase agreement was recognized as financial liability at fair value through profit or loss.
- The Group controls the structured entities as the Group has power over, is exposed to and has rights to variable returns from its involvement with these entities and has the ability to affect those returns through its power over the entities. For the amount raised from other investors of the entities, the Group has contractual obligation to settle the liability with other investors and the Group classifies it as a financial liability at FVTPL.

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current				
– Forward exchange contracts . . .	<u>6,368</u>	<u>—</u>	<u>—</u>	<u>274</u>

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36. REDEMPTION LIABILITIES

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Redemption liabilities	—	—	867,400	868,911

In 2024, the Sungrow Renewables entered into an investment agreement with series A investors, pursuant to which the Sungrow Renewables issued and allotted 66,850,829 shares to series A investors at a consideration of approximately RMB847,000,000.

At the same time, the subsidiary agreed with the shareholders in agreements to grant the shareholders with redemption rights. The Group recognized its obligation of redeemable rights of the redemption liabilities as financial liabilities at initially at the present value of the redemption amount and subsequently measured at amortized cost with interest charged in finance costs, and finance cost is recognized in statements of comprehensive loss on effective interest method.

The movements of redemption liabilities during the Track Record Period are as follows:

	<i>RMB'000</i>
As at January 1, 2022, December 31, 2022, January 1, 2023, December 31, 2023, and January 1, 2024	—
Addition	847,000
Interest expense	<u>20,400</u>
At December 31, 2024, and January 1, 2025	867,400
Interest paid (<i>unaudited</i>)	(11,090)
Interest expense (<i>unaudited</i>)	<u>12,601</u>
At June 30, 2025 (<i>unaudited</i>)	<u>868,911</u>

Key terms of preferred rights granted

Redemption rights

Series A investors have rights to require the Company to redeem their investments if the Sungrow Renewables fails to achieve a qualified application accepted by a stock exchange recognized by all investors within three years from the closing date of the Series A financing. The redemption amount is the total amount paid by the investors to obtain the equity interest of the subsidiary, plus an annual simple interest rate of 3% for a period of time commencing from actual payment date of the investment funds to the date of stated in the contracts to the date triggering redemption (calculated as 365 days in a calendar year) and deduct any cash proceeds received, including dividends.

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37. PROVISIONS

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Warranty provisions	1,001,992	2,528,439	4,234,974	5,043,100
Refund liabilities (<i>Note</i>)	–	34,270	109,361	121,888
Others	10,064	5,981	38,987	31,581
	<u>1,012,056</u>	<u>2,568,690</u>	<u>4,383,322</u>	<u>5,196,569</u>

Note:

Refund liability arises from customers’ right to return products. At the time of sale, the Group recognizes a refund liability and a corresponding adjustment to revenue for products expected to be returned. These estimates are also determined on a portfolio level using the expected value method, reflecting the Group’s historical return patterns.

The movements of provisions during the Track Record Period are as follows:

	Warranty provisions	Refund liability	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022.	210,102	–	31,995	242,097
Net provision/(utilization) during the year	777,619	–	(21,931)	755,688
Exchange realignment	<u>14,271</u>	<u>–</u>	<u>–</u>	<u>14,271</u>
As at December 31, 2022 and January 1, 2023	1,001,992	–	10,064	1,012,056
Net amount of provision/(utilization) during the year	1,513,562	34,270	(4,083)	1,543,749
Exchange realignment	<u>12,885</u>	<u>–</u>	<u>–</u>	<u>12,885</u>
As at December 31, 2023 and January 1, 2024	2,528,439	34,270	5,981	2,568,690
Net provision during the year	1,712,230	75,091	31,039	1,818,360
Additions through acquisition of a subsidiary	–	–	1,967	1,967
Exchange realignment	<u>(5,695)</u>	<u>–</u>	<u>–</u>	<u>(5,695)</u>
As at December 31, 2024 and January 1, 2025	4,234,974	109,361	38,987	4,383,322
Net provision/(utilization) during the period (<i>unaudited</i>)	759,910	12,527	(7,406)	765,031
Exchange realignment (<i>unaudited</i>)	<u>48,216</u>	<u>–</u>	<u>–</u>	<u>48,216</u>
As at June 30, 2025 (<i>unaudited</i>)	<u>5,043,100</u>	<u>121,888</u>	<u>31,581</u>	<u>5,196,569</u>

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The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)
Warranty provisions	<u>532,429</u>	<u>834,813</u>	<u>1,270,862</u>	<u>1,583,577</u>
				<u>Warranty provisions</u>
				<i>RMB'000</i>
As at January 1, 2022				14,629
Net provision during the year				<u>517,800</u>
As at December 31, 2022 and January 1, 2023				532,429
Net provision during the year				<u>302,384</u>
As at December 31, 2023 and January 1, 2024				834,813
Net provision during the year				<u>436,049</u>
As at December 31, 2024 and January 1, 2025				1,270,862
Net provision during the period (<i>unaudited</i>)				<u>312,715</u>
As at June 30, 2025 (<i>unaudited</i>)				<u>1,583,577</u>

38. SHARE CAPITAL AND TREASURY SHARES

The Group and the Company

	As at December 31,			As at June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)	<i>RMB'000</i> (<i>unaudited</i>)
Share capital	1,485,191	1,485,151	2,073,211	2,073,211	2,073,211
Treasury shares reserve . . .	<u>(520,750)</u>	<u>(1,381,068)</u>	<u>(1,771,123)</u>	<u>(1,269,914)</u>	<u>(1,640,619)</u>
	<u>964,441</u>	<u>104,083</u>	<u>302,088</u>	<u>803,297</u>	<u>432,592</u>

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The changes in the Company’s authorized, issued and fully paid share capital are as follows:

	Number of shares	Share capital
	'000	RMB'000
Ordinary shares of RMB1 each		
As at January 1, 2022	1,485,216	1,485,216
Cancellation of shares under restricted shares incentive schemes (<i>Note (a)</i>)	(25)	(25)
As at December 31, 2022 and January 1, 2023	1,485,191	1,485,191
Cancellation of shares under restricted shares incentive schemes (<i>Note (a)</i>)	(40)	(40)
As at December 31, 2023 and January 1, 2024	1,485,151	1,485,151
Conversion of capital reserve into share capital (<i>Note (b)</i>) . . .	588,060	588,060
As at December 31, 2024 and January 1, 2025	2,073,211	2,073,211
As at June 30, 2025 (unaudited)	2,073,211	2,073,211
As at January 1, 2024	1,485,151	1,485,151
Conversion of capital reserve into share capital (<i>Note (b)</i>) (unaudited).	588,060	588,060
As at June 30, 2024 (unaudited)	2,073,211	2,073,211

The detail of the treasury shares reserve and number of treasury shares outstanding at the end of each year/period for the Track Record Period are as follows:

	As at December 31,			As at June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
At the beginning of the year/period	15,134	520,750	1,381,068	1,381,068	1,771,123
Cancellation of shares under restricted shares incentive schemes (<i>Note (a)</i>)	(129)	(206)	—	—	—
Repurchase of shares (<i>Note (c)</i>)	520,543	980,071	517,786	16,577	299,975
Release of shares under restricted shares incentive schemes (<i>Note (d)</i>)	(14,798)	(119,547)	(127,731)	(127,731)	(430,479)
At the end of the year/period	520,750	1,381,068	1,771,123	1,269,914	1,640,619
Number of treasury shares (in thousands)	6,525	16,312	20,860	15,000	20,687

Notes:

- (a) Pursuant to the approved restricted shares incentive plan in the year ended December 31, 2018 (the “**Incentive Plan 2018**”). On April 19, 2022, a total of 25,000 restricted shares granted in Incentive Plan 2018 was cancelled, as participants have resigned. Therefore, the share capital of RMB25,000 and treasury shares of approximately RMB129,000 were derecognized.

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On July 19, 2023, a total of 40,000 restricted shares granted in Incentive Plan 2018 was cancelled, as participants have resigned. Therefore, the share capital of RMB40,000 and treasury shares of approximately RMB206,000 were derecognized.

- (b) Pursuant to the “Proposal on the 2023 Profit Distribution Plan and Capitalization of Capital Reserve” approved at the 2023 Annual General Meeting convened at May 28, 2024, the capital reserve of approximately RMB588,060,000 were converted into share capital.
- (c) During the year ended December 31, 2022, the Company repurchased 6,485,049 of its own ordinary shares through the Shenzhen Stock Exchange with an aggregate consideration of approximately RMB520,543,000 paid.

During the year ended December 31, 2023, the Company repurchased 11,316,009 of its own ordinary shares through the Shenzhen Stock Exchange with an aggregate consideration of approximately RMB980,071,000 paid.

During the year ended December 31, 2024, the Company repurchased 6,056,202 of its own ordinary shares through the Shenzhen Stock Exchange with an aggregate consideration of approximately RMB517,786,000 paid.

During the six months ended June 30, 2024, the Company repurchased 196,325 (unaudited) of its own ordinary shares through the Shenzhen Stock Exchange with an aggregate consideration of approximately RMB16,577,000 (unaudited) paid.

During the six months ended June 30, 2025, the Company repurchased 5,255,103 (unaudited) of its own ordinary shares through the Shenzhen Stock Exchange with an aggregate consideration of approximately RMB299,975,000 (unaudited) paid.

- (d) On April 19, 2022, a total of 2,648,000 restricted shares granted in the Incentive Plan 2018 met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB11,625,000 were derecognized.

On August 26, 2022, a total of 615,000 restricted shares granted in the Incentive Plan 2018 met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB3,173,000 were derecognized.

Pursuant to the approved restricted shares incentive plan in the year ended December 31, 2022 (the “**Incentive Plan 2022**”). On April 24, 2023, a total of 1,488,750 restricted shares granted in the Incentive Plan 2022 met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB119,547,000 were derecognized.

On 22 April 2024, a total of 1,508,750 restricted shares granted in the Incentive Plan 2022 met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB127,731,000 were derecognized.

On April 25, 2025, a total of 2,010,050 (unaudited) restricted shares granted in the Incentive Plan 2022 met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB159,417,000 (unaudited) were derecognized.

Pursuant to the approved restricted shares incentive plan in the year ended 31 December 2022 (the “**Incentive Plan 2023**”). On April 25, 2025, a total of 3,417,750 (unaudited) restricted shares granted in the Incentive Plan 2023 met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB271,062,000 (unaudited) were derecognized.

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39. SHARE-BASED EMPLOYEE COMPENSATIONS

(a) Share-based payment expenses during the Track Record Period were as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Share-based payment expenses	140,265	200,115	438,260	216,614	198,026

(b) Share Incentive Scheme

In recognition of the contributions of employees and to incentivize them to further promote the development of the Group, the Group’s subsidiaries had adopted a share incentive scheme (the “**Share Incentive Scheme**”), to award the partnership interest in the share incentive platforms to the scheme participants. Sungrow Renewables, Sungrow Electric Power, Sungrow Smart Maintenance, Sungrow FPV Sci., Sungrow Hydrogen, Taihe Intelligent have established share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners.

On December 30, 2020, Sungrow Renewables issued its paid-in capital amounted to RMB56,753,000 to incentive platforms and share incentive participants. The subscription price was RMB2.3 per RMB1 of registered capital, while the fair value assessed by a professional appraisal institution was RMB3.64 per RMB1 of paid-in capital.

On April 25, 2023, Sungrow Electric Power issued its paid-in capital amounted to RMB44,700,000 to incentive platforms and share incentive participants. The subscription price was RMB1 per RMB1 of registered capital, while the fair value assessed by a professional appraisal institution was RMB1.12 per RMB1 of paid-in capital.

On April 24, 2023, Sungrow Smart Maintenance issued its paid-in capital amounted to RMB430,000,000 to incentive platforms and share incentive participants. The subscription price was RMB3.30 per RMB1 of registered capital, while the fair value assessed by a professional appraisal institution was RMB5.34 per RMB1 of paid-in capital.

On October 27, 2023, Sungrow FPV Sci. issued its paid-in capital amounted to RMB324,000,000 to incentive platforms and share incentive participants. The subscription price was RMB2.30 per RMB1 of registered capital, while the fair value assessed by a professional appraisal institution was RMB3.22 per RMB1 of paid-in capital.

On October 28, 2023, Sungrow Hydrogen SCI issued its paid-in capital amounted to RMB45,388,000 to incentive platforms and share incentive participants. The subscription price was RMB2.00 per RMB1 of registered capital, while the fair value assessed by a professional appraisal institution was RMB1.20 per RMB1 of paid-in capital.

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These awards at the incentive platforms are granted in tranches over a specified service period. The number of restricted shares granted to the Group’s incentive participants is summarized as follows:

	Sungrow Renewable	Sungrow Electric Power	Sungrow Smart Maintenance	Sungrow FPV Sci.	Sungrow Hydrogen SCI	Taihe Intelligent
	'000	'000	'000	'000	'000	'000
As at January 1, 2022	246,753	—	—	—	—	—
Granted	5,600	—	—	—	—	—
Forfeited	(7,100)	—	—	—	—	—
As at December 31, 2022 and January 1, 2023	245,253	—	—	—	—	—
Granted	19,350	90,829	18,315	22,021	45,388	—
Forfeited	(19,100)	(740)	—	—	—	—
As at December 31, 2023 and January 1, 2024	245,503	90,089	18,315	22,021	45,388	—
Granted	5,750	18,710	210	3,510	2,416	—
Additions through acquisition of a subsidiary	—	—	—	—	—	1,890
Forfeited	(4,500)	(18,650)	(210)	(3,610)	(2,420)	—
As at December 31, 2024 and January 1, 2025	246,753	90,149	18,315	21,921	45,384	1,890
Granted (<i>unaudited</i>)	—	680	1,140	410	—	—
Forfeited (<i>unaudited</i>)	(1,000)	(360)	(1,140)	(410)	—	—
As at June 30, 2025 (<i>unaudited</i>)	245,753	90,469	18,315	21,921	45,384	1,890
As at January 1, 2024	245,503	90,089	18,315	22,021	45,388	—
Granted (<i>unaudited</i>)	5,250	15,730	210	—	—	—
Forfeited (<i>unaudited</i>)	(4,500)	(16,730)	(210)	—	—	—
As at June 30, 2024 (<i>unaudited</i>)	246,253	89,089	18,315	22,021	45,388	—

(c) Restricted Share Incentive Scheme

Restricted shares refer to the ordinary shares that participants could be subscribed upon the satisfaction of both the Group’s performance conditions and individual performance conditions under the Restricted A-share Scheme. Upon the satisfaction of the Group’s and individual’s performance conditions under the Restricted A-share Scheme, the participants of restricted shares have the right to subscribe ordinary shares.

- (i) Pursuant to the proposals such as “Proposal on the 2022 Restricted Share Incentive Plan (Draft) and its Summary of the Company” (the “**Incentive Plan 2022**”) approved at the 2022 first extraordinary general meeting of the Company on May 30, 2022, the Company completed the registration of the initial grant of 6,165,000 restricted share with vesting period to 467 incentive participants in May 2022 at a exercise price of RMB35.54 per share and the vesting periods for restricted shares granted are 1 year, 2 years, 3 years, and 4 years from the grant date. Pursuant to the Group’s performance appraisal and individual performance appraisal, 25%, 25%, 25% and 25% of the restricted shares will be vested respectively.

On April 24, 2023, the Company completed the grant of the reserved 320,000 restricted shares with vesting period to 30 incentive participants at an exercise price of RMB35.43 per share and the vesting periods for restricted shares granted are 1 year, 2 years and 3 years from the grant date. Pursuant to the Group’s performance appraisal and individual performance appraisal, 30%, 30% and 40% of the restricted shares will be vested respectively.

- (ii) Pursuant to the proposals such as “Proposal on the 2023 Restricted Share Incentive Plan (Draft) and its Summary of the Company” (the “**Incentive Plan 2023**”) approved at the 2023 first extraordinary general meeting of the Company on December 22, 2023, the Company completed the registration of the initial

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grant of 10,375,000 restricted share with vesting period to 518 incentive participants in December 2023 at a exercise price of RMB43.22 per share and the vesting periods for restricted shares granted are 1 year, 2 years, 3 years, and 4 years from the grant date. Pursuant to the Group’s performance appraisal and individual performance appraisal, 25%, 25%, 25% and 25% of the restricted shares will be vested respectively.

On September 30, 2024, the Company completed the grant of the reserved 1,575,000 restricted shares with vesting period to 73 incentive participants at an exercise price of RMB30.18 per share and the vesting periods for restricted shares granted are 1 year, 2 years, 3 years and 4 years from the grant date. Pursuant to the Group’s performance appraisal and individual performance appraisal, 25%, 25%, 25% and 25% of the restricted shares will be vested respectively.

- (iii) Pursuant to the proposals such as “Proposal on the 2025 Restricted Share Incentive Plan (Draft) and its Summary of the Company” (the “**Incentive Plan 2025**”) approved at the 2025 first extraordinary general meeting of the Company on March 18, 2025, the Company completed the registration of the initial grant of 9,105,000 restricted share with vesting period to 874 incentive participants in March 2025 at a exercise price of RMB35.27 per share. Pursuant to the Incentive Plan 2025, the vesting periods for restricted shares granted are 1 year, 2 years, 3 years, and 4 years from the grant date. Pursuant to the Group’s performance appraisal and individual performance appraisal, 25%, 25%, 25% and 25% of the restricted shares will be vested respectively.

Set out below are details of the movements of the outstanding number of the restricted shares under restricted share incentive scheme throughout the Track Record Period:

	As at December 31,			As at June 30,	As at June 30,
	2022	2023	2024	2024	2025
	'000	'000	'000	'000	'000
				(unaudited)	(unaudited)
As at the beginning of the year/period.	–	6,020	14,995	14,995	19,649
Conversion of capital reserve into share capital .	–	–	5,185	5,185	–
Granted	6,165	10,695	1,575	–	9,105
Vested	–	(1,489)	(1,509)	(1,509)	(5,428)
Forfeited	(145)	(231)	(597)	(174)	(404)
As at the end of the year/period	<u>6,020</u>	<u>14,995</u>	<u>19,649</u>	<u>18,497</u>	<u>22,922</u>
Exercisable at the end of the year/period	<u>1,505</u>	<u>1,530</u>	<u>5,930</u>	<u>1,403</u>	<u>2,044</u>

The fair value of the equity-settled equity incentive granted on the grant date is estimated using the Black-Scholes option pricing model, in combination with the terms and conditions of the equity incentive granted. The following table lists the significant inputs to the model used:

	Incentive Plan 2022	Incentive Plan 2023	Incentive Plan 2025
			(unaudited)
Share price (RMB)	76.32	83.01	68.78
Exercise price (RMB) (note)	35.54	43.22	35.27
Expected volatility	26.34%–30.38%	16.43%–24.74%	27.15%–35.73%
Expected life (Years)	4 years	4 years	4 years
Risk-free rate.	1.50%–2.75%	1.50%–2.75%	1.50%–2.75%

Note:

The exercise price of restricted stock may be adjusted in case of any allotments of shares payments of share dividends or other similar changes in the Company’s share capital.

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ACCOUNTANTS’ REPORT

40. RESERVE

The Group

During the Track Record Period, the amounts of the Group’s reserves and the changes therein are presented in the consolidated statements of changes in equity.

The Company

	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Special reserve	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022	1,485,216	(15,134)	7,074,552	–	–	716,643	5,654,320	14,915,597
Profit for the year	–	–	–	–	–	–	3,495,743	3,495,743
Other comprehensive income for the year	–	–	–	282	–	–	–	282
Total comprehensive income for the year	–	–	–	282	–	–	3,495,743	3,496,025
Appropriation of statutory reserve	–	–	–	–	–	349,574	(349,574)	–
Dividends declared (Note 12)	–	–	–	–	–	–	(163,370)	(163,370)
Revocable dividends attributable to restricted shareholders (Note 12)	–	–	–	–	–	–	(3)	(3)
Cancellation of shares under restricted shares incentive schemes	(25)	129	(101)	–	–	–	–	3
Repurchase of shares	–	(520,543)	–	–	–	–	–	(520,543)
Share-based payment expenses, net of tax	–	–	72,235	–	–	–	–	72,235
Release of shares under restricted shares incentive schemes	–	14,798	–	–	–	–	–	14,798
Provision of special reserve	–	–	–	–	291	–	–	291
Utilization of special reserve	–	–	–	–	(291)	–	–	(291)
As at December 31, 2022	<u>1,485,191</u>	<u>(520,750)</u>	<u>7,146,686</u>	<u>282</u>	<u>–</u>	<u>1,066,217</u>	<u>8,637,116</u>	<u>17,814,742</u>
As at January 1, 2023	1,485,191	(520,750)	7,146,686	282	–	1,066,217	8,637,116	17,814,742
Profit for the year	–	–	–	–	–	–	9,606,879	9,606,879
Other comprehensive loss for the year	–	–	–	(282)	–	–	–	(282)
Total comprehensive (loss)/income for the year	–	–	–	(282)	–	–	9,606,879	9,606,597
Dividends declared (Note 12)	–	–	–	–	–	–	(325,302)	(325,302)
Revocable dividends attributable to restricted shareholders (Note 12)	–	–	–	–	–	–	(13)	(13)
Cancellation of shares under restricted shares incentive schemes	(40)	206	(153)	–	–	–	–	13
Repurchase of shares	–	(980,071)	–	–	–	–	–	(980,071)
Share-based payment expenses, net of tax	–	–	126,307	–	–	–	–	126,307
Release of shares under restricted shares incentive schemes	–	119,547	(66,800)	–	–	–	–	52,747
Provision of special reserve	–	–	–	–	18,509	–	–	18,509
Utilization of special reserve	–	–	–	–	(7,206)	–	–	(7,206)
As at December 31, 2023	<u>1,485,151</u>	<u>(1,381,068)</u>	<u>7,206,040</u>	<u>–</u>	<u>11,303</u>	<u>1,066,217</u>	<u>17,918,680</u>	<u>26,306,323</u>

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	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Special reserve	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	1,485,151	(1,381,068)	7,206,040	–	11,303	1,066,217	17,918,680	26,306,323
Profit for the year	–	–	–	–	–	–	9,609,524	9,609,524
Total comprehensive income for the year	–	–	–	–	–	–	9,609,524	9,609,524
Conversion of capital reserve into share capital	588,060	–	(588,060)	–	–	–	–	–
Dividends declared (<i>Note 12</i>)	–	–	–	–	–	–	(1,418,696)	(1,418,696)
Repurchase of shares	–	(517,786)	–	–	–	–	–	(517,786)
Share-based payment expenses, net of tax	–	–	332,373	–	–	–	–	332,373
Release of shares under restricted shares incentive schemes	–	127,731	(74,608)	–	–	–	–	53,123
Provision of special reserve	–	–	–	–	23,771	–	–	23,771
Utilization of special reserve	–	–	–	–	(3,697)	–	–	(3,697)
As at December 31, 2024.	<u>2,073,211</u>	<u>(1,771,123)</u>	<u>6,875,745</u>	<u>–</u>	<u>31,377</u>	<u>1,066,217</u>	<u>26,109,508</u>	<u>34,384,935</u>
Six months ended 30 June 2024								
<i>(unaudited)</i>								
As at January 1, 2024	1,485,151	(1,381,068)	7,206,040	–	11,303	1,066,217	17,918,680	26,306,323
Profit for the period (<i>unaudited</i>)	–	–	–	–	–	–	3,577,616	3,577,616
Total comprehensive income for the period (<i>unaudited</i>)	–	–	–	–	–	–	3,577,616	3,577,616
Conversion of capital reserve into share capital (<i>unaudited</i>)	588,060	–	(588,060)	–	–	–	–	–
Dividends declared (<i>Note 12</i>) (<i>unaudited</i>)	–	–	–	–	–	–	(1,418,696)	(1,418,696)
Repurchase of shares (<i>unaudited</i>)	–	(16,577)	–	–	–	–	–	(16,577)
Share-based payment expenses, net of tax (<i>unaudited</i>).	–	–	148,646	–	–	–	–	148,646
Release of shares under restricted shares incentive schemes (<i>unaudited</i>)	–	127,731	(74,608)	–	–	–	–	53,123
Provision of special reserve (<i>unaudited</i>)	–	–	–	–	11,921	–	–	11,921
Utilization of special reserve (<i>unaudited</i>)	–	–	–	–	(2,377)	–	–	(2,377)
As at June 30, 2024 (<i>unaudited</i>)	<u>2,073,211</u>	<u>(1,269,914)</u>	<u>6,692,018</u>	<u>–</u>	<u>20,847</u>	<u>1,066,217</u>	<u>20,077,600</u>	<u>28,659,979</u>

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	Share capital	Treasury shares	Capital reserve	Other comprehensive income reserve	Special reserve	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2025	2,073,211	(1,771,123)	6,875,745	–	31,377	1,066,217	26,109,508	34,384,935
Profit for the period (<i>unaudited</i>)	–	–	–	–	–	–	4,945,594	4,945,594
Total comprehensive income for the period (<i>unaudited</i>)	–	–	–	–	–	–	4,945,594	4,945,594
Dividends declared (<i>Note 12</i>) (<i>unaudited</i>)	–	–	–	–	–	–	(2,216,727)	(2,216,727)
Repurchase of shares (<i>unaudited</i>)	–	(299,975)	–	–	–	–	–	(299,975)
Share-based payment expenses, net of tax (<i>unaudited</i>).	–	–	122,579	–	–	–	–	122,579
Release of shares under restricted shares incentive schemes (<i>unaudited</i>)	–	430,479	(278,165)	–	–	–	–	152,314
Provision of special reserve (<i>unaudited</i>)	–	–	–	–	13,380	–	–	13,380
Utilization of special reserve (<i>unaudited</i>)	–	–	–	–	(158)	–	–	(158)
As at June 30, 2025 (<i>unaudited</i>)	<u>2,073,211</u>	<u>(1,640,619)</u>	<u>6,720,159</u>	<u>–</u>	<u>44,599</u>	<u>1,066,217</u>	<u>28,838,375</u>	<u>37,101,942</u>

41. PLEDGED ASSETS

The Group

At the end of each reporting period, the Group’s certain assets have been pledged to secure notes payables, borrowings and banking facilities granted to the Group. The carrying amounts of the pledged assets of the Group at the end of each reporting period are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (<i>unaudited</i>)
Property, plant and equipment	1,722	984,851	1,128,768	814,642
Restricted bank deposits	1,864,509	1,763,595	2,082,212	1,959,493
Trade receivables	957,876	871,835	868,111	590,241
Financial assets at FVTOCI	721,517	71,405	15,047	–
Other receivables	23,968	–	–	–
	<u>3,569,592</u>	<u>3,691,686</u>	<u>4,094,138</u>	<u>3,364,376</u>

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42. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities during the Track Record Period are as follows:

	Bank Borrowings	Other Borrowings	Lease liabilities	Redemption liabilities	Dividends payable	Total
	RMB'000 Note 34	RMB'000 Note 34	RMB'000 Note 15(b)	RMB'000 Note 36	RMB'000	RMB'000
As at January 1, 2022	3,571,702	133,729	329,866	–	–	4,035,297
Cash flows	3,006,944	306,363	(139,571)	–	(163,373)	3,010,363
Interest expense	186,861	3,186	19,041	–	–	209,088
New leases, modification or termination	–	–	299,216	–	–	299,216
Dividends declared to the shareholders of the Company	–	–	–	–	163,373	163,373
Exchange realignment	(26,193)	–	–	–	–	(26,193)
Other non-cash movements (Note)	(426,770)	156,444	–	–	–	(270,326)
As at December 31, 2022 and January 1, 2023	6,312,544	599,722	508,552	–	–	7,420,818
Cash flows	3,020,830	1,448,214	(79,719)	–	(362,911)	4,026,414
Interest expense	268,082	18,008	32,847	–	–	318,937
New leases, modification or termination	–	–	(56,673)	–	–	(56,673)
Dividends declared to the shareholders of the Company and non-controlling interests	–	–	–	–	362,911	362,911
Exchange realignment	(11,106)	–	–	–	–	(11,106)
Other non-cash movements (Note)	(1,384,305)	(1,846,538)	–	–	–	(3,230,843)
As at December 31, 2023 and January 1, 2024	8,206,045	219,406	405,007	–	–	8,830,458
Cash flows	577,232	1,202,983	(100,670)	847,000	(1,418,696)	1,107,849
Interest expense	319,454	43,321	17,563	20,400	–	400,738
New leases, modification or termination	–	–	52,699	–	–	52,699
Dividends declared to the shareholders of the Company	–	–	–	–	1,418,696	1,418,696
Exchange realignment	(1,747)	–	–	–	–	(1,747)
Other non-cash movements (Note)	1,222,373	2,010,799	–	–	–	3,233,172
As at December 31, 2024 and January 1, 2025	10,323,357	3,476,509	374,599	867,400	–	15,041,865
Cash flows (unaudited)	414,692	(2,051,387)	(24,742)	(11,090)	(2,277,616)	(3,950,143)
Interest expense (unaudited)	116,791	45,406	22,223	12,601	–	197,021
New leases, modification or termination (unaudited)	–	–	(11,969)	–	–	(11,969)
Dividends declared to the shareholders of the Company and non-controlling interests (unaudited)	–	–	–	–	2,277,616	2,277,616
Other non-cash movements (unaudited) (Note)	(924,015)	792,481	–	–	–	(131,534)
As at June 30, 2025 (unaudited)	9,930,825	2,263,009	360,111	868,911	–	13,422,856

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	Bank Borrowings	Other Borrowings	Lease liabilities	Redemption liabilities	Dividends payable	Total
	RMB'000 Note 34	RMB'000 Note 34	RMB'000 Note 15(b)	RMB'000 Note 36	RMB'000	RMB'000
As at January 1, 2024	8,206,045	219,406	405,007	–	–	8,830,458
Cash flows (<i>unaudited</i>)	2,632,695	426,037	(51,398)	847,000	(1,418,696)	2,435,638
Interest expense (<i>unaudited</i>)	164,377	13,072	9,901	7,590	–	194,940
New leases, modification or termination (<i>unaudited</i>)	–	–	16,174	–	–	16,174
Dividends declared to the shareholders of the Company (<i>unaudited</i>)	–	–	–	–	1,418,696	1,418,696
Other non-cash movements (<i>unaudited</i>) (Note).	1,562,756	1,516,296	–	–	–	3,079,052
As at June 30, 2024 (<i>unaudited</i>)	<u>12,565,873</u>	<u>2,174,811</u>	<u>379,684</u>	<u>854,590</u>	<u>–</u>	<u>15,974,958</u>

Note:

- (a) The other non-cash movement included borrowings increase resulted from direct payments to suppliers and settlement by notes and borrowings decrease resulted from disposal of assets related to power station projects during the years/periods ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025.

43. BUSINESS COMBINATIONS

On 18 October 2024, the Group entered into a share transfer agreement with Xu Dahong (許大紅) the shareholder of Taihe Intelligent to acquire 10.24% of the equity interests of Taihe Intelligent in cash. The total consideration of this acquisition was approximately RMB450,557,000.00. As at June 30, 2025, the acquisition consideration has been paid by the Group.

Concurrently, Xu Dahong (許大紅) and his party in concert, Yang Yalin (楊亞琳), unconditionally and irrevocably waived the voting rights of their remaining 23.45% shares of Taihe Intelligent held after the transfer. Ge Suhui (葛蘇徽) and Wang Jincheng (王金誠) unconditionally and irrevocably entrusted their voting rights corresponding to the remaining 3.13% equity interest of Taihe Intelligent to the Group after the transfer. As a result, the Group holds 13.36% of the total voting rights in Taihe Intelligent, making the Group the holder with largest voting rights, while the remaining voting highly dispersed by a large number of minority shareholders. On December 18, 2024, Taihe Intelligent convened its Fifth Extraordinary General Meeting of 2024, completing the restructuring of its Board of Directors. The Group appointed 6 out of the 7 seats on the Board of Directors of Taihe Intelligent, and Taihe Intelligent announced on the Shanghai Stock Exchange that the Company has become controlling shareholder.

From December 18, 2024 to December 31, 2024, Taihe Intelligent contributed revenue of Nil and net profit of Nil of the Group, respectively. During the year ended December 31, 2024, Taihe Intelligent contributed revenue of approximately RMB534,565,000 and net profit of approximately RMB20,319,000, respectively, had the acquisition been completed as at January 1, 2024.

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The fair value of acquired assets and liabilities at the acquisition date were as follows:

	As at December 18, 2024
	<i>RMB'000</i>
Assets acquired and liabilities recognized at the date of acquisition	
Cash and cash equivalents	250,523
Financial assets at FVTPL	361,494
Trade and notes receivables	164,070
Financial assets at FVTOCI	5,945
Inventories	169,688
Contract assets	8,848
Prepayments, other receivables and other assets	29,380
Property, plant and equipment	478,230
Right-of-use assets	194,017
Intangible assets	76,940
Investment properties	88,337
Investments in associates	11,561
Deferred tax assets	28,276
Trade and notes payables	(131,731)
Contract liabilities	(53,346)
Income tax payable	(1,414)
Other payables and accruals	(139,310)
Provisions	(1,967)
Deferred tax liabilities	(37,469)
Net identifiable assets acquired	<u>1,502,072</u>
Goodwill arising on acquisition:	
Consideration transferred	450,557
Plus: non-controlling interests	1,348,493
Less: fair value of net assets acquired	<u>(1,502,072)</u>
Goodwill arising on acquisition (<i>Note 21</i>)	<u>296,978</u>

	Year ended December 31, 2024
	<i>RMB'000</i>
Net cash outflow arising from acquisition	
Cash consideration	450,557
Less: cash and cash equivalents balances acquired	(250,523)
Less: consideration payable outstanding at December 31, 2024	<u>(45,056)</u>
Net cash outflow arising from the acquisition	<u>154,978</u>

Xu Dahong (許大紅), the former ultimate controlling party of Taihe Intelligent, has made a performance commitment on the net profit of Taihe Intelligent in the performance commitment period of 2024, 2025 and 2026. He guaranteed that the net profit achieved through the existing business during the performance commitment period will not be less than RMB20,000,000 per year.

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44. COMMITMENTS

At the end of each year/period for the reporting period, the Group’s capital commitments contracted but not provided for in the Historical Financial Information and the Stub Period Financial Information were as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
– Property, plant and equipment . . .	928,325	1,596,398	1,653,041	1,466,987
– Subscribed capital contribution . .	970,763	751,995	739,513	768,842
	<u>1,899,088</u>	<u>2,348,393</u>	<u>2,392,554</u>	<u>2,235,829</u>

45. RELATED PARTY TRANSACTIONS

Saved as disclosed in elsewhere to the Historical Financial Information and the Stub Period Financial Information, the Group entered into the following related party transactions during the Track Record Period.

(a) Relationships with related parties

Name of related party	Relationship with the Group
Renzhuo Intelligent Technology Co., Ltd. (仁卓智能科技有限公司)	Hefei Renchuang Phase II Equity Investment LLP is the controlling shareholder of Renzhuo Intelligent Technology Co., Ltd.
Hefei Blue Point Digital Power Co., Ltd. (合肥藍點數字電源有限公司) . .	Hefei Renchuang Phase II Equity Investment LLP is the controlling shareholder of Hefei Blue Point Digital Power Co., Ltd.
Hefei Lingshang Technology Co., Ltd. (合肥零熵科技有限公司)	Hefei Renchuang Phase II Equity Investment LLP is the controlling shareholder of Hefei Lingshang Technology Co., Ltd.
AIGROW (Hangzhou) Technology Co., Ltd. (簡愛數智(杭州)科技有限公司).	Hefei Renchuang Phase II Equity Investment LLP is the controlling shareholder of AIGROW (Hangzhou) Technology Co., Ltd.
Nanjing Guangxian Technology Co., Ltd. (南京光獻科技有限公司)	Hefei Renchuang Phase II Equity Investment LLP is the controlling shareholder of Nanjing Guangxian Technology Co., Ltd.
Renjie Intelligent Technology Co., Ltd. (仁潔智能科技有限公司)	Hefei Renchuang Investment Management Center LLP is the largest shareholder of Renjie Intelligent Technology Co., Ltd.
Mr. Renxian Cao, chairman of the Company, holds 99.9975% shares of Hefei Renchuang Phase II Equity Investment LLP and 98.6562% shares of Hefei Renchuang Investment Management Center LLP as a limited partner.	
Zhejiang Shangfeng Sungrow New Energy Co., Ltd. (浙江上峰陽光新能源有限公司)	Associate of Sungrow Renewables
Suixi Xinfeng New Energy Co., Ltd. (濰溪縣鑫風新能源有限公司)	Associate of Sungrow Renewables

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Name of related party	Relationship with the Group
Guangdong Suikai Hengyang New Energy Co., Ltd. (廣東穗開恒陽新能源有限公司)	Associate of Sungrow Renewables
Anhui ZeroChange Renewable Power Co., Ltd. (安徽眾啟新能源有限公司)	Associate of Sungrow Renewables
Changde Lingyang New Energy Co., Ltd.(常德凌陽新能源有限公司)	Associate of Sungrow Renewables
Hefei Tanrui Technology Co., Ltd. (合肥碳睿科技有限公司)	Associate of the Company

(b) Transactions with related parties

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Sales transactions					
Guangdong Suikai Hengyang New Energy Co., Ltd. (Note (a))	—	237,487	308,486	60,220	230,162
Changde Lingyang New Energy Co., Ltd.	—	39,636	452,298	146,384	56,876
Anhui ZeroChange Renewable Power Co., Ltd.	18,102	188,753	136,075	38,148	53,965
Renjie Intelligent Technology Co., Ltd.	13,376	4,187	8,495	1,919	4,081
Renzhuo Intelligent Technology Co., Ltd.	315	617	1,924	1,305	2,305
Zhejiang Shangfeng New Energy Co., Ltd.	75	14,508	1,368	—	1,007
Hefei Lingshang Technology Co., Ltd. (Note (b))	—	—	883	703	716
Hefei Blue Point Digital Power Co., Ltd.	—	3,378	5,991	4,344	546
Nanjing Guangxian Technology Co., Ltd. (Note (b)).	—	—	966	—	488
AIGROW (Hangzhou) Technology Co., Ltd. (Note (b)).	—	—	—	—	8
Suixi Xinfeng New Energy Co., Ltd. (Note (a))	—	5,347	—	—	—
Hefei Tanrui Technology Co., Ltd. (Note (b))	—	—	4	—	—
	<u>31,868</u>	<u>493,913</u>	<u>916,490</u>	<u>253,023</u>	<u>350,154</u>

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	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Procurement transactions					
Renzhuo Intelligent Technology Co., Ltd. . . .	106,794	265,995	133,822	79,438	26,454
Hefei Blue Point Digital Power Co., Ltd.	–	49,271	70,719	17,443	17,781
Hefei Lingshang Technology Co., Ltd.	–	–	213	–	663
Nanjing Guangxian Technology Co., Ltd. . . .	–	–	–	–	586
Hefei Tanrui Technology Co., Ltd.	–	–	–	–	386
AIGROW (Hangzhou) Technology Co., Ltd. . . .	–	–	481	–	261
Renjie Intelligent Technology Co., Ltd. . . .	1,724	6,366	1,438	882	57
	<u>108,518</u>	<u>321,632</u>	<u>206,673</u>	<u>97,763</u>	<u>46,188</u>
Lease expenses					
Renjie Intelligent Technology Co., Ltd. . . .	<u>248</u>	<u>605</u>	<u>–</u>	<u>–</u>	<u>–</u>
Rental income					
Hefei Lingshang Technology Co., Ltd.	–	–	1,034	–	1,811
Hefei Blue Point Digital Power Co., Ltd.	–	278	387	268	1,438
Renzhuo Intelligent Technology Co., Ltd. . . .	–	–	3,342	–	740
Nanjing Guangxian Technology Co., Ltd. . . .	–	–	331	–	375
AIGROW (Hangzhou) Technology Co., Ltd. . . .	–	–	–	–	56
Renjie Intelligent Technology Co., Ltd. . . .	–	–	106	–	–
Hefei Tanrui Technology Co., Ltd.	<u>–</u>	<u>–</u>	<u>36</u>	<u>5</u>	<u>–</u>
	<u>–</u>	<u>278</u>	<u>5,236</u>	<u>273</u>	<u>4,420</u>

(c) **Balances with related parties**

	As at December 31,			As at June 30,	
	2022	2023	2024	2025	
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	
Trade and notes receivables					
Guangdong Suikai Hengyang New Energy Co., Ltd.	–	50,832	101,522	117,520	
Anhui ZeroChange Renewable Power Co., Ltd.	3,859	236,214	101,694	102,616	
Changde Lingyang New Energy Co., Ltd.	–	–	21,474	41,843	

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	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Suixi Xinfeng New Energy Co., Ltd.	—	8,284	7,848	6,104
Renzhuo Intelligent Technology Co., Ltd.	333	673	3,302	5,607
Hefei Blue Point Digital Power Co., Ltd.	—	267	4,750	5,025
Renjie Intelligent Technology Co., Ltd.	24,801	9,974	5,047	3,822
Hefei Lingshang Technology Co., Ltd.	—	—	175	2,192
Zhejiang Shangfeng New Energy Co., Ltd.	—	2,304	2,979	733
Nanjing Guangxian Technology Co., Ltd.	—	—	149	532
AIGROW (Hangzhou) Technology Co., Ltd.	—	—	—	8
Hefei Tanrui Technology Co., Ltd.	—	—	11	—
	<u>28,993</u>	<u>308,548</u>	<u>248,951</u>	<u>286,002</u>
Prepayments, other receivables and other assets				
Anhui ZeroChange Renewable Power Co., Ltd.	—	—	6,299	3,560
Hefei Blue Point Digital Power Co., Ltd.	—	870	208	1,398
Zhejiang Shangfeng New Energy Co., Ltd.	—	—	95	95
Guangdong Suikai Hengyang New Energy Co., Ltd.	—	181	—	—
Renzhuo Intelligent Technology Co., Ltd.	958	2,646	—	—
	<u>958</u>	<u>3,697</u>	<u>6,602</u>	<u>5,053</u>

Note: As of June 30, 2025, the amounts due from related parties were all in trade nature.

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Trade and notes payables				
Renzhuo Intelligent Technology Co., Ltd.	29,332	53,605	55,980	23,900
Hefei Blue Point Digital Power Co., Ltd.	—	9,746	26,541	1,312
Hefei Lingshang Technology Co., Ltd.	—	—	231	663
Renjie Intelligent Technology Co., Ltd.	969	79	305	12
	<u>30,301</u>	<u>63,430</u>	<u>83,057</u>	<u>25,887</u>

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	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Contract liabilities				
Anhui ZeroChange Renewable Power Co., Ltd.	2,349	24,441	78	11,443
Guangdong Suikai Hengyang New Energy Co., Ltd.	–	5,405	2,796	2,498
Hefei Blue Point Digital Power Co., Ltd.	–	–	159	–
Zhejiang Shangfeng New Energy Co., Ltd.	–	–	61	–
Changde Lingyang New Energy Co., Ltd.	–	50,782	–	–
Renzhuo Intelligent Technology Co., Ltd.	–	198	–	–
	<u>2,349</u>	<u>80,826</u>	<u>3,094</u>	<u>13,941</u>
Other payables and accruals				
Renzhuo Intelligent Technology Co., Ltd.	–	–	80	626
Hefei Lingshang Technology Co., Ltd.	–	–	231	231
Nanjing Guangxian Technology Co., Ltd.	–	–	102	102
Anhui ZeroChange Renewable Power Co., Ltd.	–	5,000	–	–
Renjie Intelligent Technology Co., Ltd.	4	850	–	–
	<u>4</u>	<u>5,850</u>	<u>413</u>	<u>959</u>

Notes:

- (a) The company became an associate of Sungrow Renewables in 2023.
- (b) The company was incorporated in 2023.

(d) Compensation of key management personnel of the Group

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)
Fees	240	247	240	120	120
Salaries, allowances, discretionary bonuses and benefits in kind	51,419	63,327	67,356	8,150	8,486
Retirement scheme contributions	547	595	612	311	326
Share-based payment expenses	<u>14,272</u>	<u>15,457</u>	<u>39,157</u>	<u>17,610</u>	<u>14,970</u>
Total compensation paid to key management personnel	<u>66,478</u>	<u>79,626</u>	<u>107,365</u>	<u>26,191</u>	<u>23,902</u>

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46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each financial instrument as at the end of each year/period for the reporting periods are as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Financial assets				
<u>Financial assets at amortized cost</u>				
– Trade and notes receivables	15,297,080	22,165,400	28,826,041	29,423,699
– Other receivables (excluding tax refund)	1,034,600	1,405,340	1,759,261	1,817,260
– Restricted bank deposits	1,864,509	1,763,595	2,082,212	1,959,493
– Cash and cash equivalents	9,802,093	16,267,022	17,717,234	17,910,515
<u>Financial assets at FVTPL</u>				
– Bank WMPs and structured deposits	899,454	1,694,168	9,829,664	7,510,933
– Unlisted equity instruments	894,718	877,367	1,150,372	1,348,426
– Forward exchange contracts	–	531	–	–
<u>Financial assets at FVTOCI</u>				
– Notes receivables measured at FVTOCI	1,038,041	772,690	1,167,009	3,621,694
– Transferable large denomination certificates of deposits	–	–	190,319	195,920
	<u>30,830,495</u>	<u>44,946,113</u>	<u>62,722,112</u>	<u>63,787,940</u>
Financial liabilities				
<u>Financial liabilities measured at amortised cost</u>				
– Trade and notes payables	25,925,989	28,485,916	36,757,158	35,861,890
– Other payables and accruals (excluding payroll and welfare payables, other tax payables, deferred income and deposits from energy storage service systems projects)	1,757,377	2,309,715	2,437,783	2,727,114
– Borrowings	6,912,266	8,425,451	13,799,866	12,193,834
– Lease liabilities	508,552	405,007	374,599	360,111
– Redemption liabilities	–	–	867,400	868,911
<u>Financial liabilities at FVTPL</u>				
– Forward exchange contracts	51,920	–	–	274
– Liabilities arising from a forward share purchase agreement	–	–	408,604	408,604
– Redemption liabilities to other investors of structured entities	39,610	39,610	41,846	40,937
– Derivative financial instruments	1,028	–	–	–
	<u>35,196,742</u>	<u>39,665,699</u>	<u>54,687,256</u>	<u>52,461,675</u>

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47. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3: significant unobservable inputs for the asset or liability.

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

The table below analyses the Group’s financial instruments carried at fair value as at December 31, 2022, 2023, 2024 and June 30, 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

(a) Fair value hierarchy

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the financial instruments measured at fair value on a recurring basis by the above three levels were analyzed below:

	Level 1	Level 2	Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2022				
Financial assets				
<u>Financial assets at FVTPL</u>				
– Bank WMPs and structured deposits	–	899,454	–	899,454
– Unlisted equity investments	–	–	894,718	894,718
<u>Financial assets at FVTOCI</u>				
– Notes receivables measured at FVTOCI	–	–	1,038,041	1,038,041
	–	899,454	1,932,759	2,832,213
Financial liabilities				
<u>Financial liabilities at FVTPL</u>				
– Forward exchange contracts	–	51,920	–	51,920
– Derivative financial instruments	–	1,028	–	1,028
– Redemption liabilities to other investors of structured entities	–	–	39,610	39,610
	–	52,948	39,610	92,558

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	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023				
Financial assets				
<u>Financial assets at FVTPL</u>				
– Bank WMPs and structured deposits	–	1,694,168	–	1,694,168
– Unlisted equity investments	–	–	877,367	877,367
– Forward exchange contracts	–	531	–	531
<u>Financial assets at FVTOCI</u>				
– Notes receivables measured at FVTOCI	–	–	772,690	772,690
	–	1,694,699	1,650,057	3,344,756
Financial liabilities				
<u>Financial liabilities at FVTPL</u>				
– Redemption liabilities to other investors of structured entities	–	–	39,610	39,610
As at December 31, 2024				
Financial assets				
<u>Financial assets at FVTPL</u>				
– Bank WMPs and structured deposits	–	9,829,664	–	9,829,664
– Unlisted equity investments	–	–	1,150,372	1,150,372
<u>Financial assets at FVTOCI</u>				
– Notes receivables measured at FVTOCI	–	–	1,167,009	1,167,009
– Transferable large denomination certificates of deposit	–	190,319	–	190,319
	–	10,019,983	2,317,381	12,337,364
Financial liabilities				
<u>Financial liabilities at FVTPL</u>				
– Liabilities arising from a forward share purchase agreement	–	–	408,604	408,604
– Redemption liabilities to other investors of structured entities	–	–	41,846	41,846
	–	–	450,450	450,450
As at June 30, 2025 (unaudited)				
Financial assets				
<u>Financial assets at FVTPL</u>				
– Bank WMPs and structured deposits (unaudited)	–	7,510,933	–	7,510,933
– Unlisted equity investments (unaudited)	–	–	1,348,426	1,348,426
<u>Financial assets at FVTOCI</u>				
– Notes receivables measured at FVTOCI (unaudited)	–	–	3,621,694	3,621,694
– Transferable large denomination certificates of deposit (unaudited)	–	195,920	–	195,920
	–	7,706,853	4,970,120	12,676,973

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	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
<u>Financial liabilities at FVTPL</u>				
– Liabilities arising from a forward share purchase agreement (unaudited).	–	–	408,604	408,604
– Redemption liabilities to other investors of structured entities (unaudited).	–	–	40,937	40,937
– Forward exchange contracts (unaudited).	–	274	–	274
	–	274	449,541	449,815

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly discounted cash flow approach and market approach. The inputs of the valuation technique mainly include expected rate of return, net assets value, recent transaction price and discount rate.

Assets and liabilities subject to Level 2 fair value measurement were mainly included bank wealth management products, structured deposits, forward exchange contracts and transferable large denomination certificates of deposits. These assets are valued using valuation techniques to determine its fair value. The valuation techniques and key input information of fair value measurements as at December 31, 2022, 2023, 2024 and June 30, 2025 for Level 2 is as follows:

	Fair value hierarchy	As at December 31,			As at June 30,	Valuation technique and key input(s)
		2022	2023	2024	2025	
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	
– Bank WMPs and structured deposits.	Level 2	899,454	1,694,168	9,829,664	7,510,933	Quoted value from banks and financial institutions based on expected return with reference to underlying investment
– Forward exchange contracts	Level 2	51,920	531	–	274	Discounted cash flow based on the contracted exchange rate and the forward rate
– Transferable large denomination certificates of deposits.	Level 2	–	–	190,319	195,920	Quoted value from banks and financial institutions based on expected return with reference to underlying investment
– Derivative financial instruments.	Level 2	1,028	–	–	–	Discounted cash flow based on the contracted exchange rate and the forward rate

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During the Track Record Period, there was no transfer between Level 1 and Level 2 and between Level 2 and Level 3.

The quantitative information of fair value measurements as at December 31, 2022, 2023, 2024 and June 30, 2025 for Level 3 is as follows:

	Fair value hierarchy	As at December 31,			As at June 30,	Valuation technique and key input(s)	Impact of significant unobservable input(s)
		2022	2023	2024	2025		
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)		
Financial assets at FVTPL							
– Unlisted equity investments	Level 3	690,083	596,756	714,015	876,239	Net assets value (Note (a))	N/A
		204,635	280,611	436,357	472,187	Recent transaction price (Note (b))	N/A
Financial assets at FVTOCI							
– Notes receivables measured at FVTOCI	Level 3	1,038,041	772,690	1,167,009	3,621,694	Discount rate	(Note (c))
Financial liabilities at FVTPL							
– Liabilities arising from a forward share purchase agreement .	Level 3	–	–	408,604	408,604	Option model based on expected volatility	(Note (c))
– Redemption liabilities to other investors of structured entities . .	Level 3	39,610	39,610	41,846	40,937	Net assets value (Note (a))	N/A

Notes:

- (a) The Group determines the fair value as at the reporting date based on the reported net asset values.
- (b) The Group determines the fair value based on recent transaction price.
- (c) For the years ended December 31, 2022, 2023, 2024, and the six months ended June 30 2025, fair value changes arose from notes receivables measured at FVTOCI and liabilities arising from a forward share purchase agreement were insignificant. The Group consider that any reasonable changes in the significant unobservable inputs would not result in a significant change in the Group’s results. Accordingly, no quantitative information is presented.

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48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial instruments of the Group mainly comprise cash and cash equivalents, restricted bank deposits, trade receivables and other receivables, the main purpose of which is to support for the operations of the Group. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The risks of the Group’s financial instruments are mainly arising from foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. The Group review and agree policies for managing each of these risks and they are summarized below.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at December 31, 2022, 2023, and 2024 and June 30, 2025, the Group’s major monetary assets and liabilities exposed to foreign currency risk are listed below:

	USD	EUR
	RMB’000	RMB’000
As at December 31, 2022		
Assets	9,221,507	3,221,689
Liabilities	1,089,122	323,585
Net exposure	8,132,385	2,898,104
As at December 31, 2023		
Assets	4,719,198	1,481,642
Liabilities	406,507	244,737
Net exposure	4,312,691	1,236,905
As at December 31, 2024		
Assets	8,676,672	1,573,964
Liabilities	491,765	95,170
Net exposure	8,184,907	1,478,794
As at June 30, 2025 (unaudited)		
Assets (unaudited).	9,536,293	2,984,380
Liabilities (unaudited)	792,659	69,018
Net exposure (unaudited)	8,743,634	2,915,362

Sensitivity analysis

As shown in the table above, the Group is primarily exposed to changes in USD and EUR exchange rates. The sensitivity of profit before income tax to changes in the exchange rates arising from USD and EUR denominated financial instruments is as below:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
USD exchange rate				
– Increase 5%	406,619	215,635	409,245	437,182
– Decrease 5%	(406,619)	(215,635)	(409,245)	(437,182)
EUR exchange rate				
– Increase 5%	144,905	61,845	73,940	145,768
– Decrease 5%	(144,905)	(61,845)	(73,940)	(145,768)

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Price risk

The Group is exposed to price risk in respect of financial assets at FVTPL and financial liabilities at FVTPL, which mainly include bank WMPs and structured deposits, unlisted equity investments at FVTPL, forward exchange contracts, transferable large denomination certificates of deposits, liabilities arising from a forward share purchase agreement and redemption liabilities to other investors of structured entities. The Group is not exposed to commodity price risk.

Interest rate risk

The Group’s interest rate risk primarily arises from interest-bearing borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates, and lease liabilities bearing fixed rates expose the Group to fair value interest rate risk.

The Group has been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Group.

The following tables list out the interest rate profiles of the Group’s variables interest-bearing financial instruments as at December 31, 2022, 2023 and 2024 and June 30, 2025:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Floating rate instruments				
– Borrowings	4,239,820	5,701,650	6,469,145	6,462,236

If interest rates of floating rate instruments had been 100 basis points higher/lower with all other variables held constant, the profit before income tax would be lower/higher approximately RMB42,398,000 RMB57,017,000 RMB64,691,000 and RMB32,311,000 (unaudited) for the years ended at December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, respectively.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group’s exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group’s maximum exposure to credit risk is represented by cash and cash equivalents, restricted bank deposits, trade receivables, notes receivables at amortized cost and at FVTOCI, other receivables and contract assets, as disclosed in Note 48 to the Historical Financial Information. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

As at December 31, 2022, 2023, and 2024 and June 30, 2025, The Group have no credit risk other than financial assets whose carrying amounts best represent the maximum exposure to credit risk.

(a) Cash and cash equivalents and restricted bank deposits

To manage risk arising from cash and cash equivalents and restricted cash, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. Cash and cash equivalents, time deposits and restricted bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

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(b) Trade receivables, long-term trade receivables, notes receivables at amortized cost and at FVTOCI and contract assets

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected for all trade receivables, long-term trade receivables, notes receivables and contract assets. To measure the expected credit losses, trade receivables, long-term trade receivables, notes receivables and contract assets have been grouped based on shared credit risk characteristics and aging.

The expected loss rates are based on the credit rating of counter parties and the payment profiles of sales and probability of default of counter parties on an ongoing basis throughout each year/period for the Track Record Period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product, inflation rates, and unemployment rates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Individually impaired trade receivables, long-term trade receivables, notes receivables and contract assets are related to customers who are experiencing unexpected economic difficulties. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and has recognized impairment losses.

The Group’s trade receivables and contract assets as described in Note 24 and Note 25 mainly represented receivables received from the sales of products to customers.

Trade receivables

Except for receivables assessed for credit risk on an individual basis, the Group groups its receivables into different portfolios based on common credit risk characteristics as below:

Group 1: trade receivables from customers except for intelligent detection and sorting, and intelligent packaging operation

Group 2: trade receivables from intelligent detection and sorting, and intelligent packaging operations

As at December 31, 2022, 2023, and 2024 and June 30, 2025, the allowance for impairment for the trade receivables were determined as follows:

	Gross carrying amount	Allowance for impairment	Average expected loss rate
	RMB'000	RMB'000	
As at December 31, 2022			
Assessed based on group 1	15,008,047	(1,205,508)	8.03%
Assessed individually	162,561	(161,060)	99.08%
	<u>15,170,608</u>	<u>(1,366,568)</u>	<u>9.01%</u>
As at December 31, 2023			
Assessed based on group 1	22,852,337	(1,754,828)	7.68%
Assessed individually	246,710	(246,710)	100.00%
	<u>23,099,047</u>	<u>(2,001,538)</u>	<u>8.67%</u>
As at December 31, 2024			
Assessed based on group 1	30,138,273	(2,662,624)	8.83%
Assessed based on group 2	219,809	(55,879)	25.42%
Assessed individually	165,315	(164,658)	99.60%
	<u>30,523,397</u>	<u>(2,883,161)</u>	<u>9.45%</u>
As at June 30, 2025 (unaudited)			
Assessed based on group 1 (unaudited) . . .	30,265,838	(2,952,083)	9.75%
Assessed based on group 2 (unaudited) . . .	243,138	(58,378)	24.01%
Assessed individually (unaudited)	89,872	(89,215)	99.27%
	<u>30,598,848</u>	<u>(3,099,676)</u>	<u>10.13%</u>

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Long-term trade receivables

As at December 31, 2022, 2023, and 2024 and June 30, 2025, the allowance for impairment for the long-term trade receivables were determined as follows:

	Gross carrying amount	Allowance for impairment	Average expected loss rate
	RMB'000	RMB'000	
As at December 31, 2022			
Long-term trade receivables	409,000	(2,827)	0.69%
As at December 31, 2023			
Long-term trade receivables	377,000	(2,831)	0.75%
As at December 31, 2024			
Long-term trade receivables	343,000	(2,829)	0.82%
As at June 30, 2025 (unaudited)			
Long-term trade receivables (unaudited) . .	324,994	(2,829)	0.87%

Notes receivables

The Group measured provisions for impairment of notes receivables based on the lifetime ECL and assessed that there was no significant credit risk associated with its bank acceptance notes issued by large-size banks as the Group did not expect that there would be any significant losses from non-performance by these reputable banks. For the commercial acceptance notes, which are usually settled within 6 months to 1 year from the respective issuance date. As at December 31, 2022, 2023, and 2024 and June 30, 2025, the allowance for impairment for the notes receivables were determined as follows:

	Gross carrying amount	Allowance for impairment	Average expected loss rate
	RMB'000	RMB'000	
As at December 31, 2022			
Commercial acceptance notes	30,507	(1,525)	5.00%
As at December 31, 2023			
Commercial acceptance notes	61,129	(4,413)	7.22%
As at December 31, 2024			
Commercial acceptance notes	70,647	(5,391)	7.63%
As at June 30, 2025 (unaudited)			
Commercial acceptance notes (unaudited) .	187,252	(9,751)	5.21%

Contract assets

For contract assets, the Group measures the loss provision based on the lifetime ECL regardless of whether there exists a significant financing component. Except for contract assets assessed for credit risk on an individual basis, the Group groups its contract assets into different portfolios based on common credit risk characteristics as below:

Group 1: work-in-progress assets unbilled

Group 2: retention receivables under retention period

Set out below is the information about credit risk exposure on the Group’s contract assets:

	Gross carrying amount	Allowance for impairment	Average expected loss rate
	RMB'000	RMB'000	
As at December 31, 2022			
Assessed based on group 1	1,278,517	(63,925)	5.00%
Assessed based on group 2	613,710	(33,438)	5.45%
	1,892,227	(97,363)	5.15%

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	Gross carrying amount	Allowance for impairment	Average expected loss rate
	RMB'000	RMB'000	
As at December 31, 2023			
Assessed based on group 1	684,421	(34,221)	5.00%
Assessed based on group 2	2,131,321	(125,163)	5.87%
	<u>2,815,742</u>	<u>(159,384)</u>	<u>5.66%</u>
As at December 31, 2024			
Assessed based on group 1	917,455	(45,873)	5.00%
Assessed based on group 2	2,428,060	(192,400)	7.92%
Assessed individually	5,880	(5,880)	100.00%
	<u>3,351,395</u>	<u>(244,153)</u>	<u>7.29%</u>
As at June 30, 2025 (unaudited)			
Assessed based on group 1 (unaudited) . . .	1,066,337	(53,317)	5.00%
Assessed based on group 2 (unaudited) . . .	2,751,933	(267,905)	9.74%
Assessed individually (unaudited)	15,173	(15,173)	100.00%
	<u>3,833,443</u>	<u>(336,395)</u>	<u>8.78%</u>

(c) **Other receivables**

Over the term of other receivables, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. To assess whether there is a significant increase in credit risk in other receivables, the Group compares the risk of a default occurring on the financial assets at the end of each year/period for the Track Record Period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available).
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty’s ability to meet its obligations.
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behavior of the counterparty, including changes in the payment status of the counterparty.

Based on historical experiences and consideration of forward-looking information, other receivables from related parties were settled within 12 months after upon maturity hence the ECL is minimal. The impairment on other receivables as stated in Note 26 to the Historical Financial Information were accounted as amortized cost is measured as either 12-month ECL or lifetime ECL. On such basis, the following table sets forth the impairment for other receivables as at December 31, 2022, 2023 and 2024 and June 30, 2025:

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
As at December 31, 2022				
Expected loss rate	10.07%	—	100.00%	10.30%
Gross carrying amount (RMB'000).	<u>1,303,100</u>	<u>—</u>	<u>3,200</u>	<u>1,306,300</u>
Allowance for impairment (RMB'000).	<u>(131,286)</u>	<u>—</u>	<u>(3,200)</u>	<u>(134,486)</u>
As at December 31, 2023				
Expected loss rate	14.73%	—	100.00%	15.02%
Gross carrying amount (RMB'000).	<u>1,652,268</u>	<u>—</u>	<u>5,643</u>	<u>1,657,911</u>

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	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Allowance for impairment (RMB’000).	(243,395)	—	(5,643)	(249,038)
As at December 31, 2024				
Expected loss rate	18.62%	—	100.00%	18.71%
Gross carrying amount (RMB’000).	2,163,426	—	2,443	2,165,869
Allowance for impairment (RMB’000).	(402,739)	—	(2,443)	(405,182)
As at June 30, 2025 <i>(unaudited)</i>				
Expected loss rate <i>(unaudited)</i>	17.68%	—	100.00%	17.77%
Gross carrying amount (RMB’000) <i>(unaudited)</i> . . .	2,207,763	—	2,216	2,209,979
Allowance for impairment (RMB’000) <i>(unaudited)</i> . . .	(390,441)	—	(2,216)	(392,657)

Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such. The table below analyses the Group’s financial liabilities by relevant maturity groupings based on the remaining period since the end of each year/period for the Track Record Period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows amount of the financial liabilities to be delivered.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2022					
Trade and notes payables	25,925,989	—	—	—	25,925,989
Other payables and accruals (excluding payroll and welfare payables, other tax payables and deferred income)	1,757,377	—	—	—	1,757,377
Borrowings	2,306,014	1,781,608	2,402,323	944,749	7,434,694
Lease liabilities	89,858	67,260	117,872	486,711	761,701
Financial liabilities at FVTPL . .	91,530	—	—	—	91,530
Derivative financial instruments.	1,028	—	—	—	1,028
	<u>30,171,796</u>	<u>1,848,868</u>	<u>2,520,195</u>	<u>1,431,460</u>	<u>35,972,319</u>
As at December 31, 2023					
Trade and notes payables	28,485,916	—	—	—	28,485,916
Other payables and accruals (excluding payroll and welfare payables, other tax payables and deferred income)	2,309,715	—	—	—	2,309,715
Borrowings	4,208,085	2,120,371	1,018,227	1,717,198	9,063,881
Lease liabilities	103,489	53,378	120,812	283,393	561,072
Financial liabilities at FVTPL . .	39,610	—	—	—	39,610
	<u>35,146,815</u>	<u>2,173,749</u>	<u>1,139,039</u>	<u>2,000,591</u>	<u>40,460,194</u>

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ACCOUNTANTS’ REPORT

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2024					
Trade and notes payables	36,757,158	–	–	–	36,757,158
Other payables and accruals (excluding payroll and welfare payables, other tax payables, deferred income and deposits from energy storage service systems projects).	2,433,029	–	4,754	–	2,437,783
Borrowings	6,404,695	2,768,951	1,820,622	4,274,811	15,269,079
Lease liabilities	79,623	63,671	123,501	222,522	489,317
Redemption liabilities	–	–	923,230	–	923,230
Financial liabilities at FVTPL	–	408,604	41,846	–	450,450
	<u>45,674,505</u>	<u>3,241,226</u>	<u>2,913,953</u>	<u>4,497,333</u>	<u>56,327,017</u>
As at June 30, 2025 (unaudited)					
Trade and notes payables (unaudited)	35,861,890	–	–	–	35,861,890
Other payables and accruals (excluding payroll and welfare payables, other tax payables, deferred income and deposits from energy storage service systems projects) (unaudited)	2,722,464	–	4,650	–	2,727,114
Borrowings (unaudited)	6,028,405	1,885,139	1,864,536	3,642,585	13,420,665
Lease liabilities (unaudited)	79,584	62,054	114,501	206,136	462,275
Redemption liabilities (unaudited)	–	–	912,140	–	912,140
Financial liabilities at FVTPL (unaudited)	–	408,604	41,211	–	449,815
	<u>44,692,343</u>	<u>2,355,797</u>	<u>2,937,038</u>	<u>3,848,721</u>	<u>53,833,899</u>

Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for equity holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Group is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Total assets	61,627,440	82,876,505	115,073,771	118,393,987
Total liabilities	41,889,217	53,422,009	74,875,023	72,612,005
Liability-to-asset ratio	<u>67.97%</u>	<u>64.46%</u>	<u>65.07%</u>	<u>61.33%</u>

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the Group has no significant outstanding litigation or contingent liability that in the opinion of the Group would have material impact to the Group’s financial position.

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49 FINANCIAL GUARANTEE CONTRACTS

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the total amount of guarantees of the Group given to banks and other financial institutions of approximately RMB622,267,000, RMB537,059,000, RMB453,365,000 and RMB411,961,000 (unaudited), which were guarantees in respect of credit facilities granted to eligible household customers or industrial and commercial distributed business customers. The fair value of these financial guarantees, as at dates of initial recognition, were considered insignificant as at dates of initial recognition and the management has assessed the credit risk as insignificant with no loss allowance required at the end of each reporting period.

50. CONTINGENT LIABILITY

As of the end of each of the year/period for the Track Record Period, the Group did not have any material contingent liabilities.

51. EVENT AFTER THE END OF THE REPORTING PERIOD

The interim dividends of RMB9.50 per 10 shares (tax inclusive) totaling approximately RMB1,949,898,000 in respect of the six months ended June 30, 2025 were approved by the extraordinary general meeting of the Company on September 30, 2025. The Group had not recognised this as a liability as at June 30, 2025.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to June 30, 2025.

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

The following information set forth does not form part of the “Accountants’ Report” from Rongcheng (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, the Company’s reporting accountants, as set forth in Appendix I to this document, and is included herein for illustrative purpose only. The unaudited [REDACTED] financial information should be read in conjunction with the section headed “Financial Information” in this document and the Accountants’ Report set out in Appendix I to this document.

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited [REDACTED] statement of adjusted consolidated [REDACTED] assets of the Group attributable to owners of the Company has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the [REDACTED] as if it had taken place on 30 June 2025 and based on the unaudited consolidated net tangible assets attributable to the owners of the Company as at 30 June 2025 as shown in the Accountants’ Report, the text of which is set out in Appendix I to this document, and adjusted as described below.

The unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025 or at any future dates following the [REDACTED].

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025		Estimated net [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025	Unaudited [REDACTED] adjusted consolidated net tangible assets the Group attributable to owners of the Company [REDACTED] as at 30 June 2025	
RMB’000 (Note 1)		RMB’000 (Note 2)	RMB’000	RMB (Note 3)	HK\$ (Note 4)
Based on low-end					
[REDACTED] of					
HK\$[REDACTED]	45,300,838	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on high-end					
[REDACTED] of					
HK\$[REDACTED]	45,300,838	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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UNAUDITED [REDACTED] FINANCIAL INFORMATION

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2025 is extracted from the Accountants' Report as set out in Appendix I to this document, which is based on the unaudited consolidated net assets of the Group attributable to owners of the Company as at 30 June 2025 of approximately RMB45,781,982,000, with adjustments for the intangible assets and goodwill as at 30 June 2025 of approximately RMB481,144,000 in total.
2. The estimated net [REDACTED] from the [REDACTED] are based on the [REDACTED] and the [REDACTED] of HK\$[REDACTED] per [REDACTED] or HK\$[REDACTED] per [REDACTED], being the low-end and the high-end of the [REDACTED] range, respectively, after deduction of the estimated [REDACTED] and fees and other related expenses, and does not take account of any Shares which may be [REDACTED] upon exercise of [REDACTED] and [REDACTED].
3. The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company [REDACTED] as at 30 June 2025 is arrived at after adjustments referred to in the preceding paragraphs and on the basis that a total of [REDACTED] Shares (representing [REDACTED] Shares deducting [REDACTED] treasury shares as at 30 June 2025 and [REDACTED]) were in issue assuming that the [REDACTED] had been completed on 30 June 2025. Considering no subsequent event, the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company [REDACTED] as at 30 June 2025 would be RMB[REDACTED] (HK\$[REDACTED]) and RMB[REDACTED] (HK\$[REDACTED]), based on an [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED], respectively.
4. No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 30 June 2025, including but not limited to the dividends of approximately RMB1,949,898,000 which were approved by the extraordinary general meeting of the Company on 30 September 2025. Had such dividends been declared on 30 June 2025, the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 June 2025 would be approximately RMB[REDACTED] (HK\$[REDACTED]) and RMB[REDACTED] (HK\$[REDACTED]), based on an [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED], respectively.
5. For the purpose of this unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company, the amounts stated in Hong Kong dollars are converted into Renminbi at a rate of HK\$1 to RMB[0.9143]. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
6. Save as disclosed above, no other adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2025.

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UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II

UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX IIB

[REDACTED]

[REDACTED]

APPENDIX IIB

[REDACTED]

[REDACTED]

APPENDIX IIB

[REDACTED]

[REDACTED]

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of mainland China and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken into account the expected change or amendment to the relevant laws and policies and does not constitute any opinion or 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 regulations. Accordingly, you should consult your own tax advisors 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 Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of mainland China taxation other than income tax, capital gains tax and profits tax, sales tax, VAT, stamp duty and estate duty. Prospective investors are urged to consult their financial advisors regarding mainland China and elsewhere tax consequences of owning and disposing of the H shares.

Taxation in Mainland China

Tax 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》), or the Individual Income Tax Law, lastly amended by the SCNPC on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules 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》) lastly amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by mainland China companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差異化個人所得稅政策有關問題的通知》) jointly issued by the MOF, the SAT and the CSRC on 7 September 2015 and effective on 8 September 2015, where an individual holds the shares of a listed company obtained from the public offering and market transfer, if the holding period is more than one year, the dividends and bonus income shall be temporarily exempted from individual income tax. Where an individual holds shares of a listed company from the public offering and market transfer, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

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Pursuant to the Arrangement between the Mainland China 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》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on 21 August 2006, the government may impose tax on dividends paid by a company in mainland China to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a company in mainland China and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the company in mainland China. The Fifth Protocol to the Arrangement between the Mainland China 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 (《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〉第五議定書》), or the Fifth Protocol, issued by the SAT and effective on 6 December 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, lastly amended by the SCNPC and effective on 29 December 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the Implementation Rules of the EIT Law, lastly amended by the State Council on 6 December 2024 and effective on 20 January 2025, a non-resident enterprise is subject to a 10% EIT on mainland China-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the mainland China or has an establishment or place of business in the mainland China but the mainland China-sourced income is not actually connected with such establishment or place of business in the mainland China. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the EIT on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《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》) issued by the SAT and effective on 6 November 2008, a PRC resident enterprise is required to withhold EIT at a unified rate of 10% on dividends paid to non-PRC resident enterprise holders of H shares which are derived out of profit generated since 2008. The Reply on the Collection of EIT on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《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》), promulgated by the SAT on 24 July 2009 and effective on the same day, further provides that PRC-resident enterprises listed on mainland China and overseas stock exchanges

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by issuing stocks must withhold EIT at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that the PRC government has concluded with a relevant country or region, where applicable.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the PRC government may impose tax on dividends paid by a mainland China company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the mainland China company. If a Hong Kong resident directly holds 25% or more of equity interest in a mainland China company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the mainland China company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the tax authorities in mainland China for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the mainland China tax authorities' verification.

Tax Related to Share Transfer Income

Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and the SAT on 30 March 1998 and effective on the same day, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The SAT does not specify whether to continue to exempt individuals from individual income tax on the income from the transfer of shares in listed company in the newly revised the Individual Income Tax Law and its implementation rules.

Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to EIT at the rate of 10% with respect to mainland China-sourced income, including gains derived from the disposal of shares in a mainland China resident enterprise, if it does not have an establishment or place of business in the mainland China or has an establishment or place of business in the mainland China but the mainland China-sourced income is not actually

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TAXATION AND FOREIGN EXCHANGE

connected with such establishment or place of business in the mainland China. The aforementioned income tax payable by non-PRC resident enterprises is subject to source withholding, and 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. Such tax may be reduced or exempted under the applicable tax treaties or arrangements on the avoidance of double taxation.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the SAT and the CSRC on 5 November 2016 and effective on 5 December 2016, transfer spread income derived by enterprise investors in mainland China from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to EIT according to law. For dividends and bonuses received by individual investors in mainland China from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDC for providing the register of individual investors in mainland China to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the Announcement on Continued Implementation of Individual Income Tax Policies Relating to Interconnection Mechanism for Transactions in Shanghai-Hong Kong Stock Markets and Shenzhen-Hong Kong Stock Markets and Mutual Recognition of Funds Between the Mainland of China and the Hong Kong Special Administrative Region (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) that came into effect on 5 December 2019, from 5 December 2019 to 31 December 2022, the transfer spread income derived by individual investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect is exempt from individual income tax. According to the Announcement on the Extension of Relevant Preferential Policies for Individual Income Tax (《關於延續實施有關個人所得稅優惠政策的公告》) issued by MOF and the SAT on 16 January 2023 and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on 21 August 2023 and implemented on the same date, the above-mentioned individual income tax policy shall continue to apply during the period from January 1, 2023 to December 31, 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by enterprise investors in mainland China from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect

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are included in their total income and subject to EIT according to law. In particular, dividends and bonus income obtained by resident enterprises in mainland China from holding H shares for 12 consecutive months shall be exempted from EIT according to law. H-share companies shall not withhold income tax on dividends and bonus income for enterprise investors in mainland China. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated by the SCNPC on 10 June 2021 and came into effect on 1 July 2022, the purchase and disposal of H shares by non-mainland China investors outside of mainland China are not subject to the requirements of the Stamp Duty Law of the PRC.

Estate Duty

Pursuant to the laws of mainland China, no estate duty is currently levied in mainland China.

MAJOR TAXATION OF OUR COMPANY IN MAINLAND CHINA

EIT

According to the EIT Law, enterprises and other income-generating organizations (hereinafter collectively referred to as “enterprises”) within the territory of the mainland China are the taxpayers of EIT and shall pay EIT in accordance with the provisions of the EIT Law. The EIT 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 mainland China, or has an establishment or place of business in the mainland China but the income has no actual connection to such establishment or place of business, shall pay EIT on its income within the mainland China 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 EIT and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the mainland China.

VAT

Pursuant 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》) lastly amended by the State Council on 19 November 2017 and effective on the same day and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) lastly amended by the MOF on 28 October 2011 and effective on 1 November 2011, all entities and individuals in mainland China engaging in the sale of goods, the provision of processing,

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repairs and replacement services, and the importation of goods are required to pay VAT. For taxpayers selling or importing goods, the general tax rate shall be 17% unless otherwise specified in the aforesaid regulations.

Pursuant to 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 the SAT on 4 April 2018, and became effective as of 1 May 2018, the VAT 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.

Pursuant to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) (2019 No. 39 of MOF, SAT and General Administration of Customs), promulgated by the MOF, the SAT and the General Administration of Customs on 20 March 2019 and became effective on 1 April 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.

FOREIGN EXCHANGE ADMINISTRATION

The lawful currency of mainland China is the Renminbi. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》) announced by the State Council on 5 August 2008 and effective on the same day, all international payments and transfers are classified into current account items and capital account items. Mainland China does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of enterprises in mainland China may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

Pursuant to relevant laws and regulations of the mainland China, mainland China enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to

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pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

Pursuant to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and effective on 23 October 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

Pursuant to the Circular of the SAFE on Relevant 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》) promulgated by the SAFE on 26 December 2014 and effective on the same day, the relevant provisions on foreign exchange administration of domestic joint stock companies (hereinafter referred to as “domestic companies”) listed overseas are as follows:

- (i) The SAFE and its branches and the Foreign Exchange Management Department, or the Foreign Exchange Bureau, supervise, manage and inspect the business registration, account opening and use, cross-border income and expenditure, and capital exchange involved in the overseas listing of domestic companies.
- (ii) A domestic company shall, within 15 working days after the completion of the overseas listing and issuance, register the overseas listing with the Foreign Exchange Bureau at the place where it is registered with relevant material.
- (iii) A domestic company (other than banking financial institutions) shall, by virtue of its registration certificate for overseas listing business, open a “special foreign exchange account for overseas listing of domestic companies” with a domestic bank for its initial offering (or additional offering) and repurchase business to handle the remittance and transfer of funds for the relevant business.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of 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》) issued on 13 February 2015 and effective on 1 June 2015, the SAFE has canceled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

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According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate 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》) issued by the SAFE on 9 June 2016 and effective on the same day, 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 adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

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This Appendix summarizes certain aspects of the laws and regulations of Mainland China which are relevant to our Company’s operations and business. Laws and regulations relating to taxation in Mainland China are discussed separately in “Appendix III — Taxation and Foreign Exchange” to this document. This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company’s business, see “Regulatory Overview” in this document.

THE LEGAL SYSTEM OF MAINLAND CHINA

The legal system of mainland China is based on the Constitution of the PRC (《中華人民共和國憲法》), or the “Constitution,” and is made up of written laws, administrative regulations, local regulations, separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomous regulations, separate regulations of autonomous regions, special administrative region laws and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》), or the “Legislation Law,” lastly amended by NPC on 13 March 2023 and effective on 15 March 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil 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 such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state 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 needs of their respective administrative areas, provided that such local regulations do not contravene any provisions of the Constitution, laws or administrative regulations. The people’s congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, ecological civilization construction, historical and cultural protection and grassroots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into autonomous regions shall be submitted for approval before implementation.

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The standing committees of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries, commissions, People's Bank of China, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations or rules 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 the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to amend or annul any inappropriate laws formulated by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but which contravene the Constitution and the Legislation Law. The SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate 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 amend or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions and 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 standing committees of the local people's congresses have the power to annul inappropriate rules enacted by the people's governments at the corresponding level. The people's governments of provinces and autonomous regions have the power to amend 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 belongs to 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 by the SCNPC and effective on 10 June 1981, the SCNPC shall give interpretation and make provisions by means of decrees on issues related to the further clarification or supplement of laws or decrees. The Supreme People's Court shall give interpretations on questions involving the specific application of laws and decrees in court trials. The Supreme

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People's Procuratorate shall interpret all issues involving the specific application of laws and decrees in the procuratorial work. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities which have enacted these regulations shall provide interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities.

JUDICIAL SYSTEM OF MAINLAND CHINA

According to the Constitution and the Law of the PRC of Organization of the People's Courts (《中華人民共和國人民法院組織法》) lastly amended by the SCNPC on 26 October 2018 and effective on 1 January 2019, the People's Court is made up of the Supreme People's Court, the local people's courts, and other special people's courts. The local people's courts are divided into three levels, namely the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at higher levels shall supervise the judicial work of the people's courts at lower levels.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) lastly amended by SCNPC on 26 October 2018 and effective on 1 January 2019, the People's Procuratorate is the legal supervision organ of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-instance trial system, and judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts become final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court or

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the people’s courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people’s court at a lower level, or if the president of a people’s court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》), or the “Civil Procedure Law” lastly amended by the SCNPC on 1 September 2023 and effective on 1 January 2024 sets forth the requirements 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 judgment or order. All parties to a civil action conducted within the mainland China must comply with the Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by express agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff’s or the defendant’s place of domicile, the place where the contract is performed or signed, or the object of the action is located. However, the choice of the court cannot conflict with the regulations of different jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must have the same litigation rights and obligations as a PRC citizen, legal person or other organizations when initiating or defending any proceedings at a people’s court. If a foreign court limits the litigation rights of PRC citizens, legal person or other organizations, the PRC court may apply the same limitations to the citizens, legal person or other organizations of such foreign country. A foreign individual, a person without nationality, a foreign-invested enterprise or a foreign organization must engage a lawyer from Mainland China if such person needs to engage a lawyer in initiating or defending any proceedings at a people’s court. Under an international treaty or the principle of reciprocity signed or acceded to by the mainland China, the people’s court and foreign courts may require each other to act on their behalf to serve documents, conduct investigations, collect evidence and take other actions on behalf of each other. If the request by a foreign court would result in the violation of the PRC’s sovereignty, security or public interest, the people’s court shall decline the request.

All parties involved must comply with legally effective civil judgments and rulings. If any party to a civil action refuse to comply with a judgment or order made by a people’s court or an award made by an arbitration tribunal, the other party may apply to the people’s court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people’s court for enforcing an effective judgment or ruling by a people’s court against a party who is not located within the territory of the mainland China or whose property is not within the mainland China, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people’s court according to the

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mainland China enforcement procedures if the mainland China has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court’s examination according to the principle of reciprocity, unless among other exceptions, the people’s court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the mainland China, its sovereignty or security, or for reasons of social and public interests.

THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in mainland China seeking a listing on Hong Kong Stock Exchange is mainly subject to the following laws and regulations of Mainland China.

The PRC Company Law (《中華人民共和國公司法》), or the Company Law, was lastly revised on 29 December 2023 and came into effect on 1 July 2024.

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》), or the Overseas Listing Trial Measures, and its interpretative guidelines, were promulgated by the CSRC on 17 February 2023 and came into effect on 31 March 2023 and were applicable to the direct and indirect overseas offering and listing of PRC domestic companies’ securities.

According to the Overseas Listing Trial Measures and its interpretative guidelines, where a domestic company directly conducts offering and listing overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), or the “Guidelines for Articles of Association,” which was issued by the CSRC as amended and effective from time to time, in place of the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必備條款》) which ceased to apply from 31 March 2023.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

A joint stock limited company means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

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A company must conduct its business in accordance with laws and regulations as well as public and commercial ethics, be honest and trustworthy and accept the supervision of the government and the public. A company may invest in other companies. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or 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 Mainland China.

The promoters of subscription of a joint stock company shall convene an inaugural meeting of the company within 30 days after the share capital has been paid up and shall notify all subscribers of the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only with the presence of subscribers holding more than 50% of the voting rights. The convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the agreement of the promoters. Powers to be exercised at the inaugural meeting include but are not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be cast by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation 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.

Registered Shares

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with intellectual property rights, land use rights, shareholding or claims.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders, detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

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Allotment and Issue of Shares

All issues 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. A joint stock limited company may issue shares at a 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 Overseas Listing Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholders information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer itself 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 person responsible and file with the CSRC.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders’ meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to original shareholders, if any. If no par value stock is issued, more than one-half of the proceeds from the issuance of the new stocks shall be included in the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- (i) to prepare a balance sheet and a property list;
- (ii) a company makes a resolution at shareholders’ meeting to reduce its registered capital;
- (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;
- (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;

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- (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Share Buy-Back

Under the Company Law, a company shall not purchase its own shares. Except for any following circumstances:

- (i) reducing the registered capital;
- (ii) merging with other company that holds the shares of the company;
- (iii) using the shares for employee stocks plan or equity incentives;
- (iv) with respect to shareholders voting against any resolution adopted at the shareholders' meeting on the merger or division of our Company, the right to demand our Company to acquire the shares held by them;
- (v) using the shares for the conversion of convertible corporate bonds issued by the listed company;
- (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders' meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the board meetings attended by more than two-thirds of the directors in accordance with the provisions of the articles of association or the authorization from the shareholder's meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of our Company held by a company shall not exceed 10% of the total issued shares of our Company, and shall be transferred or canceled within three years in the case of items (iii), (v) and (vi) above.

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Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder of a joint stock limited company should affect a transfer of his shares on securities exchange established according to the law or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be affected during a period of 20 days prior to the convening of shareholder's meeting or 5 days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of the company are listed and traded on a securities exchange. The directors, supervisors and senior management of the company should declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year should not exceed 25% of the total shares they hold of the company. Shares of a company held by them shall not be transferred within one year from the date of a company's listing on a securities exchange, nor within six months after their resignation from their positions with a company.

If the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee cannot exercise the pledge right within such restricted transfer period.

Shareholders

Under the Company Law and Guidelines for Articles of Association the rights of a shareholder of a company include:

- (i) to receive dividends and other forms of interest distribution according to the number of shares held;
- (ii) to legally require, convene, preside over, participate in or authorize proxies of shareholders to attend the shareholders' meeting and exercise corresponding voting rights;
- (iii) to supervise business operations of the company, provide suggestions or submit queries;

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- (iv) to transfer, grant or pledge the company's shares held according to the provisions of the laws, administrative regulations and the articles of association;
- (v) to read and copy the articles of association, the register of shareholders, counterfoil of company debentures, the shareholders' meeting minutes, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports;
- (vi) shareholders who hold more than 3% of the company's shares individually or collectively for more than 180 consecutive days may inspect the company's accounting books and accounting vouchers in accordance with laws;
- (vii) to participate in the distribution of the remaining assets of the company according to the proportion of shares held upon our termination or liquidation;
- (viii) to require our company to acquire the shares from Shareholders voting against any resolutions adopted at the shareholders' meeting concerning the merger and division of the company;
- (ix) other rights conferred by laws, administrative regulations, regulations of the authorities or the articles of association.

The obligations of a shareholder of a company include:

- (i) to abide by laws, administrative regulations and the articles of association;
- (ii) to provide share capital according to the shares subscribed for and share participation methods;
- (iii) not to withdraw shares unless prescribed otherwise in laws and administrative regulations;
- (iv) not to abuse shareholders' rights to infringe upon the interests of the company or other shareholders; not to abuse the company's status as an independent legal entity or the limited liability of shareholders to damage the interests of the company's creditors;
- (v) to perform other duties prescribed in laws, administrative regulations, departmental rules and articles of association.

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Shareholder’s Meetings

Under the Company Law, the shareholders’ meeting of a joint stock limited company is made up of all shareholders. The shareholders’ meeting is the organ of authority of a company, which exercises the following functions and powers:

- (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;
- (ii) to examine and approve reports of the board of directors;
- (iii) to examine and approve reports of the supervisory committee;
- (iv) to examine and approve a company’s profit distribution plans and loss recovery plans;
- (v) to resolve on the increase or reduction of a company’s registered capital;
- (vi) to resolve on the issuance of corporate bonds;
- (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;
- (viii) to amend the company’s articles of association;
- (ix) other functions and powers specified in provision of the articles of association.

Under the Company Law, annual shareholders’ meetings are required to be held once every year. An interim shareholders’ meeting is required to be held within two months after the occurrence of any of the following circumstances:

- (i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the articles of association;
- (ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;
- (iii) shareholders individually or jointly holding 10% or more of the company’s shares request;
- (iv) when deemed necessary by the board of directors;
- (v) the supervisory committee proposes to convene the meeting;
- (vi) other circumstances as stipulated in the articles of association.

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Shareholders' meeting shall be convened by the board of directors, and presided over by the chairperson of the board of directors. In the event that the chairperson is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairperson. In the event that the vice chairperson is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

If the board of directors is incapable of performing or is not performing its duties to convene the shareholders' meeting, the supervisory board should convene and preside over shareholders' meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' meeting.

If the shareholders who separately or aggregately hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors should, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

Notice of 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. A notice of interim meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the board of directors in writing 10 days before the shareholders' meeting. The board of directors shall notify other shareholders within two days after receiving the proposal and submit the interim proposal to the shareholders' meeting for consideration.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the Company Law, shareholders present at a shareholders' meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting in accordance with the provisions of the articles of association or the resolutions of the shareholders' meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' meeting, and shareholders may consolidate their

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voting rights when casting a vote. Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' meeting.

Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Directors

Under the Company Law, a joint stock limited company should have a board of directors, which consists of more than three members. The term of office of a director shall be stipulated in the articles of association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the board of directors shall be convened at least twice a year. All directors and supervisors shall be notified 10 days before the meeting for every meeting. The board of directors exercises the following functions and powers:

- (i) to convene shareholder's meetings and report its work to the shareholder's meetings;
- (ii) to implement the resolutions of the shareholder's meeting;
- (iii) to decide on a company's business plans and investment plans;
- (iv) to formulate a company's profit distribution plan and loss recovery plan;
- (v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;
- (vi) to formulate plans for merger, division, dissolution or change of corporate form of a company;
- (vii) to decide on the internal management structure of a company;
- (viii) to decide on the appointment or dismissal of the manager of a company and their remuneration; and to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration;
- (ix) to formulate a company's basic management system;
- (x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

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The board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he/she may appoint another director by a power of attorney specifying the scope of the authorization for another director 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 suffers serious losses, the directors participating in the resolution shall be 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 exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is:

- (i) a person without capacity or with restricted capacity;
- (ii) a person who has been sentenced to any criminal penalty due to an offense of corruption, bribery, encroachment of property, misappropriation of property, or disrupting the order of the socialist market economy, or has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;
- (iii) a person who was a director, factory manager or manager of a company or enterprise which 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 insolvency and liquidation of such company or enterprise;
- (iv) a person who was legal representative of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and
- (v) being listed as one of "dishonest persons subject to enforcement" by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall have one chairperson, who shall be elected by more than half of all the directors. The chairperson shall exercise the following functions and powers (including but not limited to):

- (i) to preside over shareholders' meetings and convene and preside over board meetings; and
- (ii) to examine the implementation of resolutions of the board of directors;
- (iii) to exercise other powers conferred by the board of directors.

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Supervisors

Under the Company Law, a joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors shall comprise shareholder representatives and an appropriate proportion of the company’s staff representatives, of which the proportion of staff representatives shall not be less than one-third and the specific proportion shall be stipulated in the articles of association. Employee representatives of the board of supervisors shall be democratically elected by the company’s employees at the employee representative assembly, employee meeting or otherwise. Directors or senior management may not act concurrently as supervisors.

The board of supervisors exercises the following powers:

- (i) to examine the company’s financial affairs;
- (ii) 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, administrative regulations, the articles of association or resolutions of shareholders’ meetings;
- (iii) to demand rectification by a director or senior management when the acts of such persons are harmful to the company’s interest;
- (iv) to propose the convening of interim shareholders’ meetings, and to convene and preside over shareholders’ meetings when the board of directors fails to perform the duty of convening and presiding over shareholders’ meetings under the Company Law;
- (v) to submit proposals to the shareholders’ meeting;
- (vi) to initiate legal proceedings against directors and senior management in accordance with the Company Law;
- (vii) other functions and powers specified in the articles of association.

On 27 December 2024, the CSRC promulgated the Transitional arrangements relating to the implementation of the rules under the new Companies Law (《關於新<公司法>配套制度規則實施相關過渡期安排》), Listed companies shall, before 1 January 2026, in accordance with the provisions of the Company Law, the Implementation Provisions and the supporting rules of the CSRC, provide in the articles of association for the establishment of an audit committee in the board of directors, exercising the powers and functions of the board of supervisors as stipulated in the Company Law, the listed companies will then have no board of supervisors or supervisors. Before a listed company adjusts the establishment of the company’s internal supervisory body, the board of supervisors or supervisors shall continue to comply with the provisions in the original rules of the CSRC.

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Managers and Senior Management

According to the Company Law, a company should have a manager who is appointed or removed by the board of directors. The manager is responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors. The manager attends the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management shall refer to the manager, deputy manager(s), financial controller, secretary of the board of directors and other personnel as stipulated in the articles of association of the company

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, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

Directors, supervisors and senior management are prohibited from:

- (i) embezzling the company's property or misappropriating of the company's capital;
- (ii) depositing the company's capital into accounts under his/her own name or the name of other individuals;
- (iii) giving bribes or accepting any other illegal proceeds by taking advantage of their power;
- (iv) accept and possess commissions paid by a third party for transactions conducted with the company;
- (v) unauthorized divulgence of confidential business information of the company; or
- (vi) other acts in violation of their fiduciary duty to the company.

If any director, supervisor or senior management directly or indirectly concludes a contract or conducts a transaction with the company, he/she should report the matters relating to the conclusion of the contract or transaction to the board of directors or the shareholders' meeting, subject to the approval of the board of directors or the shareholders' meeting according to the articles of association.

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The provisions of the preceding paragraph shall apply if any near relatives of the directors, supervisors or senior management, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management or any of their near relatives, or any related parties with any other related-party relationship with the directors, supervisors or senior management, concludes a contract or conducts a transaction with the company.

Neither director, supervisor or senior management may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

- (i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the articles of association; or
- (ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior management fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his/her 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 its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The company can no longer withdraw statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current

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year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the shareholders' meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the articles of association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the 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. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' meeting, the board of directors or the board of supervisors in accordance with the articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting, the board of directors or the board of supervisors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

The Guidelines for Articles of Association provides 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 shareholders' meeting.

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Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and directors, supervisors, and senior management who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

- (i) the term of business stipulated in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;
- (ii) the shareholders' meeting resolves to dissolve the company;
- (iii) dissolution is necessary due to a merger or division of the company;
- (iv) the business license is revoked, or the company is ordered to close down or is revoked in accordance with laws;
- (v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company.

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.

Where the company is dissolved in accordance with item (i) or (ii) above, and has not distributed any property to shareholders, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting. Where the company is dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or it is otherwise elected by the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

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The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group to conduct liquidation. The people's court shall accept such request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group shall exercise the following functions and powers during the liquidation period:

- (i) to liquidate the company's property and respectively prepare balance sheet and list of property;
- (ii) to notify creditors by notice or public announcement;
- (iii) to deal with the outstanding business of the company involved in the liquidation;
- (iv) to pay all outstanding taxes and taxes arising in the course of liquidation;
- (v) to liquidate claims and debts;
- (vi) to distribute the remaining property of the company after paying off debts;
- (vii) to participate in civil litigations on behalf of the company.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

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If the liquidation group, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation group shall prepare a liquidation report to be submitted to the shareholders' meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancelation of the company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas [REDACTED]

According to the Overseas Listing 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 Article 16 of the Overseas Listing Trial Measures. 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.

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Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the Civil Procedure Law, apply to a people’s court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people’s court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

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 Overseas Listing 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.

SECURITIES LAW AND REGULATIONS

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 mainland China 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 companies in mainland China or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On 29 March 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》), promulgated by the State Council on 22 April 1993 and came into effect on the same day, provide the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), promulgated by the State Council on 25 December 1995 and came into effect on the same day, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

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The Securities Law of the People’s Republic of China (《中華人民共和國證券法》), which was lastly amended by the SCNPC on 28 December 2019 and came into effect on 1 March 2020, provides a series of provisions 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 in the mainland China, and comprehensively regulates activities in the securities market of mainland China. The Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the mainland China or listing and trading its securities outside the Mainland China. 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

Under the Arbitration Law of the PRC (《中華人民共和國仲裁法》), or the Arbitration Law, last amended by the SCNPC on 1 September 2017 and effective on 1 January 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with 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 relevant regulations under the Arbitration Law and the Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people’s court will refuse to take legal action brought by a party in the people’s court.

Under the Arbitration 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 according to the Civil Procedure Law. If there is evidence to prove that any of the following circumstances exists: the parties have not stipulated an arbitration clause in the contract or have not reached a written arbitration agreement afterwards; the respondent has not been notified of the appointment of the Court of Arbitration or the arbitration proceedings or failed to present views for other reasons for which the respondent is not responsible; the composition of the arbitral tribunal or the arbitration procedures are not in accordance with the arbitration rules; the matters awarded are outside the scope of the arbitration agreement, or the arbitration committee has no jurisdiction to arbitrate, the people’s court may rule not to enforce such award. A party seeking to enforce an arbitral award of foreign arbitration commission against a party who or whose property is not within the mainland China shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people’s court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

According to the Arrangement of the Supreme People’s Court on 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》) promulgated by the Supreme People’s Court on 24 January 2000 and effective on 1 February 2000, and the Supplementary Arrangement of the Supreme People’s Court on 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補充安排》) promulgated by the Supreme People’s Court on 26 November 2020 and effective on 27 November 2020, awards made by arbitral authorities in mainland China can be applied for enforcement in Hong Kong, and Hong Kong arbitration awards can also be applied for enforcement in the mainland China.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

This appendix is mainly intended to provide potential investors with an overview of the Articles of Association. As the following information is merely a summary, it does not record all information that may be material to potential investors.

ISSUANCE OF SHARE

The issuance of shares by the Company shall follow the principles of openness, fairness and impartiality. Each share of the same class shall have equal rights.

For shares of the same class issued in the same offering, the issuance conditions and price per share shall be identical; and the same price shall be paid for each share subscribed by subscribers.

INCREASE/REDUCTION AND REPURCHASE OF SHARES

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the share capital by the following ways upon approval by way of resolutions at the shareholders' meeting:

- (I) issuance of shares to unspecified parties;
- (II) issuance of shares to specified parties;
- (III) distribution of bonus shares to existing shareholders;
- (IV) conversion of capital reserve into share capital;
- (V) Other methods prescribed by laws, administrative regulations, the CSRC, and the securities regulatory rules of the place where the Company's shares are listed.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures stipulated in the Company Law and other relevant regulations and the Articles of Association.

The Company shall not repurchase its own shares, save as under one of the following the circumstances:

- (I) reduction of the Company's registered capital;
- (II) merger with another company holding shares in the Company;
- (III) using the shares for employee stock ownership plan or equity incentives;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (IV) purchasing its shares from shareholders who have voted against the resolutions on the merger or division of the Company at the shareholders’ meeting upon their request;
- (V) using shares for the conversion of corporate bonds which are convertible into shares issued by the Company;
- (VI) as necessary for maintaining the value of the Company and safeguarding the rights and interests of shareholders.

The Company may repurchase its own shares through open centralized trading methods, or other methods prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company’s shares are listed, and recognized by the CSRC and the Hong Kong Stock Exchange.

When the Company repurchases its own shares under circumstances specified in items (III), (V) and (VI) above, it shall do so through open centralized trading methods. After the Company repurchases its own shares, it shall fulfill information disclosure obligations in accordance with the Securities Law, the Hong Kong Listing Rules, and other applicable laws, regulations, and the securities regulatory rules of the place where the Company’s shares are listed.

When the Company repurchases its own shares under circumstances specified in items (I) and (II) above, it shall be subject to resolution by the shareholders’ meeting; when the Company repurchases its own shares under circumstances specified in items (III), (V) and (VI) above, unless otherwise provided by the securities regulatory rules of the place where the Company’s shares are listed, it shall be subject to resolution by a board meeting attended by more than two-thirds of the directors.

After the Company repurchases its shares in accordance with the Articles of Association, unless otherwise provided by the securities regulatory rules of the place where the Company’s shares are listed, for circumstances under item (I) above, the shares shall be canceled within ten days from the date of repurchase; for circumstances under items (II) and (IV) above, the shares shall be transferred or canceled within six months; for circumstances under items (III), (V) and (VI) above, the total number of the Company’s own shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled within three years.

If applicable laws and regulations, other provisions of the Articles of Association, and the securities regulatory rules of the place where the Company’s shares are listed provide otherwise regarding the aforementioned matters related to share repurchase, the Company shall comply with such provisions. The repurchase of the Company’s H shares shall comply with the Hong Kong Listing Rules and other relevant laws, regulations, and regulatory provisions of the place where the Company’s H shares are listed.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

TRANSFER OF SHARES

The Company’s shares shall be transferred in accordance with law. When shareholders transfer their shares, such transfer shall be conducted on legally established securities trading venues or in other manners prescribed by the State Council. All transfers of H shares shall be effected by instruments of transfer in writing in the usual or common form or any other form acceptable to the board of directors (including the standard transfer form or transfer form prescribed by the Hong Kong Stock Exchange from time to time); and such instruments of transfer may be executed by hand only or, if the transferor or transferee is a corporation, under seal. Where the transferor or transferee is a recognized clearing house as defined in relevant ordinances in force from time to time under the laws of Hong Kong (hereinafter referred to as the “Recognized Clearing House”) or its nominee(s), instruments of transfer may be executed by hand or by machine imprinted signatures. All instruments of transfer shall be maintained at the legal address of the Company or other place designated by the board of directors from time to time.

Shares issued by the Company before the public offering of A shares shall not be transferred within one year from the date when the Company’s A shares are listed and traded on a stock exchange. Where laws, administrative regulations, or the CSRC and stock exchanges have other provisions regarding the transfer of shares held by the Company’s shareholders and de facto controllers, such provisions shall prevail.

Directors and senior management of the Company shall report to the Company their shareholdings in the Company and changes therein. During their term of office determined upon them taking office, the shares they transfer each year shall not exceed 25% of the total shares of the same class they hold in the Company. The shares transferred each year through centralized bidding, block trading, agreement transfer, and other methods shall not exceed 25% of the total shares they hold in the Company, except for share changes due to judicial enforcement, inheritance, bequest, legal property division, and other reasons. Where the securities regulatory rules of the place where the Company’s shares are listed provide otherwise regarding transfer restrictions on the Company’s shares, such provisions shall prevail.

The Company shall not accept its own shares as the subject matter of pledge rights. Where shares are pledged during the restricted transfer period prescribed by laws and administrative regulations, the pledgee may not exercise pledge rights during the restricted transfer period.

Directors, senior management, and shareholders holding more than 5% of the Company’s shares who sell their shares or other equity securities of the Company within six months after purchase, or purchase again within six months after sale, shall return the gains therefrom to the Company, and the Company’s board of directors shall recover such gains. However, this excludes securities companies holding more than 5% of shares due to purchasing remaining shares after underwriting and other circumstances prescribed by the CSRC and the securities

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

regulatory rules of the place where the Company's shares are listed. The aforementioned shareholders holding more than 5% of the Company's shares do not include the Recognized Clearing House as defined in relevant ordinances in force from time to time under the laws of Hong Kong and their nominees.

The shares or other equity securities mentioned in the preceding paragraph held by directors, senior management, and natural person shareholders include those held by their spouses, parents, children, and through others' accounts.

Where the Company's board of directors fails to implement the above provisions, shareholders have the right to require the board of directors to implement them within 30 days. Where the Company's board of directors fails to implement them within the aforementioned period, shareholders have the right to directly file lawsuits with the people's court in their own name for the Company's benefit. Where the Company's board of directors fails to implement the above provisions, responsible directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Shareholders

The Company shall establish a register of members based on certificates provided by securities registration and settlement institutions. The register of members is sufficient evidence proving shareholders' shareholdings in the Company. The original H share register of members shall be maintained in Hong Kong for shareholders' inspection, but the Company may suspend the registration procedures for shareholders in accordance with applicable laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed. The appointed overseas agency shall ensure consistency between the original and duplicate copies of the overseas listed share register at all times. Any shareholder registered in the register of members or any person requesting registration of their name in the register of members may apply to the Company for new share certificates if their share certificates are lost. Where A share shareholders lose their share certificates and apply for new ones, this process shall be handled in accordance with relevant provisions of the Company Law. Where H share shareholders lose their share certificates and apply for new ones, this process may be handled in accordance with laws, securities regulatory rules, or other relevant provisions of the place where the original H share register of members is maintained.

Shareholders shall enjoy rights and bear obligations according to the class of shares they hold; shareholders holding shares of the same class shall enjoy equal rights and bear the same obligations.

Shareholders of the Company shall enjoy the following rights:

- (I) to receive dividends and other forms of benefits according to the number of shares held;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (II) to require to hold, convene, chair, attend or appoint a proxy to attend shareholders' meetings and exercise the corresponding voting rights in accordance with the laws;
- (III) to supervise the operations of the Company, and to put forward suggestions or raise enquiries;
- (IV) to transfer, grant or pledge shares held by them according to the provisions of the laws, administrative regulations and the Articles of Association;
- (V) to inspect and duplicate the Articles of Association, registers of members, the minutes of shareholders' meetings, resolutions of the Board meetings and the financial accounting reports. Shareholders who meet the requirements may inspect the Company's accounting books and certificates;
- (VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held;
- (VII) with respect to shareholders who voted against any resolution adopted at the shareholders' meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;
- (VIII) other rights stipulated in the laws, administrative regulations, departmental rules or the Articles of Association.

Shareholders who individually or collectively hold 3% or more of the Company's shares for 180 consecutive days or more and request to inspect the Company's accounting books and accounting vouchers shall submit written requests to the Company, stating the purpose. Where the Company has reasonable grounds to believe that shareholders' inspection of accounting books and accounting vouchers has improper purposes and may harm the Company's legitimate interests, it may refuse to provide inspection and shall provide written reply to shareholders within 15 days from the date of shareholders' written request, explaining the reasons. Where the Company refuses to provide inspection, shareholders may file lawsuits with the people's court.

Where the content of resolutions by the Company's shareholders' meeting or board of directors violates laws or administrative regulations, shareholders have the right to request the people's court to declare them invalid. Where the convening procedures or voting methods of shareholders' meetings or board meetings violate laws, administrative regulations or the Articles of Association, or the content of resolutions violates the Articles of Association, shareholders have the right to request the people's court to revoke them within 60 days from the date the resolutions are made. However, this excludes cases where the convening procedures or voting methods of shareholders' meetings or board meetings have only minor defects that do not substantially affect the resolutions.

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Where directors other than audit committee members and senior management violate laws, administrative regulations or the Articles of Association in performing duties for the Company and cause losses to the Company, shareholders who individually or collectively hold 1% or more of the Company's shares for 180 consecutive days or more have the right to make written requests to the audit committee to file lawsuits with the people's court; where audit committee members violate laws, administrative regulations or the Articles of Association in performing duties for the Company and cause losses to the Company, the aforementioned shareholders may make written requests to the board of directors to file lawsuits with the people's court.

Where the audit committee or the board of directors refuses to file lawsuits after receiving the written requests from shareholders as specified in the preceding paragraph, or fails to file lawsuits within 30 days from the date of receiving the requests, or in urgent circumstances where failure to immediately file lawsuits would cause irreparable damage to the Company's interests, the shareholders specified in the preceding paragraph have the right to directly file lawsuits with the people's court in their own name for the Company's benefit.

Where directors or senior management violate laws, administrative regulations or the Articles of Association and harm shareholders' interests, shareholders may file lawsuits with the people's court.

The shareholders of the Company shall assume the following obligations:

- (I) complying with laws, administrative regulations and the Articles of Association;
- (II) paying share payments as per the shares subscribed for and the method of subscription;
- (III) not to withdraw its share capital, except for circumstances stipulated by laws and regulations;
- (IV) not to abuse the shareholders' rights to impair the interest of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to impair the interest of creditors of the Company;
- (V) other obligations required to be assumed under laws, administrative regulations and the Articles of Association.

Shareholders of the Company shall be liable for making compensation for any loss suffered by the Company or other shareholders arising from their abuse of shareholders' rights in accordance with law. Shareholders of the Company who abuse the independent legal person status of the Company and the limited liability of shareholders to evade debts and seriously impair the interest of creditors of the Company shall be jointly and severally liable for the debts of the Company.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

Controlling Shareholders and De Facto Controllers

The controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

- (I) exercise shareholders' rights in accordance with the law, not to abuse controlling interest, or exploit connected-party relationships to harm the legitimate rights and interests of the Company or other shareholders;
- (II) strictly fulfill public statements and commitments made, without unauthorised changes or waivers;
- (III) strictly fulfill information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure work, and promptly inform the Company of significant events that have occurred or are planned to occur;
- (IV) shall not misappropriate the Company's funds in any way;
- (V) shall not coerce, instruct, or require the Company and related personnel to illegally provide guarantees;
- (VI) shall not seek benefits using the Company's undisclosed significant information, shall not disclose any undisclosed significant information about the Company in any way, shall not engage in insider trading, short term trading, market manipulation, or other illegal activities;
- (VII) shall not damage the legitimate rights and interests of the Company and other shareholders through unfair related party transactions, profit distribution, asset reorganization, external investments, or any other means;
- (VIII) ensure the integrity of the Company's assets, personnel independence, financial independence, institutional independence, and business independence, and shall not in any way affect the Company's independence;
- (IX) comply with laws, administrative regulations, provisions of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and other provisions of the Articles of Association.

Where any controlling shareholder or de facto controller of the Company instructs a director or senior management officer to engage in conduct that harms the interests of the Company or shareholders, such controlling shareholder or de facto controller shall bear joint and several liabilities with that director or senior management officer.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

General Provisions for Shareholders' Meetings

The shareholders' meeting of the Company shall be composed of all shareholders. The shareholders' meeting is the authority of power of the Company which shall exercise the following functions and powers in accordance with the laws:

- (I) elect and replace the directors who are not representatives of the employees, and decide on matters relating to the remuneration of the directors;
- (II) examine and approve the reports of the board of directors;
- (III) consider and approve the Company's profit distribution plans and loss recovery plans;
- (IV) resolve to increase or reduce the registered capital of the Company;
- (V) resolve on the issuance of corporate bonds;
- (VI) resolve on merger, division, dissolution and liquidation or change in corporate form of the Company;
- (VII) amend the Articles of Association;
- (VIII) resolve on the engagement or dismissal of accounting firms engaged in the audit work of the Company;
- (IX) examine and approve the guarantees prescribed in Article 47 of the Articles of Association;
- (X) examine and approve financial assistance matters prescribed in Article 49 of the Articles of Association;
- (XI) examine and approve transactions between the Company and related parties prescribed in Article 50 of the Articles of Association;
- (XII) examine matters regarding the purchase and sale of material assets by the Company within one year which reach over 30% of the latest audited total assets of the Company;
- (XIII) examine and approve the changes in the use of proceeds raised;
- (XIV) examine the equity incentive plans and employee stock ownership plans;
- (XV) resolve on the Company's repurchase of its own shares under the circumstances specified in items (I) and (II) of Article 25 of the Articles of Association;

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

- (XVI) examine other matters which shall be decided by the shareholders' meetings as stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

The shareholders' meeting may authorize the board of directors to resolve on the issue of corporate bonds.

All external guarantees provided by the Company shall be submitted to the board of directors for deliberation and approval. The following external guarantees of the Company shall also be submitted to the shareholders' meeting for consideration after consideration and approval by the board of directors, and shall be disclosed externally in a timely manner:

- (I) guarantee with a single sum of guarantee that has exceeded 10% of the latest audited net assets of the Company;
- (II) any guarantee after the total amount of external guarantees provided by the Company and its holding subsidiaries has exceeded 50% of the latest audited net assets of the Company;
- (III) guarantee to be provided for a party with a gearing ratio of over 70%;
- (IV) guarantee amounts exceeding 50% of the latest audited net assets of the Company and with absolute amounts exceeding RMB50 million within twelve consecutive months;
- (V) guarantee amounts exceeding 30% of the latest audited total assets of the Company within twelve consecutive months;
- (VI) guarantees provided to the shareholders, de facto controllers and their related parties;
- (VII) other guarantee circumstances prescribed by laws, regulations, normative documents, stock exchanges where the Company's shares are listed or the Articles of Association.

When a guarantee is raised for consideration by the board of directors, it shall be considered and approved by more than two-thirds of the directors attending the board meeting. When the shareholders' meeting considers the guarantee mentioned in item (V) of the preceding paragraph, it shall be approved by more than two-thirds of the voting rights held by the shareholders attending the meeting.

When the shareholders' meeting considers guarantee proposals for shareholders, de facto controllers, and their related parties, such shareholders or shareholders controlled by such de facto controllers shall not participate in the voting, and such voting shall be approved by more than half of the voting rights held by other shareholders attending the shareholders' meeting.

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Where the Company provides guarantees for its wholly-owned subsidiaries, or provides guarantees for controlling subsidiaries with other shareholders of the controlling subsidiaries providing guarantees in the same proportion according to their interests, unless otherwise provided by the securities regulatory rules of the place where the Company's shares are listed, circumstances under items (I) to (IV) of the first paragraph above may be exempted from submission to the shareholders' meeting for consideration.

Where the Company provides guarantees for controlling shareholders, de facto controllers, and their related parties, the controlling shareholders, de facto controllers, and their related parties shall provide counter-guarantees.

Where the Company's directors, senior management, and relevant responsible personnel sign guarantee contracts without authorization beyond approval authority and review procedures or neglect their duties, the Company shall impose punishments on the responsible personnel including internal criticism, economic penalties, job transfers, dismissal, and other disciplinary actions depending on the severity of the circumstances; where Company losses are caused, they shall bear compensation liability; where criminal offenses are suspected, they shall be transferred to judicial authorities for handling in accordance with law.

Shareholders' meetings include annual shareholders' meetings and extraordinary shareholders' meetings. Annual shareholders' meetings are held once every year and within 6 months from the end of the preceding financial year.

The Company shall convene an extraordinary shareholders' meeting within 2 months from the date of the occurrence of any of the following circumstances:

- (I) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number prescribed in the Articles of Association;
- (II) where the losses of the Company that have not been made up represent one-third of its total share capital;
- (III) where such meeting is requested by shareholders individually or jointly holding more than 10% of the shares of the Company;
- (IV) where such meeting is deemed necessary by the board of directors;
- (V) where such meeting is proposed to be convened by the audit committee;
- (VI) other circumstances specified in laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

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Convening of Shareholders' Meeting

The board of directors shall convene the shareholders' meeting on time within the stipulated period.

With the consent of more than half of all independent directors, independent directors shall be entitled to propose to the board of directors to convene an extraordinary general meeting. The board of directors shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days after receiving such a proposal from the independent directors. In the event that the board of directors agrees to convene an extraordinary general meeting, the notice of shareholders' meeting shall be issued within 5 days after the board of directors passes the relevant resolution. In the event that the board of directors does not agree to convene an extraordinary general meeting, it shall state the reasons and make an announcement.

The Audit Committee shall propose to the board of directors to convene an extraordinary general meeting, and such proposal shall be made in writing. The board of directors shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating whether it agrees or disagrees with the convening of an extraordinary general meeting within 10 days after receiving such proposal. In the event that the board of directors agrees to convene an extraordinary general meeting, the notice of shareholders' meeting shall be issued within 5 days after the board of directors passes the relevant resolution. Any changes to the original proposal made in the notice shall be approved by the Audit Committee. In the event that the board of directors does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such proposal, the board of directors shall be deemed as unable to perform or failure to perform its duty of convening a shareholders' meeting, in which case the Audit Committee may convene and preside over a shareholders' meeting by itself.

Shareholders individually or jointly holding more than 10% of the shares of the Company shall request the board of directors to convene an extraordinary general meeting, and such request shall be made in writing. The board of directors shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating whether it agrees with the convening of the extraordinary general meeting within 10 days after receiving such request. In the event that the board of directors agrees to convene an extraordinary general meeting, the notice of shareholders' meeting shall be issued within 5 days after the board of directors passes the relevant resolution. Any changes to the original request made in the notice shall be approved by the relevant shareholders. In the event that the board of directors does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such request, shareholders individually or jointly holding more than 10% of the shares of the Company shall propose to the Audit Committee to convene an extraordinary general meeting, and such proposal shall be submitted in writing to the Audit Committee. In the event that the Audit Committee agrees to convene an extraordinary general meeting, the notice of shareholders' meeting shall be issued within 5

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days after receiving such request. Any changes to the original request made in the notice shall be approved by the relevant shareholders. Failure of the Audit Committee to issue the notice of shareholders’ meeting within the prescribed time limit shall be deemed as failure of the Audit Committee to convene and preside over a shareholders’ meeting, and shareholders individually or jointly holding more than 10% of shares of the Company for more than 90 consecutive days are entitled to convene and preside over a shareholders’ meeting on their own initiatives.

Where the Audit Committee or shareholders decide(s) to convene a shareholders’ meeting on their own initiatives, the board of directors shall be notified in writing, and records shall be filed with the Shenzhen Stock Exchange. During the period from the issuing of the notice of the shareholders’ meeting to the date on which the meeting is closed, the shareholding of the shareholders convening such meeting shall not be less than 10%. The Audit Committee and the shareholders convening the meeting shall submit the relevant materials for proof to the Shenzhen Stock Exchange at the time of issuance of notice of shareholders’ meeting and announcement on the resolutions passed at the shareholders’ meeting. For the shareholders’ meeting convened by the Audit Committee or shareholders on their own initiatives, the board of directors and its secretary will cooperate. The board of directors shall provide the register of members as at the date of shareholding registration.

For the shareholders’ meetings convened by the Audit Committee or the shareholders on their own initiatives, the necessary expenses in relation to the meetings shall be borne by the Company.

Proposals and Notices of Shareholders’ Meetings

The content of the proposals shall be within the scope of the terms of reference of the shareholders’ meeting, and have clear subjects and specific resolutions, and shall comply with the relevant requirements of the laws, administrative regulation, the securities regulatory rules of the places where the Company’s shares are listed and the Articles of Association.

When the Company convenes a shareholders’ meeting, the board of directors, the Audit Committee, as well as shareholder(s) individually or jointly holding more than 1% of the shares of the Company, shall be entitled to put forward proposals to the Company.

Shareholder(s) individually or jointly holding more than 1% of the shares of the Company may raise provisional proposals and submit the same in writing to the convener 10 days prior to the date of the shareholders’ meeting. The convener shall issue a supplemental notice of shareholders’ meeting and submit such proposal to the shareholders’ meeting for review within 2 days after receiving such proposal and announce the content of the provisional proposal. Unless the provisional proposal violates laws, administrative regulations, the securities regulatory rules of the places where shares of the Company are listed, or the Articles of Association, or falls outside the scope of the authority of the shareholders’ meeting. If the

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

securities regulation rules of the places where shares of the Company are listed requires the shareholders' meeting to be postponed as a result of the supplemental notice, the convening of the shareholders' meeting shall be postponed in accordance with the requirements of such securities regulation rules.

Other than the circumstances referred to in the preceding paragraph, after the convener issues the notice for shareholders' meeting, no changes shall be made to the proposals set forth in the notice of shareholders' meeting and no further proposals shall be added.

The shareholders' meeting shall not vote or resolve on proposals not set forth in the notice of shareholders' meeting or not in compliance with the requirements of the Articles of Association.

The convener shall notify each shareholder in writing (including announcement) 21 days before the annual general meeting, and the extraordinary general meeting shall notify each shareholder in writing (including announcement) 15 days before the meeting. The date of the meeting shall not be included in the calculation of the commencement period.

The notice of shareholders' meeting shall include the following:

- (I) time, place and duration of the meeting;
- (II) the matters and proposals submitted to the meeting for consideration;
- (III) the notice shall state clearly that all shareholders are entitled to attend the shareholders' meeting or appoint proxies in writing to attend and vote at such meeting on their behalf and that such proxies need not to be a shareholder of the Company;
- (IV) the date of shareholding registration for shareholders who are entitled to attend the shareholders' meeting;
- (V) the names and telephone numbers of the contact person for the meeting affairs;
- (VI) the timing and procedures for voting online or otherwise.

After the notice of the shareholders' meeting has been given, the shareholders' meeting shall not be postponed or canceled without justifiable reasons, and the proposals specified in the notice of the shareholders' meeting shall not be canceled. In case of postponement or cancelation, the convener shall send a notice at least 2 trading days before the scheduled date and explain the reasons. In case of a postponed shareholders' meeting, the revised date of the meeting shall be announced in the notice. Where the securities regulatory rules of the place where shares of the Company are listed have special provisions on the procedures for postponing or canceling the shareholders' meeting, such provisions shall prevail.

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Conducting the Shareholders' Meeting

All shareholders in the register as at the date of shareholding registration or their proxies shall be entitled to attend the shareholders' meeting, and to speak and exercise their voting rights at the shareholders' meeting pursuant to the relevant laws and regulations, the securities regulatory rules of the place where shares of the Company are listed and the Articles of Association (unless individual shareholders are required to waive their voting rights on certain matters under the securities regulation rules of the places where shares of the Company are listed).

A shareholder may attend and vote at the shareholders' meeting in person or by proxy. Where a shareholder appoints a proxy to attend the shareholders' meeting, the scope, authority, and term of the proxy appointment shall be clearly specified. The proxy shall submit to the Company a power of attorney granted by the shareholder and exercise voting rights within the authorized scope.

Individual shareholders attending the shareholders' meeting in person shall present their identity cards or other valid identity documents or proof. In the case of attending by proxies, the proxies shall present valid identity documents and the proxy forms from the shareholders. Any shareholder entitled to attend and vote at the shareholders' meeting is entitled to appoint one or more persons (who need not be a shareholder) as his/her proxy(ies) to attend and vote on his/her behalf.

Where a shareholder is a legal entity, its legal representative or a proxy entrusted by such legal representative shall attend the meeting. If the meeting is attended by the legal representatives, they shall produce their identity cards and valid proof of their status as legal representatives; if the meeting is attended by proxies of such legal representatives, such proxies shall present their identity cards and the written authorization letter legally issued by the legal representative of the legal entity shareholder (except for shareholders who are recognized clearing houses as defined by the relevant regulations in force from time to time under the Hong Kong laws or the securities regulation rules of the places where shares of the Company are listed and their proxies).

If the shareholders' meeting requires directors and members of the senior management to be present at the meeting, the directors and members of the senior management shall be present and accept enquiries from shareholders.

A shareholders' meeting shall be presided over by the chairman of the board of directors. If the chairman is unable or unwilling to perform his/her duties, the vice chairman shall preside. If the vice chairman is unable or unwilling to perform his/her duties, a director nominated by a majority of the directors shall preside. A shareholders' meeting convened by the Audit Committee on its own initiative shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable or unwilling to perform his/her

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duties, a member of the Audit Committee nominated by a majority of the members of the Audit Committee shall preside. A shareholders' meeting convened by the shareholders on their own initiative shall be presided over by the convener or a representative nominated by the convener.

Voting at and Resolutions of Shareholders' Meetings

Resolutions of a shareholders' meeting include ordinary resolutions and special resolutions. Ordinary resolutions of a shareholders' meeting shall be passed by votes representing more than half of the voting rights held by shareholders attending the shareholders' meeting. Special resolutions of a shareholders' meeting shall be passed by votes representing more than two-thirds of the voting rights held by shareholders attending the shareholders' meeting.

The following matters shall be resolved by way of ordinary resolutions at a shareholders' meeting:

- (I) work reports of the board of directors;
- (II) profit distribution plan and loss make-up plan formulated by the board of directors;
- (III) appointment and dismissal of directors, their remuneration and payment terms;
- (IV) matters other than those to be approved by special resolutions in accordance with the laws, administrative regulations, requirements under the securities regulations and rules of the places where shares of the Company are listed or the Articles of Association.

The following matters shall be resolved by way of special resolutions at a shareholders' meeting:

- (I) increase or reduction of the registered capital of the Company;
- (II) division, spin-off, merger, dissolution and liquidation of the Company;
- (III) amendments to the Articles of Association;
- (IV) purchase or disposal of material assets or provision of guarantees to others by the Company within one year, of which the amount exceeds 30% of the latest audited total assets of the Company;
- (V) stock option incentive schemes;

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(VI) other matters stipulated by laws, administrative regulations, securities regulatory rules of the places where Company's shares are listed or the Articles of Association, and other matters which are considered to have a significant impact on the Company and therefore need to be passed by way of a special resolution as determined by the shareholders' meeting with an ordinary resolution.

Shareholders shall exercise their voting rights according to the number of voting shares held by them, and each share shall have one vote. When voting, a shareholder (including a shareholder's proxy) with two or more votes is not required to cast all votes uniformly in favor of, against, or as abstentions. Where the securities regulatory rules of the stock exchange where shares of the Company are listed provide otherwise, such rules shall prevail.

When material issues affecting the interests of the small and medium investors are considered at shareholders' meeting, the votes of the small and medium investors shall be counted separately. The separate voting results shall be disclosed publicly in a timely manner.

The shares of the Company held by the Company itself do not have voting rights, and such shares shall not be included in the total number of voting shares present at the shareholders' meeting.

If the shareholder's purchase of the voting shares of the Company violates paragraphs 1 and 2 of Article 63 of the Securities Law, voting rights of the shares in excess of the prescribed proportion shall not be exercisable within 36 months after the purchase and shall not be included in the total number of voting shares present at the shareholders' meeting.

The board of directors, independent directors and shareholders holding more than 1% of the voting shares or the investor protection institutions established in accordance with laws and regulations may act as solicitors, and publicly solicit the shareholders, either by themselves or through an entrusted securities firm or securities service provider, to engage them as proxies to attend the shareholders' meeting and exercise their voting rights or rights of proposal on their behalf. Provided that such public solicitation of shareholders' rights shall not be conducted in a paid or disguised paid manner.

The solicitors shall make sufficient disclosure of the information such as their voting preference to the shareholders from whom the voting rights are being solicited. Solicitation of voting rights of shareholders involving compensation or disguised compensation shall be prohibited. The Company shall not impose any limitation in respect of the minimum shareholding ratio on the solicitation of voting rights except as required by law.

When a related transaction is considered at a shareholders' meeting, the related shareholders shall abstain from voting and shall not exercise voting rights on behalf of other shareholders. The number of voting shares represented by such shareholder(s) shall not be included in the total number of valid votes. The resolutions of the shareholders' meeting shall fully disclose the voting results of non-related shareholders.

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DIRECTORS AND BOARD OF DIRECTORS

General Provisions for Directors

Directors of the Company may include executive directors, non-executive directors and independent directors. Non-executive directors refer to an individual who does not hold any position other than that of a director in the Company or its subsidiaries. The director of the Company shall be a natural person. A person may not serve as a director of the Company if any of the following circumstances applies:

- (I) persons who have no or restricted capacity for civil conduct;
- (II) persons who were sentenced to criminal punishment due to corruption, bribery, embezzlement of property, misappropriation of property or disrupting the socialist market economic order, or who have been deprived of political rights due to any criminal offenses, where less than five years have lapsed since the expiration of the execution period, or who were granted probation, where less than two years have lapsed since the expiration of the probationary term;
- (III) persons who served as a director, factory manager or manager of a company or an enterprise that declared insolvent and liquidated and were personally liable for the insolvency of such company or enterprise, and less than three years have lapsed since the date of completion of the insolvency and liquidation of that company or enterprise;
- (IV) persons who served as the legal representative of a company or an enterprise of which the business license was revoked and was ordered to close down due to violation of laws and who was personally liable for such revocation and order, where less than three years have lapsed since the date of the revocation of the business license of that company or enterprise and was ordered to close down;
- (V) persons who have a substantial amount of personal debts due and unsettled and is listed as a mala fide judgment debtor by a People's court;
- (VI) persons who are penalized by CSRC to be prohibited from participating in the securities markets with a period yet to be expired;
- (VII) persons who were publicly identified by a stock exchange as unsuitable for serving as a director, member of the senior management, etc., of a listed company, where the restriction period has not expired;
- (VIII) other circumstances stipulated in laws, administrative regulations, the securities regulatory rules of the places where the shares of the Company are listed or departmental regulations.

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If the election or appointment of a director has violated this article, such election, appointment or employment shall be invalid. If any of above circumstances occurs during the period of employment of a director, the Company shall dismiss the director from his duties and cease his performance of duties.

The directors shall bear the fiduciary obligations towards the Company, and shall take measures to avoid conflicts between their own interests and the Company's interests, and shall not use their position and power to seek improper benefits. The directors shall comply with laws, administrative regulations, the securities regulatory rules of the places where the shares of the Company are listed and the Articles of Association and shall bear the following fiduciary obligations towards the Company:

- (I) not to misappropriate the property of the Company and not to misappropriate the funds of the Company;
- (II) not to deposit the Company's assets or funds in an account opened in his/her own name or in the name of any other individual;
- (III) not accept any bribery or other illegal income by using his/her position and power;
- (IV) not directly or indirectly enter into any contract or perform any transaction with the Company without reporting to the board of directors or the shareholders' meeting and obtaining approval through a resolution of the board of directors or the shareholders' meeting in accordance with the provisions of the Articles of Association;
- (V) not make use of his position to procure business opportunities that should otherwise belong to the Company for himself or others, except when having reported to the board of directors or the shareholders' meeting and approved by a resolution of the shareholders' meeting, or except that the Company is unable to utilize such business opportunity according to the provisions of laws, administrative regulations, the securities regulatory rules of the places where the shares of the Company are listed or the Articles of Association;
- (VI) not engage in the same business as the Company for his own account or for the benefits of any other persons without reporting to the board of directors or the shareholders' meeting and obtaining approval through a resolution of the shareholders' meeting;
- (VII) not accept commissions from transactions between others and the Company for their own benefit;
- (VIII) not disclose confidential information of the Company without authorization;
- (IX) not abuse his connected relationship to compromise the interests of the Company;

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- (X) other fiduciary obligations stipulated by laws, administrative regulations, departmental rules, securities regulation rules of the places where the shares of the Company are listed and the Articles of Association.

When immediate family members of directors and members of the senior management, enterprises directly or indirectly controlled by directors, members of the senior management or their immediate family members, and other related parties having other affiliations with directors or members of the senior management enter into contracts or conduct transactions with the Company, the provisions of preceding paragraph shall apply.

Income generated by a director in violation of the preceding provisions shall belong to the Company; where the Company suffers losses thereto, the director shall be liable for compensation.

Directors shall bear the duty of diligence towards the Company, and in performing their duties, shall exercise the reasonable care normally expected of a manager for the best interests of the Company. Directors shall abide by laws, administrative regulations, securities regulation rules of the places where the shares of the Company are listed and the Articles of Association, and shall bear the following duty of diligence towards the Company:

- (I) shall exercise the rights conferred by the Company prudently, seriously and diligently to ensure that the commercial activities of the Company comply with the national laws, administrative regulations and the requirements of various economic policies of PRC, and the commercial activities shall not go beyond the scope of the business stipulated in the business license;
- (II) to treat all shareholders fairly;
- (III) to maintain a timely awareness of the operation and management of the Company;
- (IV) to sign written confirmation on the regular reports of the Company and to ensure the information disclosed by the Company is true, accurate and complete;
- (V) to provide relevant information and materials to the Audit Committee truthfully, and shall not obstruct the exercise of powers by the Audit Committee;
- (VI) other duty of diligence stipulated by laws, administrative regulations, departmental rules, securities regulation rules of the places where the shares of the Company are listed and the Articles of Association.

The Company shall establish a director departure management system to specify safeguard measures for pursuing accountability and compensation for unfulfilled public commitments and other outstanding matters. Upon the effective resignation or expiration of the term of a director, the director shall complete all handover procedures with the board of directors. The duty of loyalty owed by the director to the Company and shareholders shall not

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be automatically terminated upon the end of the term and shall remain valid for one year thereafter; the duty of confidentiality owed by the director in respect of the Company's trade secrets shall remain valid until such trade secrets become publicly available, and the director shall strictly comply with obligations such as non-competition agreements as agreed with the Company. A director's liabilities arising from the performance of duties during the term of office shall not be exempted or terminated due to departure.

Board of Directors

The Company shall have a board of directors composed of nine directors, including four independent directors and one employee representative director. The board shall have one chairman and one vice chairman. The chairman and vice chairman shall be elected by a majority vote of all directors.

The board of directors shall exercise the following functions and powers:

- (I) to convene shareholders' meetings and submit work reports to the shareholders' meetings;
- (II) to implement resolutions of the shareholders' meetings;
- (III) to determine the business plans and investment plans of the Company;
- (IV) to formulate the Company's profit distribution plan and loss recovery plan;
- (V) to formulate plans for the Company for increase or reduction of registered capital, issuance of bonds or other securities, and listing;
- (VI) to formulate plans for major acquisitions of the Company, repurchase of the Company's shares, or plans for merger, division, dissolution and change of corporate form;
- (VII) within the scope authorized by the shareholders' meeting, decide on matters such as the Company's external investment, acquisition and sale of assets, asset pledges, external guarantees, entrusted financial management, related transactions and external donations;
- (VIII) to decide on the establishment of the Company's internal management structure;
- (IX) to decide on the appointment or dismissal of the Company's chief executive officer, secretary to the board of directors and other members of the senior management, and decide on the matters in relation to their remuneration, rewards and punishments; decide on the appointment or dismissal of the Company's senior vice president, vice

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president, financial director and other members of the senior management based on the nomination of the president, and decide on matters in relation to their remuneration, reward and punishment;

- (X) to formulate the Company's basic management system;
- (XI) to formulate proposed amendments to the Articles of Association;
- (XII) to manage the Company's information disclosure matters;
- (XIII) to make proposal to the shareholders' meeting on the engagement or change of the accounting firm performing audits for the Company;
- (XIV) to listen to the work reports from the president of the Company and review the work of the president;
- (XV) to decide on the repurchase of the Company's own shares by the Company under the circumstances stipulated in Article 25(III), (V) and (VI) of the Articles of Association;
- (XVI) other powers conferred by laws, administrative regulations, departmental rules, securities regulation rules of the places where the shares of the Company are listed and the Articles of Association.

Matters exceeding the scope of the authority of the shareholders' meeting shall be submitted to the shareholders' meeting for consideration.

The chairman of the board of directors shall exercise the following functions and powers:

- (I) Preside over the shareholders' meetings and convene and preside over the board meetings;
- (II) Supervise and inspect the implementation of resolutions of the board of directors;
- (III) Other powers conferred by the board of directors.

The vice-chairman of the Company shall assist the chairman of the board of directors in his work. If the chairman of the board of directors is unable to perform his duties or fails to perform his duties, the vice-chairman shall perform his duties; if the vice-chairman is unable to perform his duties or fails to perform his duties, one director jointly nominated by more than half of the directors shall perform his duties.

The board of directors shall convene at least four meetings every year, which shall be convened by the chairman of the board of directors and shall notify all directors in writing 14 days prior to the meeting.

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Shareholders representing more than one-tenth of the voting rights, more than one-third of the directors or the Audit Committee and more than one-half of the independent directors may propose to convene an extraordinary meeting of the board of directors. The chairman of the board of directors shall convene and preside over a board meeting within ten days after receiving the proposal.

A notice of extraordinary meeting of the board of directors may be provided to all participants at least 5 days prior to the meeting. In cases of emergency or other special circumstances, the service of notices can be issued through telephone or other oral ways, but the convener should make explanations in the meeting. The aforementioned notice period may be waived for an extraordinary meeting of the board of directors with the consent of all directors.

The board meeting shall be held only when more than half of the directors are present. Resolutions made by the board of directors must be passed by more than half of all directors, unless otherwise provided by laws, regulations, securities regulations and rules of the places where the Company's shares are listed, and the Articles of Association.

Resolutions of the board of directors are voted by way of poll with each director having one vote.

If any director is related to the enterprise or individual involved in the resolution at a board meeting, the said director shall promptly report to the board of directors in writing. The director with a related party relationship shall not exercise his voting rights on the said resolution for himself or on behalf of another director. Such board meeting may be held when more than half of the non-related directors attend the meeting. The resolution of such board meeting shall be passed by more than half of the non-related directors. If the number of non-related directors attending the board meeting is fewer than three, the matter shall be submitted to the shareholders' meeting for consideration. Where the laws and regulations and securities regulations and rules of the places where the Company's shares are listed have any additional limitations in respect of the participation and voting by directors in board meetings, the Company shall comply with such provisions.

Directors shall attend the board meetings in person. Where a director is unable to attend a meeting for any reason, he/she may authorize another director to attend the meeting on his/her behalf in writing. The authorization letter shall set out the name of the authorized person, the matters to be authorized, scope of authorization and valid period, which shall be signed or sealed with the chop by the director who authorizes. The directors who attend the meeting on behalf of another director shall exercise the rights as directors within the scope of authorization. If a director fails to attend a board meeting and does not authorize a representative to attend on his/her behalf, he/she shall be deemed to have waived his/her voting rights at such meeting.

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A director shall not accept proxies from more than two directors to attend a board meeting on his/her behalf. An independent director may not appoint a non-independent director to attend the meeting on his/her behalf. A non-related director shall not appoint a related director to attend the meeting on his/her behalf when considering related-party transactions.

The responsibility of the director for voting matters remains even when another director represents him/her.

Independent Directors

Independent directors shall, in accordance with the provisions of laws, administrative regulations, the CSRC, securities regulations and rules of the places where the Company's shares are listed, and the Articles of Association, diligently perform their duties, play roles in participating in decision-making, providing checks and balances and offering professional consultation within the board of directors, safeguard the interests of the Company as a whole, and protect the legitimate rights and interests of small and medium shareholders.

The Company shall establish a mechanism for special meetings composed entirely of independent directors. Where the board of directors deliberates related-party transactions and other matters, prior consent shall be obtained through such special meetings of independent directors.

The Company shall convene special meetings of independent directors on a regular or ad hoc basis. The matters listed in items (I) to (III) under the first paragraph of Article 138 and in Article 139 of the Articles of Association shall be reviewed at such special meetings of independent directors.

Special meetings of independent directors may also, as needed, study and discuss other matters of the Company.

A convenor and chairperson for a special meeting of independent directors shall be jointly elected by more than half of all independent directors. If the convenor fails or is unable to perform his or her duties, two or more independent directors may convene the meeting themselves and elect a representative to preside.

Minutes shall be prepared for special meetings of independent directors in accordance with the relevant requirements, and the opinions of independent directors shall be clearly recorded in the minutes. Independent directors shall sign to confirm the minutes.

The Company shall provide convenience and support for the convening of special meetings of independent directors.

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Special Committees of the Board of Directors

The board of directors of the Company shall establish an Audit Committee, which shall exercise the powers and functions of a board of supervisors as prescribed by the Company Law. The Audit Committee shall consist of three non-executive directors who do not hold any senior management positions within the Company. Independent directors shall constitute a majority of the committee, and the professional accountants among the independent directors shall act as the convener. Employee representatives on the board of directors may serve as members of the Audit Committee.

The board of directors of the Company shall establish the special committees such as the Strategy and Sustainability Committee, the Nomination Committee, the Remuneration and Appraisal Committee, which shall perform their duties in accordance with the Articles of Association and the authorization of the board of directors. Proposals made by these special committees shall be submitted to the board of directors for consideration and decision. The terms of reference of these special committees shall be formulated by the board of directors.

Independent directors shall constitute a majority in the Nomination Committee and the Remuneration and Appraisal Committee, and shall serve as the convenors. The Strategy and Sustainability Committee shall be composed of three members. The chairman of the Company is an ex-officio member of the Strategy and Sustainability Committee, and the other members shall be elected by the board of directors of the Company from among the directors.

SENIOR MANAGEMENT MEMBERS

The Company shall have one president, who shall be appointed or dismissed by the board of directors. The Company shall have several senior vice presidents and vice presidents, who shall be appointed or dismissed by the board of directors.

The provisions in the Articles of Association in relation to the circumstances under which a person may not serve as a director and the resignation management system shall mutatis mutandis apply to the senior management members. The provisions in the Articles of Association regarding the fiduciary duties of directors and the duty of diligence of directors shall mutatis mutandis apply to the senior management members.

The president is responsible to the board of directors and exercises the following 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;

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- (III) To draft plans for the establishment of the Company's internal management organizations;
- (IV) To draft the fundamental management system of the Company;
- (V) To formulate specific rules and regulations for the Company;
- (VI) To propose to the board of directors on the appointment or dismissal of senior vice president, vice president, and financial controller of the Company;
- (VII) To decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the board of directors;
- (VIII) Other functions and powers conferred by the Articles of Association or the board of directors.

The president shall attend the board meetings.

The senior management members of the Company shall faithfully perform their duties, and safeguard the best interests of the Company and all shareholders. Any senior management members of the Company who fails to faithfully perform his/her duties or breaches the fiduciary duty shall indemnify the Company and the public shareholders for the damages arising therefrom according to law.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations, securities regulations and rules of the places where the Company's shares are listed and the provisions stipulated by the relevant authorities of the PRC.

The Company shall submit and disclose its annual reports to the relevant branch office of the CSRC and the stock exchange of the place where the shares of the Company are listed within four months from the end of each fiscal year, and its interim reports to the relevant branch office of the CSRC and the stock exchange of the place where the shares of the Company are listed within two months from the end of the first half of each fiscal year.

The above annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations and requirements of the CSRC and securities regulations and rules of the places where the Company's shares are listed.

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.

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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' 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.

Where the shareholders' meeting distributes profits to shareholders in violation of the Company Law, the shareholders shall return the profits so distributed in breach of regulations to the Company; if losses are caused to the Company, the shareholders and the directors and senior management members who are responsible shall bear liability for compensation.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

The Company shall entrust one or more payment receiving agents in Hong Kong for shareholders of H Shares. The payment receiving agents shall receive and hold on behalf of such shareholders of H Shares any dividends allocated to H Shares and other amounts payable by the Company, for future payments to such shareholders of H Shares. The payment receiving agents appointed by the Company shall comply with laws, regulations and securities regulations and rules of the places where the Company's shares are listed.

The Company's common reserve shall be used to cover losses of the Company, expand the Company's production and operations, or be converted into additional registered capital of the Company.

To make up for the losses of the Company, the discretionary reserve and the statutory reserve shall be used first; if still insufficient, the capital reserve may be used in accordance with regulations.

Upon transfer from the statutory reserve to the increase of registered capital, the remainder of such reserve shall not be less than 25% of the registered capital of the Company before such transfer takes effect.

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After a resolution on the profit distribution plan is made at the shareholders' meeting of the Company, or after a specific plan is formulated by the board of directors of the Company based on the conditions and cap for interim dividends for the next year considered and approved by the annual general meeting, the distribution of dividends (or shares) shall be completed within 2 months.

The Company shall implement an active profit distribution policy, attach importance to the reasonable and stable investment returns for investors.

Profit distribution may be made in the form of cash, shares, or a combination of cash and shares, with cash dividends being the preferred method. Such profit distribution shall not exceed the cumulative distributable profits and must not undermine the Company's ability to sustain its operations.

Internal Audit

The Company has implemented an internal audit system, which shall specify the leadership structure, responsibilities and authorities, staffing, funding safeguards, utilization of audit results, and accountability mechanisms for internal audit work.

The internal audit system of the Company shall be implemented upon approval by the board of directors and shall be disclosed externally.

The internal audit department of the Company shall supervise and inspect the Company's business activities, risk management, internal controls and financial information.

Appointment of Accounting Firm

The Company shall appoint such accounting firm which has complied with the Securities Law and securities regulations and rules of the places 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 year and can be re-appointed.

The appointment and removal of accounting firm by the Company shall be subject to the approval of the shareholders' meeting. The board of directors may not appoint accounting firm before the approval of the shareholders' 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, or the method for determining such fees, shall be determined at the shareholders' meeting.

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If the Company removes or no longer re-appoints the accounting firm, it shall notify such accounting firm 30 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' meeting.

If any accounting firm offers to resign, it shall explain to the shareholders' meeting whether the Company has engaged in any misconduct.

MERGER, SPIN-OFF, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Spin-off, Capital Increase and Reduction

Corporate merger may take the form of merger by absorption or by establishment. Merger by absorption refers to a company absorbing another company, in which the company being absorbed shall be dissolved. Merger by establishment refers to the establishment of a new company by merging two or more companies, whereby the merging parties shall be dissolved.

In case of a merger between the Company and a company in which it holds over 90% of the shares, the merged company is not required to pass a resolution at the shareholders' meeting but shall notify other shareholders, who shall have the right to request the Company to acquire their equity or shares at a reasonable price. Where the consideration for a merger does not exceed 10% of the Company's net assets, it may be approved without a resolution of the shareholders' meeting, except as otherwise provided in the Articles of Association. If the Company proceeds with a merger without a resolution of the shareholders' meeting in accordance with the preceding paragraph, it shall be approved by a resolution of the board of directors.

In the event of any merger involving the Company, the Company shall enter into a merger agreement with other parties involved and prepare a balance sheet and a list of assets. The Company shall notify its creditors within 10 days after the adoption of the relevant resolution and publish announcements in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. The creditors may request the Company to discharge its obligations or offer appropriate security within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

In the event of any merger involving the Company, the surviving company or the newly established company shall assume all claims and debts of the parties involved in such merger.

In the event of any spin-off of the Company, its assets shall be divided accordingly. In the event of any spin-off of the Company, the Company shall prepare a balance sheet and a list of assets, notify its creditors within 10 days from the date of the resolution of spin-off and publish announcements in newspapers or on the National Enterprise Credit Information Publicity System within 30 days.

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Unless otherwise agreed by the Company and its creditors in writing prior to such spin-off with respect to the discharge of obligations, the company spun off from the Company shall be jointly and severally liable for the obligations of the Company prior to such spin-off.

The Company shall prepare a balance sheet and a list of assets its registered capital. The Company shall notify its creditors within 10 days after the adoption of the relevant resolution on the reduction of the registered capital at the shareholders' meeting and publish announcements in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. The creditors may request the Company to discharge its obligations or offer appropriate security within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

Where the Company reduces its registered capital, it shall reduce the capital contributions or shares held by shareholders proportionately according to their shareholding, except as otherwise provided by law, securities regulations and rules of the places where the Company's shares are listed or the Articles of Association.

When the Company issues new shares to increase its registered capital, shareholders shall not have pre-emptive rights, except as otherwise provided in the Articles of Association or if a resolution is passed at the general meeting granting shareholders such pre-emptive rights.

Where the merger or spin-off of the Company results in a change in its registered particulars, such change shall be registered with the company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law. Any increase or reduction of the registered capital of the Company shall be registered with the company registry according to law.

Dissolution and Liquidation

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) The shareholders' meeting adopts a resolution to dissolve;
- (III) The Company needs to be dissolved for the purpose of merger or division;
- (IV) The business license is revoked, or the Company is ordered to close or be eliminated according to applicable law;

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- (V) Where the Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of voting rights of the Company's shareholders may request the people's court to dissolve the Company.

If dissolution causes stipulated in the preceding paragraph occur, the Company shall publicize the dissolution causes through the National Enterprise Credit Information Publicity System within ten days.

Under the circumstance set out in items (I) and (II) above and assets have not yet been distributed to shareholders, the Company may continue its operation by amending the Articles of Association or resolution of the shareholders' meeting. Any amendment to the Articles of Association or resolution of the shareholders' meeting pursuant to the foregoing provision shall be subject to approval of two thirds or more of the votes held by the shareholders present at the shareholders' meeting.

Where the Company is dissolved under the circumstances set out in items (I), (II), (IV) and (V) above, it shall be liquidated. The directors shall be the liquidation obligors of the Company and the liquidation committee shall be established within 15 days from the date of the event leading to liquidation. The personnel of the liquidation committee shall consist of directors, except where otherwise provided in the Articles of Association or otherwise selected by the resolution at the shareholders' meeting. If a liquidation obligor fails to promptly perform his/her liquidation obligations, causing losses to the Company or creditors, such obligor shall be liable for compensation.

Within 10 days of the establishment of the liquidation committee, the creditors shall be notified and an announcement shall be published in newspapers or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall declare their claims to the liquidation committee within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

Creditors who declare claims shall state relevant issues related to the claims and provide proofs. The liquidation committee shall carry out registration of the claims.

During the period for declaration of claims, the liquidation committee shall not make any repayment to the creditors.

After the liquidation committee has examined and taken possession of the assets of the Company and prepared a balance sheet and a list of assets, it shall formulate a liquidation proposal and submit it to the shareholders' meeting or the people's court for confirmation.

The remaining assets of the Company after paying the costs of liquidation, the employees' salaries, social insurance contributions and legal compensation, taxes and debts of the Company shall be distributed to the shareholders in proportion to their respective shareholding.

APPENDIX V SUMMARY OF THE ARTICLES OF ASSOCIATION

During the period of liquidation, the Company shall not engage in any business activity except for those relating to the liquidation. Before liquidation as specified in the preceding paragraphs, the assets of the Company shall not be distributed to shareholders.

In the event the liquidation committee finds that, after taking stock of the Company's property and preparing the balance sheet and list of property, that the assets are insufficient to pay the debts, it shall apply to the people's court for bankruptcy liquidation according to the law.

AMENDMENTS 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 and administrative regulations or securities regulations and rules of the places where the Company's shares are listed, the matters stipulated in the Articles of Association contradict the provisions of the revised laws and administrative regulations or securities regulations and rules of the places where the Company's shares are listed;
- (II) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association;
- (III) A shareholders' 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' 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 in accordance with the law.

The board of directors shall amend the Articles of Association in accordance with the resolutions of the shareholders' meeting and the comments of the competent authorities on any amendment hereto.

Any amendment to the Articles of Association shall be subject to announcement if so required by the laws and regulations.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was established under the PRC laws under the name of Hefei Sungrow Power Supply. (合肥陽光電源有限公司) on November 28, 1997 and was converted to a joint stock company on September 16, 2010 and listed on the Shenzhen Stock Exchange on November 2, 2011.

Our registered office is located at No. 1699 Xiyou Road, High-tech Zone, Hefei, Anhui Province, PRC. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●] and our principal place of business in Hong Kong is at 40/F, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong. Ms. Cheng Kwai Yuk is the authorized representative of the Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company was established in the PRC, we 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 our Articles of Association is set out in “Regulatory Overview” in this document and Appendix V to this document respectively.

B. Changes in Share Capital of our Company

Save as disclosed in the section headed “History, Development and Corporate Structure,” there has been no other alteration in our total issued share capital within the two years immediately preceding the date of this document.

C. Changes in Share Capital of our Major Subsidiaries

We have applied to the Stock Exchange for[, and the Stock Exchange has granted us] a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of information relating to the changes in the share capital of any member of our Group within the two years immediately preceding the date of this document. For details, see “Waivers and Exemption — Particulars of Any Alterations in the Capital of Any Member of the Group” in this document.

The following alterations in the registered capital of our major subsidiaries have taken place within the two years preceding the date of this document:

(1) *Sungrow Renewables Development Co., Ltd.* (陽光新能源開發股份有限公司)

The registered share capital of Sungrow Renewables Development Co., Ltd. (陽光新能源開發股份有限公司) was increased from RMB1,420,534,361 to RMB1,499,460,959 on 26 January, 2024 due to capital increase of our Company, further increased to RMB1,526,848,489 on March 1, 2024 and further increased to RMB1,566,311,788 on 28 March 2024 due to external investment from Independent Third Parties.

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

D. Resolutions Passed by Our Shareholders in Relation to the [REDACTED]

Pursuant to the Shareholders’ meeting held on September 30, 2025, the following resolutions, among other things, were duly passed:

- (a) the [REDACTED] by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Stock Exchange;
- (b) the number of H Shares [REDACTED] shall be up to [REDACTED]% of the total share capital of our Company upon completion of the [REDACTED] and before any exercise of the [REDACTED], and the grant of the [REDACTED] in respect of no more than [REDACTED]% of the number of H Shares initially [REDACTED] pursuant to the [REDACTED];
- (c) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [REDACTED], the [REDACTED] of the H Shares and the [REDACTED]; and
- (d) subject to the completion of the [REDACTED], the conditional adoption of the revised Articles of Association, which shall become effective on the [REDACTED]; and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this document which are or may be material:

- (a) [REDACTED]

APPENDIX VI STATUTORY AND GENERAL INFORMATION

B. Our Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Registered owner	Trademark	Registration No.	Class	Valid through
1. . .	Our Company	SUNGROW	9282331	9	May 14, 2022 to May 13, 2032
2. . .	Our Company	SUNGROW	9282300	9	April 21, 2022 to April 20, 2032
3. . .	Our Company	SUNGROW	9305906	37	April 14, 2022 to April 13, 2032
4. . .	Our Company	SUNGROW	9315058	42	June 14, 2022 to June 13, 2032
5. . .	Our Company	SUNGROW	9315025	40	April 21, 2022 to April 20, 2032
6. . .	Our Company	SUNGROW	9343982	9	April 28, 2022 to April 27, 2032
7. . .	Our Company	SUNGROW 阳光电源	11247917	9	March 7, 2024 to March 6, 2034
8. . .	Our Company	SUNGROW	4048301	9	June 7, 2016 to June 6, 2026
9. . .	Our Company	SUNGROW	8269921	9	July 7, 2021 to July 6, 2031
10. . .	Our Company	SUNGROW 阳光电源	7412343	9	December 7, 2022 to December 6, 2032
11. . .	Our Company	SUNGROW	29769887	37	April 21, 2019 to April 20, 2029
12. . .	Our Company	SUNGROW	29767881	40	February 21, 2019 to February 20, 2029
13. . .	Our Company	SUNGROW	29762637	9	December 14, 2019 to December 13, 2029
14. . .	Our Company	SUNGROW	29760928	42	August 28, 2019 to August 27, 2029
15. . .	Our Company	SUNGROW	69440149	40	September 14, 2023 to September 13, 2033
16. . .	Our Company	SUNGROW	69430984	42	September 7, 2023 to September 6, 2033
17. . .	Our Company	SUNGROW	69427751	9	September 7, 2023 to September 6, 2033
18. . .	Our Company	SUNGROW	69426562	37	September 7, 2023 to September 6, 2033

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Registered owner	Trademark	Registration No.	Class	Valid through
19. . .	Our Company	SUNGROW	39363021	9	March 7, 2020 to March 6, 2030
20. . .	Our Company	SUNGROW	63466294	9	October 7, 2023 to October 6, 2033
21. . .	Our Company	SUNGROW	69427763	37	September 7, 2023 to September 6, 2033
22. . .	Our Company	SUNGROW	69425043	9	September 7, 2023 to September 6, 2033
23. . .	Our Company	SUNGROW	75636109	9	September 7, 2024 to September 6, 2034
24. . .	Our Company	SUNGROW	75632009	42	September 7, 2024 to September 6, 2034
25. . .	Our Company		36644083	9	January 28, 2021 to January 27, 2031
26. . .	Our Company		56125128	42	April 7, 2022 to April 6, 2032
27. . .	Our Company		56117152	9	April 7, 2022 to April 6, 2032
28. . .	Our Company		58729602	9	May 21, 2022 to May 20, 2032
29. . .	Our Company		57392728	42	January 14, 2022 to January 13, 2032
30. . .	Our Company		57387815	9	January 21, 2022 to January 20, 2032
31. . .	Our Company	阳光电源	14391342	9	June 14, 2025 to June 13, 2035
32. . .	Our Company	阳光电源	8267148	9	September 28, 2023 to September 27, 2033
33. . .	Our Company		80601010	9	March 28, 2025 to March 27, 2035
34. . .	Our Company		80580745	42	March 28, 2025 to March 27, 2035

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Registered owner	Trademark	Registration No.	Class	Valid through
35. . .	Our Company		80593094	9	March 28, 2025 to March 27, 2035
36. . .	Our Company		80591498	42	March 28, 2025 to March 27, 2035
37. . .	Our Company	SUNGROW	3731682	9	October 1, 2020 to October 1, 2030
38. . .	Our Company	powerstack	2221658	9	August 9, 2021 to August 9, 2031
39. . .	Our Company	iSolarCloud	1748817	9	November 30, 2015 to November 30, 2025
40. . .	Our Company	SUNGROW	1999719	9	October 31, 2018 to October 31, 2028
41. . .	Our Company	SUNGROW	2281889	9	March 31, 2022 to March 31, 2032
42. . .	Our Company	SUNGROW	915068451	9	May 7, 2019 to May 7, 2029
43. . .	Our Company	SUNGROW	1918262	9	April 8, 2022 to April 8, 2032
44. . .	Our Company	SUNGROW	1297714	9	February 19, 2019 to February 20, 2029
45. . .	Our Company	SUNGROW	1498721	9	August 16, 2022 to August 16, 2032
46. . .	Our Company	SUNGROW	2018-7274	9	January 25, 2019 to January 25, 2029
47. . .	Our Company	SUNGROW	018679319	9	July 13, 2022 to March 30, 2032
48. . .	Our Company	SUNGROW	UK00801457896	9	September 3, 2019 to October 31, 2028
49. . .	Our Company	SUNGROW	KH/1457896/M	9	August 26, 2020 to October 31, 2028
50. . .	Our Company	SUNGROW	4020210054169	37, 42	September 5, 2023 to September 5, 2033

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Registered owner	Trademark	Registration No.	Class	Valid through
51. . .	Our Company	SUNGROW	2018066200	9	August 13, 2018 to August 13, 2028
52. . .	Our Company	SUNGROW	7591032018	9	September 12, 2018 to September 12, 2028
53. . .	Our Company	SUNGROW	76610	9	December 8, 2020 to September 19, 2028
54. . .	Our Company	SUNGROW	PH42022507101	9	May 26, 2022 to May 26, 2032
55. . .	Our Company	SUNGROW	1620052	36, 37, 42	July 1, 2021 to July 1, 2031
56. . .	Our Company	SUNGROW	1530976	12, 17	January 10, 2020 to January 10, 2030
57. . .	Our Company	iSolarCloud	1799537	9, 42	March 27, 2024 to March 27, 2034
58. . .	Our Company	SUNGROW	1671090	7, 9	March 31, 2022 to March 31, 2032
59. . .	Our Company	SUNGROW	1457896	9	October 31, 2018 to October 31, 2028
60. . .	Our Company	powerstack	1621168	9	August 9, 2021 to August 9, 2031
61. . .	Our Company	powertitan	1621227	9	August 9, 2021 to August 9, 2031
62. . .	Our Company	iSolarCloud	1285167	9	November 30, 2015 to November 30, 2025
63. . .	Our Company	SUNGROW	79344520	9	October 10, 2023 to October 10, 2029
64. . .	Our Company	SUNGROW	79255227	9	December 24, 2019 to December 24, 2025
65. . .	Our Company	SUNGROW	2018/21516	9	June 22, 2022 to July 26, 2028
66. . .	Our Company	SUNGROW	1117083	9	October 31, 2018 to March 28, 2029
67. . .	Our Company	SUNGROW	1214345	9	March 31, 2022 to March 28, 2029

APPENDIX VI STATUTORY AND GENERAL INFORMATION

(b) Patents

(i) Registered Patents

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Patentee	Place of Registration	Patent Number	Expiry Date
1. . .	A topology unit parallel protection method, device and system (一種拓撲單元並聯保護方法、裝置及系統)	Our Company	China	ZL201910237668.0	March 27, 2039
2. . .	A chassis heat dissipation structure (一種機箱散熱結構)	Our Company	China	ZL202010012224.X	January 6, 2040
3. . .	A sampling circuit, sampling control method and power supply equipment (一種採樣電路、採樣控制方法及電源設備)	Our Company	China	ZL202010598707.2	June 28, 2040
4. . .	An energy storage DC/DC conversion module, controller thereof and energystorage power conversion system (一種儲能DC/DC變換模組及其控制器和儲能功率變換系統)	Our Company	China	ZL202011022740.7	September 25, 2040
5. . .	A fast response control method and control device for photovoltaic inverter (一種光伏逆變器快速響應控制方法和控制裝置)	Our Company	China	ZL202011040164.9	September 28, 2040
6. . .	A charging pile (一種充電樁)	Our Company	China	ZL202011132494.0	October 21, 2040

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Patentee	Place of Registration	Patent Number	Expiry Date
7. . .	A battery cluster management device and battery energy storage system (一種電池簇管理裝置及電池儲能系統)	Our Company	China	ZL202011322706.1	November 23, 2040
8. . .	A doublyfed wind power generation system, doublyfed converter and machine side shutdown control method thereof (一種雙饋風力發電系統、雙饋變流器及其機側停機控制方法)	Our Company	China	ZL202110096565.4	January 25, 2041
9. . .	A DC arc detection method, energy conversion device and power generation system (一種直流電弧檢測方法、能量轉換設備和發電系統)	Our Company	China	ZL202110631487.3	June 7, 2041
10. . .	An AC fault identification method for inverter and photovoltaic system (一種逆變器和光伏系統的交流故障識別方法)	Our Company	China	ZL202110819893.2	July 20, 2041
11. . .	A newenergy charging system, AC charging pile and charging method thereof (一種新能源充電系統和交流充電樁及其充電方法)	Our Company	China	ZL202110969436.1	August 23, 2041
12. . .	A photovoltaic power generation system, control method thereof and power converter (一種光伏發電系統及其控制方法和功率變換器)	Our Company	China	ZL202111134707.8	September 27, 2041

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Patentee	Place of Registration	Patent Number	Expiry Date
13. . .	A charging pile output control method and device (充電樁輸出控制方法及裝置)	Our Company	China	ZL202111296434.7	November 3, 2041
14. . .	A photovoltaic power generation system and control method thereof (一種光伏發電系統及其控制方法)	Our Company	China	ZL202111299640.3	November 4, 2041
15. . .	An onboard charger working mode switching control method, device and onboard charger (車載充電器工作模式切換控制方法、裝置及車載充電器)	Our Company	China	ZL202111369350.1	November 15, 2041
16. . .	An inverter control method, inverter controller, inverter and power supply system (逆變器控制方法、逆變控制器、逆變器及供電系統)	Our Company	China	ZL202111444773.5	November 30, 2041
17. . .	An onboard charger, DC/DC converter and control method thereof (一種車載充電器、DC/DC變換器及控制方法)	Our Company	China	ZL202111575228.X	December 21, 2041
18. . .	A wind power converter (一種風電變流器)	Our Company	China	ZL202210065497.X	January 20, 2042
19. . .	An arcfault detection method, device and equipment (一種電弧故障檢測方法、裝置及設備)	Our Company	China	ZL202210421305.4	April 21, 2042

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Patentee	Place of Registration	Patent Number	Expiry Date
20. . .	An inverter and its AC insulation impedance detection method (一種逆變器及其交流絕緣阻抗檢測方法)	Our Company	China	ZL202210638325.7	June 8, 2042
21. . .	A photovoltaic power generation system and fault protection method, device, combiner box and inverter thereof (光伏發電系統及其故障保護方法、裝置、匯流箱及逆變器)	Our Company	China	ZL202310604548.6	May 26, 2043
22. . .	A photovoltaic inverter system and insulation fault detection method thereof (一種光伏逆變系統及其絕緣故障檢測方法)	Our Company	China	ZL202110779466.6	July 9, 2041
23. . .	A grid connected system and synchronization method (一種併網系統及同步方法)	Our Company	China	ZL202410089089.7	January 22, 2044
24. . .	An enclosure and an electric core module having the same (箱體及其具有其的電芯模組)	Our Company	China	ZL202323506026.7	December 21, 2033
25. . .	A cabinet assembly and photovoltaic power station (機櫃組件和光伏電站)	Our Company	China	ZL202420779070.0	April 15, 2034
26. . .	A gas scrubbing device (一種氣體洗滌裝置)	Sungrow Hydrogen SCI. & TECH. Co., Ltd.	China	ZL202211157645.7	September 22, 2042
27. . .	A scrubber and hydrogen production system (洗滌器和製氫系統)	Sungrow Hydrogen SCI. & TECH. Co., Ltd.	China	ZL202323570630.6	December 25, 2033

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No.	Patent	Patentee	Place of Registration	Patent Number	Expiry Date
28. . .	A powerline communication crosstalk optimization method and photovoltaic system (一種電力載波通信串擾優化方法及光伏系統)	Hefei Sungrow Information Technology Co., Ltd.	China	ZL202011555624.1	December 24, 2040
29. . .	A phase sequence identification method for powerline communication and photovoltaic system (一種電力載波通信的相序識別方法及光伏系統)	Hefei Sungrow Information Technology Co., Ltd.	China	ZL202011572663.2	December 24, 2040
30. . .	A battery cell SOH estimation method and device (一種電池單體 SOH值的估算方法及裝置)	Sungrow Energy Storage Technology Co., Ltd.	China	ZL202110343479.9	March 30, 2041
31. . .	An MPPT centralized mode exit and switching method and related applications (一種MPPT集中模式退出、切换方法及其相關應用)	Our Company	India	467243	September 26, 2035
32. . .	A topology unit parallel protection method, device and system (一種拓撲單元並聯保護方法、裝置及系統)	Our Company	Japan	7028512	May 26, 2040
33. . .	A topology unit parallel protection method, device and system (一種拓撲單元並聯保護方法、裝置及系統)	Our Company	China	201910237668.0	March 27, 2039
34. . .	A topology unit parallel protection method, device and system (一種拓撲單元並聯保護方法、裝置及系統)	Our Company	Australia	2019417821	July 2, 2040

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No.	Patent	Patentee	Place of Registration	Patent Number	Expiry Date
35. . .	A topology unit parallel protection method, device and system (一種拓撲單元並聯保護方法、裝置及系統)	Our Company	United States	11387643	July 2, 2040
36. . .	A highvoltage battery cluster and its overcurrent protection circuit and switch box (一種高壓電池簇及其過流保護電路和開關盒)	Our Company	Australia	2019435043	September 21, 2040
37. . .	A highvoltage battery cluster and its overcurrent protection circuit and switch box (一種高壓電池簇及其過流保護電路和開關盒)	Our Company	South Korea	10-2541790	October 14, 2040
38. . .	A highvoltage battery cluster and its overcurrent protection circuit and switch box (一種高壓電池簇及其過流保護電路和開關盒)	Our Company	Japan	7374919	September 23, 2040
39. . .	A highvoltage battery cluster and its overcurrent protection circuit and switch box (一種高壓電池簇及其過流保護電路和開關盒)	Our Company	United States	11942775	September 22, 2040
40. . .	An energy storage system and its thermal management method (一種儲能系統及其熱管理方法)	Our Company	Europe (EPO)	21189434.0	August 3, 2041
41. . .	An energy storage system and its thermal management method (一種儲能系統及其熱管理方法)	Our Company	United States	11784368	July 21, 2041

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Patentee	Place of Registration	Patent Number	Expiry Date
42. . .	An energy storage system and its multilevel shortcircuit protection system (一種儲能系統及其多級短路保護系統)	Our Company	United States	11342752	August 27, 2040
43. . .	An energy storage system and its multilevel short circuit protection system (一種儲能系統及其多級短路保護系統)	Our Company	Europe (EPO)	20195035.9	September 8, 2040
44. . .	A cable entry sealing box (一種穿線密封箱)	Our Company	Australia	2022324260	November 13, 2043
45. . .	An energy storage cabinet (儲能櫃)	Our Company	Australia	2021200027	January 5, 2041
46. . .	An energy storage cabinet (儲能櫃)	Our Company	Japan	7239620	January 5, 2041
47. . .	A chassis bracket and electrical equipment (機箱支架及電器設備)	Our Company	South Korea	10-2533053	January 21, 2040
48. . .	A chassis bracket and electrical equipment (機箱支架及電器設備)	Our Company	Australia	2020200403	January 21, 2040
49. . .	A multichannel grid connected power generation system and control method thereof (一種多路併網發電系統及其控制方法)	Our Company	Australia	2020444688	March 17, 2042
50. . .	A multichannel grid connected power generation system and control method thereof (一種多路併網發電系統及其控制方法)	Our Company	United States	12003105	March 10, 2042
51. . .	A liquid cooled outdoor energy storage cabinet (液冷儲能櫃(戶外))	Our Company	United States	D1081608	July 1, 2030

APPENDIX VI STATUTORY AND GENERAL INFORMATION

No.	Patent	Patentee	Place of Registration	Patent Number	Expiry Date
52. . .	A voltage compensation device for photovoltaic system and photovoltaic system thereof (一種光伏系統的電壓補償裝置及光伏系統)	Our Company	India	332489	February 27, 2037
53. . .	A voltage compensation device for photovoltaic system and photovoltaic system thereof (一種光伏系統的電壓補償裝置及光伏系統)	Our Company	United States	10523011	February 28, 2037
54. . .	A voltage compensation device for photovoltaic system and photovoltaic system thereof (一種光伏系統的電壓補償裝置及光伏系統)	Our Company	Europe (EPO)	17158106.9	February 27, 2037
55. . .	An AC fault identification method for inverter and photovoltaic system (一種逆變器和光伏系統的交流故障識別方法)	Our Company	Australia	2022313292	May 30, 2042
56. . .	An onboard charger, DC/DC converter and control method thereof (一種車載充電器、DC/DC變換器及控制方法)	Our Company	Australia	2022418485	March 7, 2044
57. . .	Chassis bracket and electrical equipment (機箱支架及電器設備)	Our Company	Australia	2021261874	November 3, 2041

APPENDIX VI STATUTORY AND GENERAL INFORMATION

(c) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Filing Date
1.	sungrowpower.com	Our Company	September 4, 2025
2.	sungrow.cn	Our Company	September 4, 2025

(d) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Registered Owner	Registration No.	Place of Registration	Registration Date
1.	Sungrow Trademark & Promotional Slogan (陽光電源商標及宣傳口號)	Our Company	2011-B-359-01	PRC	August 9, 2011
2.	Sungrow Cartoon Mascots “Fengfeng” & “Guangguang” (陽光電源卡通吉祥物「風風」「光光」)	Our Company	2011-B-360-01	PRC	August 9, 2011
3.	Yang Xiaoguang (陽小光)	Our Company	國作登字-2021-F-00163061	PRC	July 19, 2021
4.	Clean Power Conversion Symbol (清潔電力轉換符號)	Our Company	國作登字-2021-F-00137065	PRC	June 21, 2021
5.	iCarbon	Our Company	國作登字-2023-F-00191426	PRC	August 31, 2023
6.	iCarbon	Our Company	國作登字-2023-F-00232003	PRC	October 17, 2023
7.	Confidential Sungrow (保密陽光)	Our Company	國作登字-2024-F-00123860	PRC	May 11, 2024

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No.	Copyright	Registered Owner	Registration No.	Place of Registration	Registration Date
8. . . .	Sungrow SineWave (陽光正弦波 Sungrow SineWave)	Our Company	國作登字-2025-F-00134241	PRC	April 30, 2025
9. . . .	Integrity Sungrow (廉潔陽光)	Our Company	國作登字-2024-F-00321004	PRC	November 1, 2024
10. . .	Sungrow Ambassador Bubbly — 2D Image (陽光電源形象大使波比 Bubbly (2D形象))	Our Company	國作登字-2024-F-00304777	PRC	October 15, 2024
11. . .	Sungrow Ambassador Young Yang — 2D Image (陽光電源形象大使陽小光 Young Yang (2D形象))	Our Company	國作登字-2024-F-00304781	PRC	October 15, 2024
12. . .	Sungrow Ambassador Bubbly — 3D Image (陽光電源形象大使波比 Bubbly (3D形象))	Our Company	國作登字-2024-F-00304776	PRC	October 15, 2024
13. . .	Sungrow Ambassador Young Yang — 3D Image (陽光電源形象大使陽小光 Young Yang (3D形象))	Our Company	國作登字-2024-F-00304778	PRC	October 15, 2024
14. . .	SmartWei Little-E (智維小E)	Our Company	國作登字-2025-F-00118593	PRC	April 18, 2025
15. . .	SmartSeq Logo (智能相繼logo)	Our Company	國作登字-2018-F-00636398	PRC	November 20, 2018

Save as disclosed above, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

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3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

A. Particulars of Directors’ Contracts and Appointment Letters

We [have] entered into a service contract or appointment letter with each of the Directors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

B. Remuneration of Directors

Save as disclosed in the section headed “Directors and Senior Management,” no other payments have been made or are payable in respect of the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025 by any member of our Group to any of our Directors, former Directors or the five highest paid individuals.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors, former Directors, or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group. Furthermore, none of the Directors or former Directors had waived or agreed to waive any emoluments during the same periods.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025 by any member of our Group to any of our Directors, former Directors, or the five highest paid individuals.

C. Disclosure of Interests

(a) *Interests in the Shares of our Company*

For information on the persons (other than our Directors and chief executive of our Company) who will, immediately following the completion of the [REDACTED], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 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 the rights to vote in all circumstances at Shareholders’ meetings of our Company, see “Substantial Shareholders” in this document.

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(b) Disclosure of Interests of Directors and Chief Executive

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), so far as our Directors are aware, the interest or short position of our Directors or Chief Executives in the Shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were 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 entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, will be as follows:

(I) Interests in our Company

Name of substantial Shareholder	Nature of interest	Description of Shares	Number of Shares directly or indirectly held	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date	Approximate percentage of interest in the total issued share capital of our Company after the [REDACTED] (assuming the [REDACTED] and the [REDACTED] are not exercised)	Approximate percentage of interest in the total issued share capital of our Company after the [REDACTED] (assuming the [REDACTED] is fully exercised and the [REDACTED] is not exercised)	Approximate percentage of interest in the total issued share capital of our Company after the [REDACTED] (assuming the [REDACTED] and the [REDACTED] are exercised)
Mr. Cao . . .	Beneficial owner	A Shares	631,411,200	30.46%	[REDACTED]%	[REDACTED]%	[REDACTED]%
	Interest of spouse ⁽¹⁾	A Shares	3,676,009	0.18%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Ms. Su	Beneficial owner	A Shares	3,676,009	0.18%	[REDACTED]%	[REDACTED]%	[REDACTED]%
	Interest of spouse ⁽¹⁾	A Shares	631,411,200	30.46%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Dr. Gu Yilei .	Beneficial owner	A Shares	700,000	0.03%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Mr. Zhang Xucheng . .	Beneficial owner	A Shares	157,500	0.01%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Dr. Zhao Wei .	Beneficial owner	A Shares	9,756,400	0.47%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Mr. Wu Jiamao . . .	Beneficial owner	A Shares	577,500	0.03%	[REDACTED]%	[REDACTED]%	[REDACTED]%

Notes:

- (1) Mr. Cao and Ms. Su are spouses. As such, Mr. Cao and Ms. Su are deemed to be interested in the A Shares held by each other for purpose of Part XV of the SFO.

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(II) Interest in our Associated Corporation

Name of Director	Associated Corporation	Nature of Interest	Approximate % of Shareholding
Mr. Cao	Sungrow Renewables Development Co., Ltd. (陽光新能源開發股份有限公司)	Beneficial Owner	2.79%
	Hefei Sungrow Electric Power Technology Co., Ltd. (合肥陽光電動力科技有限公司)	Beneficial Owner	4.00%
	Sungrow Hydrogen SCI. & TECH. Co., Ltd. (陽光氫能科技有限公司)	Beneficial Owner	3.57%
	Sungrow Smart Maintenance Technology Co., Ltd. (陽光智維科技股份有限公司)	Beneficial Owner	4.00%
	Sungrow FPV Sci. & Tech Co., Ltd. (陽光水面光伏科技有限公司)	Beneficial Owner	3.00%
Dr. Gu Yilei	Sungrow Renewables Development Co., Ltd. (陽光新能源開發股份有限公司)	Beneficial Owner	0.57%
Mr. Zhang Xucheng .	Sungrow Renewables Development Co., Ltd. (陽光新能源開發股份有限公司)	Beneficial Owner	1.85%

(c) Substantial Shareholders

(I) Interests of the substantial shareholders in the Shares

Save as disclosed in the section headed “Substantial Shareholders” in this document, our Directors or Chief Executive Officer are not aware of any other person, not being a Director or Chief Executive Officer of our Company, who has an interest or short position in the Shares and underlying Shares of our Company, which, immediately following completion of the [REDACTED], assuming that the [REDACTED] is not exercised and no new Shares are issued under the [REDACTED], and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED], would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company or any member of our Group.

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(II) Interests of substantial shareholders of other members of our Group

As of the Latest Practicable Date, our Directors are not aware of any other person (other than our Directors or Chief Executive Officer of our Company) who will, immediately following completion of the [REDACTED], assuming that the [REDACTED] is not exercised and no new Shares are issued under the [REDACTED], and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED], have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group.

D. Disclaimers

Save as disclosed herein:

- (a) none of our Directors or the chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [REDACTED];
- (b) none of our Directors or any of the experts referred to under the paragraph headed “—5. Other Information — G. Qualification of Experts” in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

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- (e) so far as is known to our Directors, no person (not being a Director or chief executive of our Company or any member of our Group) will, immediately following the completion of the [REDACTED], have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at Shareholders’ meetings of any member of our Group; and
- (f) none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

4. RESTRICTED SHARE INCENTIVE SCHEMES

The following is a summary of the principal terms of the 2022 Restricted Share Incentive Scheme approved by the Shareholders on May 30, 2022, the 2023 Restricted Share Incentive Scheme approved by the Shareholders on December 22, 2023 and the 2025 Restricted Share Incentive Scheme of our Company approved by the Shareholders on March 18, 2025 (collectively, the “**Restricted Share Incentive Schemes**” or the “**Schemes**”). The terms of the Restricted Share Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant of awards by our Company after our [REDACTED]. Save as otherwise disclosed, the terms of the Restricted Share Incentive Schemes are substantially similar and are summarized below.

(i) Purpose and Principle

To further establish and improve the Company’s long-term incentive mechanism, attract and retain outstanding talent, fully motivate employees, and effectively align the interests of Shareholders, the Company, and employees to ensure all parties focus on the Company’s long-term development, this incentive plan is formulated based on the principle of matching returns with contributions, in accordance with relevant laws and regulations and Shenzhen Stock Exchange ChiNext Listing Rules, and in conjunction with the Company’s existing compensation and performance appraisal systems.

(ii) Administration

The Shareholders’ Meeting, as the Company’s highest authority, is responsible for reviewing the implementation, modification, and termination of the Schemes. The Board serves as the executive body for the plan’s implementation. Under the Board, the Remuneration and Appraisal Committee is responsible for drafting and revising the incentive plan and submitting it to the Board for review.

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(iii) Eligible Participants

The eligible participants under the Restricted Share Incentive Schemes shall be determined in accordance with relevant laws, regulations, normative documents, and the provisions of the Articles of Association. Independent directors and supervisors of the Company are excluded. All eligible participants must maintain an employment or labour relationship with the Company or its subsidiaries at the time of the grant of restricted shares and throughout the assessment period stipulated in the plan.

(iv) Source and Maximum Number of Shares

The source of Shares for the 2022 Restricted Share Incentive Scheme, 2023 Restricted Share Incentive Scheme and 2025 Restricted Share Incentive Scheme were our Company's A Shares placed to participants or repurchased from the secondary market. Each granted restricted Share represents the right to purchase one A Share within the agreed period at the grant price. The relevant A Shares will be vested in tranches upon the fulfillment of the stipulated vesting conditions. The maximum number of restricted Shares approved to be granted under the plan of the 2022 Restricted Share Incentive Scheme is 6,500,000 A Shares. The maximum number of restricted Shares approved to be granted under the plan of the 2023 Restricted Share Incentive Scheme is 11,500,000 A Shares and the maximum number of restricted Shares that can be granted under the plan of the 2025 Restricted Share Incentive Scheme is 11,350,000 A Shares. From the date of the announcement of each Scheme until the registration of the vesting of the relevant restricted Shares, if the Company undergoes events such as conversion of capital reserves into share capital, distribution of share dividends, share splits, rights issues, or share consolidations, the number of restricted shares to be granted/vested shall be adjusted accordingly.

(v) Valid Period and Grant Date

The valid period of each Scheme shall commence from the date of grant of the restricted Shares and end on the date when all restricted Shares granted to the participants have either fully vested or become invalid, with a maximum duration not exceeding 60 months. The Company shall grant the initial tranche restricted Shares to the participants and complete the relevant information disclosure within 60 days after the shareholders' meeting has approved the plan. If the Company fails to complete the aforesaid procedure within 60 days, it shall promptly disclose the reasons for the failure and terminate the implementation of the Scheme, with any ungranted restricted Shares becoming invalid. The Company shall determine the eligible participants for the reserved tranche restricted Shares within 12 months after the Scheme is approved by the shareholders' meeting and if the eligible participants are not determined within 12 months, the corresponding reserved tranche restricted Shares shall become invalid.

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(vi) Vesting

Under the 2022 Restricted Share Incentive Scheme, subject to fulfillment of the performance targets at Company level and participant level, the initial tranche of the restricted Shares held by the participants shall be vested in four installments of one-fourth each, commencing from 12 months, 24 months, 36 months and 48 months, respectively, from date of the grant of the initial tranche restricted Shares to the grantee. The reserved tranche of the restricted Shares held by the participants shall be vested in 30%, 30% and 40%, commencing from 12 months, 24 months, and 36 months, respectively, from date of the grant of the reserved tranche restricted Shares.

Under the 2023 Restricted Share Incentive Scheme, subject to fulfillment of the performance targets at Company level and participant level, the restricted Shares of both initial and reserved tranches held by the participants shall be vested in four installments of one-fourth each, commencing from 12 months, 24 months, 36 months and 48 months, respectively, from date of the grant of the initial or reserved tranche restricted Shares to the grantee.

Under the 2025 Restricted Share Incentive Scheme, subject to fulfillment of the performance targets at Company level and participant level, the restricted Shares held by the participants shall be vested in four installments of one-fourth each, commencing from 12 months, 24 months, 36 months and 48 months, respectively, from date of the first grant of restricted Shares to the grantee. The reserved tranche of the restricted Shares held by the participants shall be vested in 30%, 30% and 40%, commencing from 12 months, 24 months, and 36 months, respectively, from date of the grant of the reserved tranche restricted Shares.

(vii) Vesting Status of Restricted Shares

As of September 30, 2025, the fourth installment of the initial tranche of the 2022 Restricted Share Scheme and the third installment of the reserved tranche of the 2022 Restricted Share Scheme have not yet commenced the vesting period, amounting to in total 2,336,950 Shares (taking into account the share dividends distribution in 2024), representing approximately 0.11% of the issued share capital issued of our Company as at the Latest Practicable Date, and approximately [REDACTED]% of the total issued share capital of our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] and the [REDACTED] are not exercised and no changes to our issued shares between the Latest Practicable Date and the [REDACTED]).

As of September 30, 2025, the second, third and fourth installment of the initial tranche of the 2023 Restricted Share Scheme and the second, third and fourth installment of the reserved tranche of the 2023 Restricted Share Scheme have not yet commenced the vesting period, amounting to in total 12,075,000 Shares (taking into account the share dividends distribution in 2024), representing approximately 0.58% of the issued share capital of our Company as at the Latest Practicable Date, and approximately [REDACTED]% of the total issued share capital of our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] and the [REDACTED] are not exercised and no changes to our issued shares between the Latest Practicable Date and the [REDACTED]).

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As of September 30, 2025, no installment of the 9,105,000 granted restricted Shares under the initial tranche of the 2025 Restricted Share Scheme has commenced vesting period and the 2,245,000 restricted Shares under the reserved tranche of the 2025 Restricted Share Scheme has not been granted [(which the Company expected to grant before [REDACTED])]. The total restricted Shares could be granted under the 2025 Restricted Share Scheme was 11,350,000, representing approximately 0.55% of the issued share capital of our Company as at the Latest Practicable Date and approximately [REDACTED]% of the total issued share capital of our Company immediately following the completion of the [REDACTED] (assuming the [REDACTED] and the [REDACTED] are not exercised and no changes to our issued shares between the Latest Practicable Date and the [REDACTED]).

Assuming all granted but not vested restricted Shares under the Restricted Share Incentive Schemes are fully vested through the issuance of new Shares, the shareholding of our Shareholders immediately following completion of the [REDACTED] (assuming the [REDACTED] and the [REDACTED] are not exercised and no changes to our issued shares between the Latest Practicable Date and the [REDACTED]) will be diluted by approximately [REDACTED]%.

The following table sets forth the number of restricted Shares granted to Directors and senior management of our Company under the Restricted Share Incentive Schemes (taking into account the adjusted share capital due to the share dividends distribution in 2024):

Name	Position(s) held within our Group	Date of Grant	Grant Price	Number of Restricted Shares granted	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the [REDACTED] ⁽²⁾
					(RMB) ⁽¹⁾
Dr. Gu Yilei	Vice Chairman of the Board and Senior Vice President	December 22, 2023	43.22	280,000	[REDACTED]%
		September 30, 2024	30.18	218,400	[REDACTED]%
Mr. Wu Jiamao . . .	Director and Senior Vice President	December 22, 2023	43.22	210,000	[REDACTED]%
		September 30, 2024	30.18	119,000	[REDACTED]%
Mr. Chen Zhiqiang .	Vice President	December 22, 2023	43.22	168,000	[REDACTED]%
Mr. Deng Dejun . .	Vice President	December 22, 2023	43.22	168,000	[REDACTED]%

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Name	Position(s) held within our Group	Date of Grant	Grant Price (RMB) ⁽¹⁾	Number of Restricted Shares granted	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the [REDACTED] ⁽²⁾
Mr. Lu Yang . . .	Vice President and the Secretary to the Board	December 22, 2023	43.22	168,000	[REDACTED]%
Mr. Tian Shuai . . .	Vice President and Chief Finance Officer	December 22, 2023	43.22	168,000	[REDACTED]%
Ms. Wang Lei. . .	Vice President	December 22, 2023	43.22	168,000	[REDACTED]%

Notes:

- (1) Pursuant to the terms of the Schemes, from the date of the announcement of each Scheme until the registration of the vesting of the relevant restricted Shares, if the Company undergoes events such as conversion of capital reserves into share capital, distribution of share dividends, share splits, rights issues, or share consolidations, the grant price of each restricted Share will be adjusted accordingly. As of the Latest Practicable Date, the grant price for the 2023 Restricted Share Incentive Scheme has been adjusted to RMB29.10 per restricted Share.
- (2) The calculation is based on the assumption that the [REDACTED] and the [REDACTED] are not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED].

The table below sets forth the details of the restricted Shares granted to other grantees (excluding Directors and senior management of our Company) under the Restricted Share Incentive Schemes:

Restricted Share Incentive Scheme	Total number of Grantees	Date of Grant	Grant Price (RMB) ⁽¹⁾	Number of Restricted Shares granted	Approximate percentage of enlarged issued share capital of our Company immediately after completion of the [REDACTED] ⁽²⁾
2022 Restricted Share Incentive Scheme . . .	467	May 30, 2022	35.54	8,631,000	[REDACTED]%
	30	April 24, 2023	35.43	448,000	[REDACTED]%

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Restricted Share Incentive Scheme	Total number of Grantees	Date of Grant	Grant Price (RMB) ⁽¹⁾	Number of Restricted Shares granted	Approximate percentage of enlarged issued share capital of our Company immediately after completion of [REDACTED] ⁽²⁾
2023 Restricted Share Incentive Scheme ⁽²⁾	511	December 22, 2023	43.22	13,195,000	[REDACTED]%
	71	September 30, 2024	30.18	1,237,600	[REDACTED]%
2025 Restricted Share Incentive Scheme ⁽³⁾	874	March 18, 2025	35.27	9,105,000	[REDACTED]%

Notes:

- (1) Pursuant to the terms of the Schemes, from the date of the announcement of each Scheme until the registration of the vesting of the relevant restricted Shares, if the Company undergoes events such as conversion of capital reserves into share capital, distribution of share dividends, share splits, rights issues, or share consolidations, the grant price of each restricted Share will be adjusted accordingly. As of the Latest Practicable Date, the grant price for each Share under the 2022 Restricted Share Incentive Scheme, 2023 Restricted Share Incentive Scheme, and 2025 Restricted Share Incentive Scheme has been adjusted to RMB23.38, RMB29.10 and RMB34.19, respectively.
- (2) The calculation is based on the assumption that the [REDACTED] and the [REDACTED] are not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [REDACTED].
- (3) The table above sets forth the details of restricted Shares granted under the initial tranche of the 2025 Restricted Share Incentive Scheme, [and the reserved tranche restricted Shares thereunder will be granted before the [REDACTED].]

5. OTHER INFORMATION

A. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon the Group.

B. Litigation

Save as disclosed in the sections headed “Business” and “Financial Information” in this document, during the Track Record Period and up to the Latest Practicable Date, so far as our Directors are aware, no litigation or claim of material importance (to our Group’s financial condition or results of operation) is pending or threatened against any member of our Group.

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C. Sole Sponsor

The Sole Sponsor has made an [REDACTED] on our behalf to the [REDACTED] of the Hong Kong Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares to be [REDACTED] as mentioned in this document. All necessary arrangements have been made enabling the H Shares to be admitted into [REDACTED].

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Sole Sponsor in connection with the [REDACTED] payable by our Company is [REDACTED].

D. Compliance Advisor

Our Company has appointed Somerley Capital Holdings Limited as our compliance advisor in compliance with Rules 3A.19 of the Listing Rules.

E. Preliminary Expenses

We have not incurred any material preliminary expense.

F. Promoters

Our Company has no promoters.

G. Qualification of Experts

The qualifications of the experts, as defined under the Hong Kong Listing Rules, who have given opinions in this document, are as follows:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
Llinks Law Offices	Legal advisor to our Company as to PRC law
Rongcheng (Hong Kong) CPA Limited . . .	Certified Public Accountants and Registered Public Interest Entity Auditor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

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H. Consents of Experts

Each of the experts as referred to in “— 5. Other Information — G. Qualification of Experts” in this Appendix has given and has not withdrawn its consent to the [REDACTED] of this document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in any member of our Group 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.

I. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

J. No Material Change

Our Directors confirm that, there has been no material change in our business, financial condition and results of operations since December 31, 2024, being the latest balance sheet date of our consolidated financial statements as set out in the Accountant’s Report in Appendix I to this document, and up to the date of this document.

K. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.13% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

L. Restriction on Share Repurchases

For details of the restrictions on share repurchases by the Company, see “Summary of the Articles of Association — Increase/Reduction and Repurchase of Shares” in Appendix V to this document.

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M. Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this document. See Note 46 to the Accountant's Report in Appendix I to this document.

N. Miscellaneous

Save as disclosed in this document:

- (a) within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms had 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;
 - (iii) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (b) no share or loan capital of our Company or any of our subsidiaries had been under option or agreed conditionally or unconditionally to be put under option;
- (c) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;
- (d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;
- (e) our Company has no outstanding convertible debt securities or debentures;
- (f) there is no arrangement under which future dividends are waived or agreed to be waived;
- (g) save for the A Shares of our Company that are listed on the Shenzhen Stock Exchange, save for the GDRs to be listed on the Frankfurt stock exchange, and save for the H Shares [REDACTED] in connection with the [REDACTED], none of the equity and debt securities of our Company, if any, is [REDACTED] or [REDACTED] nor is any [REDACTED] or permission to [REDACTED] being or proposed to be sought; and

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

- (h) all necessary arrangements have been made to enable the H Shares to be admitted into [REDACTED] for clearing and settlement.

O. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance on the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX VII

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) a copy of each of the material contracts referred to in “Statutory and General Information — 2. Further Information about our Business — A. Summary of Material Contracts” in Appendix VI to this document; and
- (ii) the written consents referred to in “Statutory and General Information — 5. Other Information — H. Consents of Experts” in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange’s website at www.hkexnews.hk and <http://www.sungrowpower.com> during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the accountant’s report from Rongcheng (Hong Kong) CPA Limited, the text of which is set out in Appendix I to this document;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024 and [REDACTED];
- (d) the report from Rongcheng (Hong Kong) CPA Limited on the unaudited [REDACTED] financial information of our Group, the text of which is set out in Appendix II to this document;
- (e) the industry report issued by Frost & Sullivan referred to in “Industry Overview” in this document;
- (f) the PRC legal opinion issued by Llinks, our PRC Legal Advisor, in respect of, among other things, certain general corporate matters and property interests matters of our Group;
- (g) the material contracts referred to in “Statutory and General Information — 2. Further Information about our Business — A. Summary of Material Contracts” in Appendix VI to this document;
- (h) the written consents referred to in “Statutory and General Information — 5. Other Information — H. Consents of Experts” in Appendix VI to this document;

APPENDIX VII

**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES AND AVAILABLE ON DISPLAY**

- (i) the contracts and appointment letters referred to in the section headed “3. Further Information About Our Directors and Substantial Shareholders” — A. Particulars of Directors’ Contracts and Appointment Letters” in Appendix VI to this document; and
- (j) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof.