

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements included in the Accountants’ Report in Appendix I and the Condensed Consolidated Financial Statements in Appendix IA to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards. You should read the entire Accountants’ Report and Condensed Consolidated Financial Statements and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider all of the information provided in this document.

OVERVIEW

We are a leading global integrated power and energy solution provider from China. We have developed two complementary business segments: our intelligent electrical products and our green energy solutions. Together, these businesses allow us to serve key links of the power and energy value chain, including generation, storage, distribution and end use. We are committed to making energy safer, greener, more cost-effective and more user-friendly.

During the six months ended June 30, 2026, we acquired 100% equity interests in Fengyang Chint Photovoltaic Power Co., Ltd., Yueqing Chint Photovoltaic Power Co., Ltd., Yiwu Chint Photovoltaic Power Co., Ltd. and Fuyang (Hangzhou) Chint Photovoltaic Power Co., Ltd. for cash considerations of RMB19.1 million, RMB24.8 million, RMB36.3 million and RMB23.7 million, respectively. As the acquired companies and our Group were under the common control of Mr. Nan Cunhui both before and after the acquisitions, the acquisitions were accounted for using merger accounting.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our revenue was RMB57,250.8 million, RMB64,524.4 million, RMB59,166.5 million, RMB29,630.7 million and RMB38,064.2 million, respectively, with net profit of RMB4,948.8 million, RMB5,211.3 million, RMB6,137.6 million, RMB3,440.1 million and RMB4,074.4 million and net profit margins of 8.6%, 8.1%, 10.4%, 11.6% and 10.7% in the same periods, respectively. Net cash generated from operating activities was RMB4,140.4 million, RMB15,205.7 million, RMB23,113.8 million, RMB7,138.1 million and RMB13,181.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by a range of factors that influence the industries in which we operate, including, among others, macroeconomic conditions in China and globally, industry development and competitive dynamics, and changes in the regulatory environment and applicable policies. In addition to these general factors, we believe that our results of operations are more directly affected by the following specific factors:

Scale and Diversification of Our Intelligent Electrical Product Business

Our results of operations are affected by the scale and diversification of our intelligent electrical product business, as different product categories and customer/channel segments generally have different pricing dynamics, cost structures, operating leverage, cash conversion profiles and gross margins. Our intelligent electrical products include terminal electrical products, power distribution electrical products,

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control electrical products, instruments and meters, building electrical products and other products. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our revenue generated from intelligent electrical products was RMB20,138.5 million, RMB20,921.8 million, RMB21,918.7 million, RMB11,725.0 million and RMB12,146.8 million, respectively, representing 35.2%, 32.4%, 37.0%, 39.6% and 31.9% of our total revenue, respectively, and our gross profit margin for intelligent electrical products was 28.0%, 30.0%, 28.6%, 30.0% and 28.3% in the same periods, respectively.

Given the breadth of our intelligent electrical product portfolio and the diversity of downstream application scenarios and customer groups it serves, we believe this business generally exhibits a relatively stable margin profile. However, our gross profit and gross profit margin for intelligent electrical products remain sensitive to changes in product and channel mix. For example, a higher proportion of sales from comparatively higher-margin product categories within intelligent electrical products may increase our gross profit margin, whereas a shift toward lower-margin products may have the opposite effect. In addition, the gross profit margin of our intelligent electrical products may be affected by factors such as changes in sales channel mix (including the relative contribution of sales through distributors versus direct sales), changes in customer mix (including sales to new versus existing customers and differences in pricing and service requirements among customer types), competitive pricing dynamics and promotional arrangements, as well as changes in raw material costs and other cost drivers.

The Scale, Delivery Timing and Operational Performance of Residential PV Stations Under Our Green Energy Solution Business

A substantial portion of our green energy solutions is driven by our residential PV station platform model, and our results of operations are materially affected by our ability to develop, deliver and monetize residential PV station assets efficiently. Accordingly, our revenue generated from our green energy solution business is affected by the pace of project development and construction, the timing of delivery and transfer, customer acceptance, grid connection, and completion of the equity transfer and related registration procedures.

In addition, our operations and maintenance services are in part linked to the operational performance of residential PV assets. Revenue from this business is primarily derived from (1) our share of electricity revenue from residential PV stations under cooperative co-build arrangements and (2) maintenance service fees for customer-owned residential PV stations. Under the cooperative co-build model, we invest in and hold the relevant residential PV stations, the grid company purchases the on-grid electricity generated by the stations, and we share the operating proceeds with the homeowners. Accordingly, our results of operations are influenced by the scale and performance of our cooperative co-build projects, on-grid electricity generation, tariff realization and the continuing demand for maintenance services for customer-owned PV stations.

Our Ability to Manage Supply Chain, Raw Material Costs and Production Efficiency

Our profitability depends in part on our ability to manage cost of sales effectively. During the Track Record Period, our cost of sales was RMB44,873.0 million, RMB49,600.4 million, RMB43,858.6 million, RMB21,296.6 million and RMB29,090.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 78.4%, 76.9%, 74.1%, 71.9% and 76.4% of our revenue in the same periods. Our cost of sales consists primarily of raw materials and consumables used as well as installation and development costs. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, raw materials and consumables used represented 67.4%, 59.6%, 54.6%, 55.8% and 54.5% of our total cost of sales, respectively, while installation and development costs represented 17.5%, 23.3%, 23.8%, 24.0% and 29.4%, respectively. Our results of operations are therefore sensitive to fluctuations in raw material prices, supply chain stability, operation-related costs and utilization of assets and facilities, among others.

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Our manufacturing and production efficiency also affect our results of operations. We conduct in-house manufacturing primarily for our intelligent electrical products and, within our green energy solution business, for our inverters and energy storage systems, while our other green energy solution businesses are focused principally on project development, system integration and service delivery. Our principal manufacturing footprint for intelligent electrical products is located in Wenzhou, Zhejiang Province. With respect to our inverters and energy storage systems, our manufacturing footprint comprises production bases in Shanghai and Wenzhou, Zhejiang Province. Capacity utilization for key product categories remained high during the Track Record Period. Our ability to optimize production scheduling, maintain stable utilization rates, improve process efficiency and manage inventories and quality affects both our cost structure and our ability to respond to market demand.

Our Investment in Research and Development and Our Ability to Commercialize Technology Advances

Our growth and competitiveness depend materially on our research and development capabilities and our ability to convert research and development investments into commercially viable products and solutions. During the Track Record Period, our research and development expenses were RMB1,179.2 million, RMB1,267.3 million, RMB1,326.0 million, RMB617.3 million and RMB619.1 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 2.1%, 2.0%, 2.2%, 2.1% and 1.6% of our revenue in the same periods. Our research and development efforts support both our intelligent electrical products and our green energy solutions, including new product development, product upgrades, intelligent and digitalized features, energy management and other application-oriented capabilities, among others. Employee benefit expenses constituted the largest component of our research and development expenses during the Track Record Period, accounting for 61.8%, 66.4%, 68.5%, 69.3% and 73.9% of our total research and development expenses in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. More broadly, our ability to attract, retain and incentivize qualified technical and engineering personnel, while managing personnel-related costs effectively, affects both our cost structure and our long-term competitiveness.

Our Ability to Expand Overseas

Our overseas operations and the contribution of overseas revenue are becoming increasingly important to our results of operations. Revenue from overseas markets increased from RMB8,267.5 million in 2023 to RMB10,047.9 million in 2024 and remained broadly stable at RMB9,950.8 million in 2025, and increased from RMB3,986.7 million in the six months ended June 30, 2025 to RMB4,748.5 million in the six months ended June 30, 2026. Our overseas expansion is supported by the experience we have accumulated in China in operating a broad product portfolio and building deep market networks, as well as our continued internationalization and localization efforts. In our intelligent electrical product business, we have maintained the No. 1 export position among Chinese low-voltage electrical product brands from 2023 to 2025, according to the F&S Report, and have achieved strong penetration in Europe and rapid growth in key markets. We have also established a localized supply system through overseas production bases in Southeast Asia, West Asia and Africa, supported by over 20 overseas logistics centers as of June 30, 2026. In our green energy solution business, we have established strategic positions in selected overseas markets, particularly in Europe, where we have delivered landmark utility-scale power station projects in countries such as the Netherlands, Denmark, Romania and Portugal. Our inverters and energy storage systems have also established leading positions in major markets including the United States, Korea and Europe.

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Accordingly, our results of operations are increasingly affected by our ability to execute our internationalization and localization strategy effectively, including our ability to expand and manage overseas sales channels, strengthen localized production, research and development, logistics and service capabilities, tailor products and solutions to local certification requirements, grid standards, operating environments and customer preferences, and build stable regional supply chains through cooperation with local suppliers and service providers.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRS Accounting Standards**”) issued by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at fair value through profit or loss (“**FVTPL**”) and financial assets measured at fair value through other comprehensive income (“**FVTOCI**”). New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by our Group consistently throughout the periods presented, unless prohibited by the relevant standard to apply retrospectively. Standards and amendments that have been issued but are not yet effective and have not been early adopted by our Group during the Track Record Period are disclosed in Note 3 to the Accountants’ Report in Appendix I and Note 3 to the Condensed Consolidated Financial Statements in Appendix IA to this document.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates and assumptions. It also requires our management to exercise judgment in the process of applying our Group’s accounting policies. The historical financial information has been prepared under the historical cost basis except that certain financial assets and liabilities are measured at fair value. Judgments made by our management in the application of IFRS Accounting Standards that have significant effect on the historical financial information and assumptions and estimates are discussed in Note 5 to the Accountants’ Report in Appendix I to this document.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management’s estimates or assumptions and actual results, and we had not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. For details of our material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, see Notes 4 and 5 to the Accountants’ Report in Appendix I to this document.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth our consolidated statements of profit or loss for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
<i>(RMB in thousands, except for percentages)</i>						<i>(Unaudited)</i>				
Revenue	57,250,814	100.0	64,524,402	100.0	59,166,504	100.0	29,630,740	100.0	38,064,189	100.0
Cost of sales	(44,872,958)	(78.4)	(49,600,402)	(76.9)	(43,858,575)	(74.1)	(21,296,623)	(71.9)	(29,090,231)	(76.4)
Gross profit	12,377,856	21.6	14,924,000	23.1	15,307,929	25.9	8,334,117	28.1	8,973,958	23.6
Other income, other gains and losses	915,101	1.6	686,795	1.1	1,107,779	1.9	531,316	1.8	676,119	1.8
Other expenses	(96,849)	(0.2)	(83,626)	(0.1)	(94,381)	(0.1)	(30,764)	(0.1)	(40,116)	(0.1)
Administrative expenses	(2,139,958)	(3.7)	(2,810,193)	(4.4)	(2,945,723)	(5.1)	(1,580,604)	(5.3)	(1,294,831)	(3.5)
Selling and marketing expenses	(2,241,379)	(3.8)	(2,643,678)	(4.1)	(2,572,342)	(4.3)	(1,230,111)	(4.2)	(1,194,011)	(3.1)
Research and development expenses	(1,179,215)	(2.1)	(1,267,307)	(1.9)	(1,325,959)	(2.2)	(617,271)	(2.1)	(619,102)	(1.6)
Impairment losses (including reversals of impairment losses)										
on financial assets and other items	(150,349)	(0.3)	(579,686)	(0.9)	(89,834)	(0.2)	(221,704)	(0.7)	(145,906)	(0.4)
Finance costs	(1,411,171)	(2.5)	(1,789,498)	(2.8)	(2,003,043)	(3.4)	(1,040,597)	(3.5)	(1,187,504)	(3.1)
Share of results of associates and joint ventures	419,725	0.7	331,591	0.5	238,654	0.4	126,006	0.4	69,463	0.2
Profit before tax	6,493,761	11.3	6,768,398	10.5	7,623,080	12.9	4,270,388	14.4	5,238,070	13.8
Income tax expense	(1,544,913)	(2.7)	(1,557,070)	(2.4)	(1,485,447)	(2.5)	(830,260)	(2.8)	(1,163,675)	(3.1)
Profit for the year/period	4,948,848	8.6	5,211,328	8.1	6,137,633	10.4	3,440,128	11.6	4,074,395	10.7

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DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

Our intelligent electrical product business is primarily product-based, with a broad distributor network and relatively stable demand across diversified end markets. Our green energy solution business includes project-based revenue streams, asset development and transfer activities, and recurring operations and maintenance and power generation-related revenue. The following table sets forth a breakdown of our revenue by business segment for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
(RMB in thousands, except for percentages)										
(Unaudited)										
Intelligent electrical products	20,138,543	35.2	20,921,764	32.4	21,918,678	37.0	11,724,974	39.6	12,146,794	31.9
– Terminal electrical products	6,085,778	10.6	6,851,313	10.6	7,223,394	12.2	3,854,578	13.0	4,193,175	11.0
– Power distribution electrical products	5,873,733	10.3	5,729,669	8.9	5,928,101	10.0	3,326,547	11.2	3,125,883	8.2
– Control electrical products	3,446,710	6.0	3,552,495	5.5	3,800,122	6.4	2,029,669	6.9	2,279,908	6.0
– Instruments and meters	1,920,439	3.3	1,975,301	3.0	2,053,974	3.5	1,065,399	3.6	1,034,117	2.7
– Building electrical products	1,463,522	2.6	1,590,528	2.5	1,741,415	2.9	892,232	3.0	903,748	2.4
– Others ⁽¹⁾	1,348,361	2.4	1,222,458	1.9	1,171,672	2.0	556,549	1.9	609,963	1.6
Green energy solutions	36,604,032	63.9	42,992,916	66.6	36,296,111	61.3	17,491,577	59.0	25,485,403	67.0
– Photovoltaic power station solutions	24,760,740	43.2	24,816,532	38.4	18,309,067	30.9	9,550,374	32.2	17,691,437	46.5
– Engineering, procurement and construction services	2,537,584	4.4	6,020,987	9.3	1,722,185	2.9	153,831	0.5	219,330	0.6
– Operations and maintenance services	6,022,750	10.5	7,880,640	12.2	11,057,598	18.7	5,577,497	18.8	5,260,975	13.8
– Sales of inverters and energy storage systems	1,252,847	2.2	1,646,274	2.6	2,390,075	4.0	917,353	3.1	1,013,712	2.7
– Others ⁽²⁾	2,030,111	3.6	2,628,483	4.1	2,817,186	4.8	1,292,522	4.4	1,299,949	3.4
Others⁽³⁾	508,239	0.9	609,722	1.0	951,715	1.7	414,189	1.4	431,992	1.1
Total	57,250,814	100.0	64,524,402	100.0	59,166,504	100.0	29,630,740	100.0	38,064,189	100.0

(1) Primarily represent power supply electrical products, control systems and electronic electrical products.

(2) Primarily represent metal products and non-photovoltaic power revenue.

(3) Primarily represent sales of parts and components, other miscellaneous income and revenue from leases.

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In addition to Chinese Mainland, which was our primary revenue-generating market during the Track Record Period, we also generated revenue from other countries and regions, including (1) European markets, which primarily included the Netherlands, Turkey and Hungary, (2) Americas, which primarily included the United States, Mexico and Brazil, and (3) Asia-Pacific markets, which primarily included Korea, Australia and Japan. The following table presents our revenue by geographic market for the periods indicated, based on the location of PV station projects and the location of the customer for all other revenue.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)						(Unaudited)			
Chinese Mainland	48,983,290	85.6	54,476,535	84.4	49,215,709	83.2	25,644,042	86.5	33,315,682	87.5
Overseas	8,267,524	14.4	10,047,867	15.6	9,950,795	16.8	3,986,598	13.5	4,748,507	12.5
– Europe	2,888,711	5.1	4,212,440	6.5	2,950,568	5.0	1,223,777	4.1	1,771,302	4.7
– the Americas	2,067,015	3.6	2,804,656	4.3	3,224,865	5.5	1,472,192	5.0	1,464,690	3.8
– Asia-Pacific	1,918,444	3.4	1,808,341	2.8	2,223,859	3.7	595,228	2.0	867,749	2.3
– Others ⁽¹⁾	1,393,354	2.4	1,222,430	1.9	1,551,503	2.6	695,501	2.4	644,766	1.7
Total	57,250,814	100.0	64,524,402	100.0	59,166,504	100.0	29,630,740	100.0	38,064,189	100.0

- (1) Primarily represent sales in Saudi Arabia and Egypt, as well as sales of products tailored to non-PRC standards to overseas distributors.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)						(Unaudited)			
Raw materials and consumables used	30,250,842	67.4	29,543,966	59.6	23,925,146	54.6	11,889,186	55.8	15,860,937	54.5
Installation and development costs ⁽¹⁾	7,847,289	17.5	11,534,495	23.3	10,446,536	23.8	5,106,512	24.0	8,537,005	29.4
Employee benefit expenses	1,812,922	4.0	1,926,529	3.9	1,759,709	4.0	981,234	4.6	864,491	3.0
Depreciation and amortization	2,623,146	5.8	3,429,865	6.9	4,414,409	10.0	2,003,402	9.4	2,423,049	8.3
Operation and maintenance costs	443,220	1.0	746,297	1.5	959,733	2.2	461,703	2.2	398,954	1.4
Impairment losses on inventories	158,545	0.4	250,756	0.5	90,743	0.2	(7,418)	0	(2,967)	0
Shipping and handling costs	305,104	0.7	342,920	0.7	375,131	0.9	168,706	0.8	171,896	0.6
Others ⁽²⁾	1,431,890	3.2	1,825,574	3.6	1,887,168	4.3	693,298	3.2	836,866	2.8
Total cost of sales	44,872,958	100.0	49,600,402	100.0	43,858,575	100.0	21,296,623	100.0	29,090,231	100.0

- (1) Primarily represent fees paid to service suppliers for the construction and installation of residential PV systems, as well as subcontracting charges incurred in connection with our EPC services.

- (2) Primarily represent utility expenses, repair expenses and costs of purchased electricity for resale.

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Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	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)				
Intelligent electrical products	5,642,742	28.0	6,274,808	30.0	6,272,150	28.6	3,519,356	30.0	3,434,283	28.3
– Terminal electrical products	1,630,703	26.8	2,229,193	32.5	2,264,434	31.3	1,300,210	33.7	1,409,059	33.6
– Power distribution electrical products	1,654,346	28.2	1,778,110	31.0	1,794,940	30.3	999,845	30.1	973,274	31.1
– Control electrical products	914,126	26.5	808,468	22.8	706,467	18.6	426,723	21.0	325,697	14.3
– Instruments and meters	809,769	42.2	826,408	41.8	867,185	42.2	452,086	42.4	408,891	39.5
– Building electrical products	275,544	18.8	300,682	18.9	298,733	17.2	172,887	19.4	156,668	17.3
– Others	358,254	26.6	331,947	27.2	340,391	29.1	167,605	30.1	160,694	26.3
Green energy solutions	6,688,640	18.3	8,713,752	20.3	8,824,118	24.3	4,630,291	26.5	5,323,582	20.9
– Photovoltaic power station solutions	2,511,571	10.1	2,723,402	11.0	1,217,641	6.7	781,210	8.2	2,221,320	12.6
– Engineering, procurement and construction services	232,140	9.1	987,785	16.4	401,037	23.3	69,160	45.0	20,869	9.5
– Operations and maintenance services	3,212,805	53.3	3,982,867	50.5	5,865,542	53.0	3,235,131	58.0	2,484,412	47.2
– Sales of inverters and energy storage systems	385,224	30.7	557,653	33.9	801,786	33.5	331,355	36.1	370,608	36.6
– Others	346,900	17.1	462,045	17.6	538,112	19.1	213,435	16.5	226,373	17.4
Others	205,019	40.3	186,196	30.5	302,404	31.8	177,052	42.7	213,126	49.3
Impairment losses on inventories	(158,545)	N/A	(250,756)	N/A	(90,743)	N/A	7,418	N/A	2,967	N/A
Total	12,377,856	21.6	14,924,000	23.1	15,307,929	25.9	8,334,117	28.1	8,973,958	23.6

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Other Income, Other Gains and Losses

The following table sets forth a breakdown of our other income, other gains and losses for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
(RMB in thousands, except for percentages)						(Unaudited)				
Other income	833,022	91.0	900,524	131.1	929,503	83.9	471,472	88.7	353,150	52.2
- VAT deduction ⁽¹⁾	87,401	9.6	89,363	13.0	65,517	5.9	43,564	8.2	16,373	2.4
- Government grants ⁽²⁾	329,315	36.0	383,531	55.8	431,921	39.0	199,970	37.6	136,948	20.3
- Interest income ⁽³⁾	237,540	26.0	309,842	45.1	285,345	25.8	140,860	26.5	121,209	17.9
- Dividend income ⁽⁴⁾	139,557	15.2	79,278	11.5	93,705	8.5	64,880	12.2	50,800	7.5
- Others	39,209	4.2	38,510	5.7	53,015	4.7	22,198	4.2	27,820	4.1
Other gains and losses	82,079	9.0	(213,729)	(31.1)	178,276	16.1	59,844	11.3	322,969	47.8
- Gains on financial instruments at FVTPL ⁽⁵⁾	142,660	15.5	200,761	29.2	344,002	31.1	12,497	2.4	517,700	76.6
- Gains from disposal of investments in associates and joint ventures	15,119	1.7	92,693	13.5	67,583	6.1	14,868	2.8	989	0.1
- Net losses on disposal of property, plant and equipment and other long-term assets	(61,560)	(6.7)	(44,858)	(6.5)	(126,076)	(11.4)	(28,144)	(5.3)	(22,457)	(3.3)
- Foreign exchange gains/(losses), net	72,986	8.0	(233,545)	(34.0)	27,717	2.5	145,636	27.4	(167,738)	(24.8)
- Asset impairment provisions ⁽⁶⁾	(87,812)	(9.6)	(230,443)	(33.6)	(129,102)	(11.7)	(85,357)	(16.1)	(6,371)	(0.9)
- Others	686	0.1	1,663	0.3	(5,848)	(0.5)	344	0.1	846	(0.1)
Total other income, other gains and losses	915,101	100.0	686,795	100.0	1,107,779	100.0	531,316	100.0	676,119	100.0

- (1) Primarily related to preferential VAT policies enjoyed by certain subsidiaries during the Track Record Period, including (i) an immediate refund of the portion of the actual VAT burden on qualifying software products exceeding 3%, and (ii) an additional deduction equal to 5% of deductible input VAT available to qualifying advanced manufacturing enterprises.
- (2) Primarily consisted of subsidies and incentives received from government authorities in the ordinary course of business in support of our operations and business development. Such government grants were generally granted on an ongoing basis. During the Track Record Period and up to the Latest Practicable Date, there were no material conditions attached to such grants that were not customary in nature, and we were not aware of any material unfulfilled conditions or contingencies in relation to such grants.
- (3) Primarily comprised interest income on cash and cash equivalents as well as restricted bank deposits.
- (4) Primarily comprised dividends from equity investments at FVTOCI.
- (5) For the six months ended June 30, 2026, gains on financial instruments at FVTPL primarily comprised disposal gains of RMB359.3 million and fair value gains of RMB158.4 million arising from Level 1 financial instruments measured at FVTPL.
- (6) Primarily represented impairment provisions recognized based on assessments of the expected electricity generation of the relevant PV stations.

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Other Expenses

The following table sets forth a breakdown of our other expenses by nature for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
<i>(RMB in thousands, except for percentages)</i>						<i>(Unaudited)</i>				
Bank charges ⁽¹⁾	59,499	61.4	54,914	65.7	31,361	33.2	18,990	61.7	12,293	30.6
Construction cost overruns ⁽²⁾	3,434	3.5	5,819	7.0	50,762	53.8	3,556	11.6	14,758	36.8
Public welfare donations	12,661	13.1	14,380	17.2	1,188	1.3	255	0.8	41	0.1
Others	21,255	22.0	8,513	10.1	11,070	11.7	7,963	25.9	13,024	32.5
Total other expenses	96,849	100.0	83,626	100.0	94,381	100.0	30,764	100.0	40,116	100.0

(1) Primarily represent bank handling fees.

(2) Primarily represent expenditures incurred for PV station construction in excess of the originally estimated construction costs.

Administrative Expenses

The following table sets forth a breakdown of our administrative expenses by nature for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
<i>(RMB in thousands, except for percentages)</i>						<i>(Unaudited)</i>				
Employee benefit expenses	986,405	46.1	1,432,578	51.0	1,533,149	52.0	779,660	49.3	697,868	53.9
Professional service fees	259,881	12.1	247,565	8.8	192,540	6.5	99,482	6.3	106,557	8.2
Taxes and surcharges	227,979	10.7	476,521	17.0	556,391	18.9	333,064	21.1	192,383	14.9
Depreciation and amortization	226,478	10.6	235,699	8.4	218,859	7.4	140,774	8.9	127,795	9.9
Traveling expenses	53,002	2.5	54,637	1.9	63,375	2.2	26,776	1.7	23,756	1.8
Business entertainment expenses	40,328	1.9	40,091	1.4	35,400	1.2	19,452	1.2	17,038	1.3
Experiment and testing fee	34,429	1.6	24,641	0.9	23,114	0.8	9,088	0.6	3,921	0.3
Rental and utility expenses	31,921	1.5	20,897	0.7	38,763	1.3	24,507	1.6	21,855	1.7
Office expenses	43,220	2.0	50,915	1.8	41,618	1.4	23,956	1.5	22,169	1.7
Maintenance cost	38,040	1.8	36,318	1.3	27,592	0.9	10,276	0.7	8,066	0.6
Warehousing cost	59,979	2.8	62,598	2.2	62,689	2.1	32,132	2.0	26,930	2.1
Others ⁽¹⁾	138,296	6.4	127,733	4.6	152,233	5.3	81,437	5.1	46,493	3.6
Total administrative expenses	2,139,958	100.0	2,810,193	100.0	2,945,723	100.0	1,580,604	100.0	1,294,831	100.0

(1) Primarily represent patent annual fees as well as handling fees.

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Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing expenses by nature for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
(RMB in thousands, except for percentages)						(Unaudited)				
Employee benefit expenses	1,178,685	52.6	1,424,491	53.9	1,412,554	54.9	720,790	58.6	722,970	60.5
Traveling expenses	207,341	9.3	221,060	8.4	192,590	7.5	88,063	7.2	81,205	6.8
Business entertainment expenses	98,065	4.4	95,015	3.6	80,351	3.1	36,243	2.9	34,921	2.9
Depreciation and amortization	91,311	4.1	84,543	3.2	74,430	2.9	36,830	3.0	32,121	2.7
Sales commissions and advertising expenses	142,668	6.4	100,756	3.8	106,843	4.2	53,225	4.3	42,957	3.6
Marketing expenses	170,147	7.6	159,061	6.0	154,104	6.0	65,398	5.3	54,490	4.6
Rental and utility expenses	89,799	4.0	110,644	4.2	101,929	4.0	58,652	4.8	56,753	4.8
Professional service fees	91,829	4.1	186,791	7.1	155,013	6.0	60,944	5.0	50,243	4.2
Office expenses	50,087	2.2	54,509	2.1	46,126	1.8	19,527	1.6	18,165	1.5
Warehouse management fees	26,938	1.2	54,258	2.1	92,904	3.6	35,450	2.9	38,951	3.3
Others ⁽¹⁾	94,509	4.1	152,550	5.6	155,498	6.0	54,989	4.4	61,235	5.1
Total selling and marketing expenses	2,241,379	100.0	2,643,678	100.0	2,572,342	100.0	1,230,111	100.0	1,194,011	100.0

(1) Primarily represent after-sales service fees and insurance fees.

Research and Development Expenses

The following table sets forth a breakdown of our research and development expenses by nature for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
(RMB in thousands, except for percentages)						(Unaudited)				
Employee benefit expenses	728,943	61.8	841,610	66.4	908,698	68.5	428,030	69.3	457,724	73.9
Raw materials and consumables used	186,171	15.8	173,909	13.7	172,814	13.0	64,479	10.4	48,564	7.8
Experiment and testing fee	83,136	7.1	83,245	6.6	77,910	5.9	33,555	5.4	33,950	5.5
Depreciation and amortization	60,035	5.0	68,696	5.4	79,814	5.9	35,735	5.8	35,020	5.7
Rental and utility expenses	21,052	1.8	15,989	1.3	19,437	1.5	11,819	1.9	9,349	1.5
Professional service fees	22,654	1.9	19,252	1.5	18,272	1.4	4,191	0.7	3,147	0.5
Development cost	29,848	2.6	27,537	2.2	13,904	1.0	19,149	3.1	8,910	1.4
Others ⁽¹⁾	47,376	4.0	37,069	2.9	35,110	2.8	20,313	3.4	22,438	3.7
Total research and development expenses	1,179,215	100.0	1,267,307	100.0	1,325,959	100.0	617,271	100.0	619,102	100.0

(1) Primarily represent office expenses and travelling expenses.

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Impairment Losses (Including Reversals of Impairment Losses) on Financial Assets and Other Items

Impairment losses (including reversals of impairment losses) on financial assets and other items primarily represented expected credit loss allowances recognized under IFRS Accounting Standards in respect of trade receivables, other receivables, loan receivables, contract assets and financial guarantee contracts. Such impairment reflected our management’s assessment of credit risk and recoverability, taking into account, among others, aging, historical payment and default experience, the financial condition and credit profile of the relevant counterparties, and forward-looking macroeconomic information. Trade receivables and contract assets were measured using lifetime expected credit losses, while other receivables, loan receivables and financial guarantee contracts were assessed under the applicable three-stage expected credit loss model, under which 12-month expected credit losses are generally recognized at Stage 1 and lifetime expected credit losses are recognized at Stages 2 and 3. See Note 45 to the Accountants’ Report in Appendix I to this document.

The following table sets forth a breakdown of our impairment losses (including reversals of impairment losses) on financial assets and other items for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
(RMB in thousands, except for percentages)										
(Unaudited)										
Trade receivables allowance/(reversals)	46,164	30.7	212,032	36.6	(79,108)	(88.1)	89,881	40.5	94,578	64.8
Other receivables allowance	100,298	66.7	257,243	44.4	91,266	101.6	94,757	42.8	39,110	26.8
Loan receivables allowance	1,693	1.1	587	0.1	627	0.7	474	0.2	114	0.1
(Reversals of)/loss on impairment of contract assets	(601)	(0.4)	76,739	13.2	83,435	92.9	43,426	19.6	19,021	13.0
Impairment loss/(reversals) on financial guarantee contracts	2,795	1.9	33,085	5.7	(6,386)	(7.1)	(6,834)	(3.1)	(6,917)	(4.7)
Total impairment losses (including reversals of impairment losses) on financial assets and other items	150,349	100.0	579,686	100.0	89,834	100.0	221,704	100.0	145,906	100.0

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Finance Costs

The following table sets forth a breakdown of our finance costs for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
<i>(RMB in thousands, except for percentages)</i>										
<i>(Unaudited)</i>										
Interest expenses on lease liabilities	62,851	4.5	143,112	8.0	334,494	16.7	144,075	13.8	192,096	16.2
Interest expenses on borrowings	1,334,762	94.5	1,629,632	91.1	1,649,918	82.4	880,341	84.6	968,676	81.6
Others	27,573	2.0	39,935	2.2	30,521	1.5	19,334	1.9	40,589	3.4
Finance costs before capitalization	1,425,186	101.0	1,812,679	101.3	2,014,933	100.6	1,043,750	100.3	1,201,361	101.2
Less: capitalized finance costs ⁽¹⁾	(14,015)	(1.0)	(23,181)	(1.3)	(11,890)	(0.6)	(3,153)	(0.3)	(13,857)	(1.2)
Total finance costs	1,411,171	100.0	1,789,498	100.0	2,003,043	100.0	1,040,597	100.0	1,187,504	100.0

- (1) Capitalized finance costs represented borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that were capitalized as part of the costs of such assets in accordance with IAS 23 Borrowing Costs. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our capitalized finance costs were determined based on capitalization rates of 4.2%, 4.8%, 3.9%, 2.7% and 2.9%, respectively.

Share of Results of Associates and Joint Ventures

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our share of results of associates and joint ventures was RMB419.7 million, RMB331.6 million, RMB238.7 million, RMB126.0 million and RMB69.5 million, respectively. Share of results of associates and joint ventures primarily represented our Group’s share of the post-acquisition profits or losses of associates and joint ventures accounted for using the equity method, after deducting impairment provisions recognized in respect of such investments. Under the equity method, investments in associates and joint ventures are initially recognized at cost and subsequently adjusted to recognize our Group’s share of the investees’ profits or losses in profit or loss and our share of their other comprehensive income in other comprehensive income. Where objective evidence indicates that an equity-accounted investment may be impaired, its entire carrying amount, including any goodwill included therein, is tested for impairment as a single asset by comparing its carrying amount with its recoverable amount, being the higher of value in use and fair value less costs of disposal. Any impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. See Notes 4 and 16 to the Accountants’ Report in Appendix I to this document.

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Income Tax Expense

We recorded income tax expense of RMB1,544.9 million, RMB1,557.1 million, RMB1,485.4 million, RMB830.3 million and RMB1,163.7 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our effective tax rate (calculated as income tax expense divided by profit before tax) was 23.8%, 23.0%, 19.5%, 19.4% and 22.2% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our income tax expenses primarily comprise our current and deferred income tax expenses under the applicable tax rates in accordance with the relevant laws and regulations.

Pursuant to the Enterprise Income Tax Law of China and the relevant regulations, our PRC subsidiaries are generally subject to corporate income tax at a rate of 25%, except where preferential tax treatment applies. For details of the preferential tax treatments, see Note 13 to the Accountants’ Report in Appendix I and Note 10 to the Condensed Consolidated Financial Statements in Appendix IA to this document. As of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

Profit for the Year/Period

As a result of the foregoing, we recorded a net profit of RMB4,948.8 million, RMB5,211.3 million, RMB6,137.6 million, RMB3,440.1 million and RMB4,074.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our net profit margin was 8.6%, 8.1%, 10.4%, 11.6% and 10.7% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared with Six Months Ended June 30, 2025

Revenue

Our revenue increased by 28.5% from RMB29,630.7 million in the six months ended June 30, 2025 to RMB38,064.2 million in the six months ended June 30, 2026, primarily due to a substantial increase of 45.7% in revenue from green energy solutions and an increase of 3.6% in revenue from intelligent electrical products.

- Revenue from green energy solutions increased by 45.7% from RMB17,491.6 million in the six months ended June 30, 2025 to RMB25,485.4 million in the six months ended June 30, 2026. This increase was primarily attributable to a significant increase in PV station solutions revenue from RMB9,550.4 million to RMB17,691.4 million, primarily due to an increase in sales of residential PV stations to third-party investors, with the installed capacity of PV stations sold increasing from 3,423 MW in the six months ended June 30, 2025 to 6,457 MW in the six months ended June 30, 2026. The sold photovoltaic installed capacity of 6,457 MW in the six months ended June 30, 2026 primarily reflected the acceleration of residential PV station sales following the increase in construction and resulting build-up of reserves in 2025, which, according to the F&S Report, was consistent with the prevailing industry trend. Such increase was partially offset by a decrease in operations and maintenance services revenue from RMB5,577.5 million to RMB5,261.0 million, primarily due to lower share of electricity revenue arising from fluctuations in the power generation efficiency of residential PV stations under our cooperative co-build arrangements.

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- Revenue from intelligent electrical products increased by 3.6% from RMB11,725.0 million in the six months ended June 30, 2025 to RMB12,146.8 million in the six months ended June 30, 2026. This increase was primarily attributable to higher revenue from terminal electrical products and control electrical products, driven by pricing adjustments made in response to increases in raw material costs.

Revenue from Chinese Mainland increased by 29.9% from RMB25,644.0 million in the six months ended June 30, 2025 to RMB33,315.7 million in the six months ended June 30, 2026, primarily due to an increase in PV station solutions revenue. Revenue from overseas markets increased by 19.1% from RMB3,986.7 million in the six months ended June 30, 2025 to RMB4,748.5 million in the six months ended June 30, 2026. The increase in overseas revenue was primarily driven by European markets, where revenue increased by 44.7% from RMB1,223.8 million to RMB1,771.3 million, and by Asia-Pacific markets, where revenue increased by 45.8% from RMB595.2 million to RMB867.7 million. The increases in the European and Asia-Pacific markets were primarily attributable to higher revenue from sales of intelligent electrical products in such markets.

Cost of sales

Our cost of sales increased by 36.6% from RMB21,296.6 million in the six months ended June 30, 2025 to RMB29,090.2 million in the six months ended June 30, 2026. As a percentage of revenue, our cost of sales increased from 71.9% in the six months ended June 30, 2025 to 76.4% in the six months ended June 30, 2026. The increase in cost of sales was primarily attributable to (1) increases in market prices of raw materials and consumables used and (2) higher installation and development costs, which were in line with the increase in PV station solutions revenue.

Gross profit and gross profit margin

Our gross profit increased by 7.7% from RMB8,334.1 million in the six months ended June 30, 2025 to RMB8,974.0 million in the six months ended June 30, 2026, while our gross profit margin decreased from 28.1% to 23.6%. This decrease was primarily attributable to a higher contribution from comparatively lower-margin PV station solutions and a lower contribution from higher-margin operations and maintenance services.

Other income, other gains and losses

Our other income, other gains and losses increased by 27.3% from RMB531.3 million in the six months ended June 30, 2025 to RMB676.1 million in the six months ended June 30, 2026, primarily due to (1) an increase in gains on financial instruments at FVTPL from RMB12.5 million to RMB517.7 million, mainly reflecting changes in the fair value of our listed equity investments and (2) a decrease in asset impairment provision from RMB85.4 million to RMB6.4 million. The increase in our other income, other gains and losses was partially offset by a movement from net foreign exchange gains of RMB145.6 million to net foreign exchange losses of RMB167.7 million due to fluctuations in exchange rates.

Other expenses

Our other expenses increased by 30.2% from RMB30.8 million in the six months ended June 30, 2025 to RMB40.1 million in the six months ended June 30, 2026. This increase was primarily attributable to an increase in construction cost overruns.

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Administrative expenses

Our administrative expenses decreased by 18.1% from RMB1,580.6 million in the six months ended June 30, 2025 to RMB1,294.8 million in the six months ended June 30, 2026. This decrease was primarily attributable to decreases in taxes and surcharges, employee benefit expenses and other administrative expenses.

Selling and marketing expenses

Our selling and marketing expenses remained stable at RMB1,230.1 million in the six months ended June 30, 2025 and RMB1,194.0 million in the six months ended June 30, 2026.

Research and development expenses

Our research and development expenses remained stable at RMB617.3 million in the six months ended June 30, 2025 and RMB619.1 million in the six months ended June 30, 2026.

Impairment losses (including reversals of impairment losses) on financial assets and other items

Our impairment losses (including reversals of impairment losses) on financial assets and other items decreased by 34.2% from RMB221.7 million in the six months ended June 30, 2025 to RMB145.9 million in the six months ended June 30, 2026, primarily reflecting decreases in impairment losses on other receivables and loss on impairment of contract assets.

Finance costs

Our finance costs increased by 14.1% from RMB1,040.6 million in the six months ended June 30, 2025 to RMB1,187.5 million in the six months ended June 30, 2026. This increase was primarily attributable to increases in interest expenses on borrowings and interest expenses on lease liabilities.

Share of results of associates and joint ventures

Our share of results of associates and joint ventures decreased by 44.9% from RMB126.0 million in the six months ended June 30, 2025 to RMB69.5 million in the six months ended June 30, 2026, mainly reflecting the financial performance of the relevant investees.

Income tax expense

Our income tax expense increased by 40.2% from RMB830.3 million in the six months ended June 30, 2025 to RMB1,163.7 million in the six months ended June 30, 2026. Our effective tax rate increased from 19.4% to 22.2% over the same period, primarily reflecting changes in the mix of taxable profits, the tax effect of utilization of previously unrecognized tax losses and temporary differences, and other tax adjustments and permanent differences.

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Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our revenue decreased by 8.3% from RMB64,524.4 million in 2024 to RMB59,166.5 million in 2025, primarily due to a decrease of 15.6% in revenue from green energy solutions, partially offset by an increase of 4.8% in revenue from intelligent electrical products.

- Revenue from green energy solutions decreased by 15.6% from RMB42,992.9 million in 2024 to RMB36,296.1 million in 2025. This decrease was primarily attributable to (1) a decrease in PV station solutions revenue from RMB24,816.5 million to RMB18,309.1 million, primarily due to the decrease in sales of residential PV stations to third-party investors, with sold photovoltaic installed capacity decreasing from 8,377 MW in 2024 to 6,964 MW in 2025, and (2) a substantial decrease in EPC services revenue from RMB6,021.0 million to RMB1,722.2 million, primarily due to the number, size and timing of EPC projects completed and meeting the applicable grid-connection and power-generation conditions, partially offset by (i) an increase in operations and maintenance services revenue from RMB7,880.6 million to RMB11,057.6 million, primarily due to (a) the expansion of residential PV stations under our cooperative co-build arrangements, which increased electricity generation and the related electricity revenue, and (b) the growth in the number of serviced PV stations, which drove an increase in maintenance services revenue, and (ii) an increase in revenue from sales of inverters and energy storage systems from RMB1,646.3 million to RMB2,390.1 million, primarily due to robust global market demand and our continued expansion in overseas markets.
- Revenue from intelligent electrical products increased by 4.8% from RMB20,921.8 million in 2024 to RMB21,918.7 million in 2025. This increase was primarily attributable to the continued growth of our core product categories and the positive contribution from our overseas market expansion.

Cost of sales

Our cost of sales decreased by 11.6% from RMB49,600.4 million in 2024 to RMB43,858.6 million in 2025. As a percentage of revenue, our cost of sales decreased from 76.9% in 2024 to 74.1% in 2025. The decrease in cost of sales was primarily attributable to lower costs of raw materials and consumables used and lower installation and development costs associated with the decrease in sales of residential PV stations to third-party investors, as well as the number, size and timing of EPC projects completed and meeting the applicable grid-connection and power-generation conditions.

Gross profit and gross profit margin

Our gross profit increased by 2.6% from RMB14,924.0 million in 2024 to RMB15,307.9 million in 2025, while our gross profit margin improved from 23.1% to 25.9%. This improvement was primarily attributable to a more favorable business mix, including a lower contribution from comparatively lower-margin PV station solutions and a higher contribution from operations and maintenance services and sales of inverters and energy storage systems.

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Other income, other gains and losses

Our other income, other gains and losses increased by 61.3% from RMB686.8 million in 2024 to RMB1,107.8 million in 2025, primarily due to (1) a movement from net foreign exchange losses of RMB233.5 million in 2024 to net foreign exchange gains of RMB27.7 million in 2025 due to fluctuations in exchange rates, (2) higher gains on financial instruments at FVTPL from RMB200.8 million in 2024 to RMB344.0 million in 2025, primarily reflecting changes in the fair value of derivative financial instruments, and (3) a decrease in asset impairment provision from RMB230.4 million in 2024 to RMB129.1 million in 2025. This increase was partially offset by an increase in net losses on disposal of property, plant and equipment and other long-term assets from RMB44.9 million in 2024 to RMB126.1 million in 2025, primarily due to disposals of PV station assets.

Other expenses

Our other expenses increased by 12.9% from RMB83.6 million in 2024 to RMB94.4 million in 2025, primarily due to higher one-off construction cost overruns incurred in 2025.

Administrative expenses

Our administrative expenses increased by 4.8% from RMB2,810.2 million in 2024 to RMB2,945.7 million in 2025. This increase was primarily attributable to a slight increase in relatively fixed expenses, especially employee benefit expenses, which increased from RMB1,432.6 million to RMB1,533.1 million.

Selling and marketing expenses

Our selling and marketing expenses remained stable at RMB2,643.7 million in 2024 and RMB2,572.3 million in 2025.

Research and development expenses

Our research and development expenses increased by 4.6% from RMB1,267.3 million in 2024 to RMB1,326.0 million in 2025. This increase was primarily attributable to our continued investment in research and development talent and technical reserves, including higher employee benefit expenses, which increased from RMB841.6 million to RMB908.7 million.

Impairment losses (including reversals of impairment losses) on financial assets and other items

Our impairment losses (including reversals of impairment losses) on financial assets and other items decreased by 84.5% from RMB579.7 million in 2024 to RMB89.8 million in 2025, primarily reflecting lower expected credit loss provisions recognized in 2025.

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Finance costs

Our finance costs increased by 11.9% from RMB1,789.5 million in 2024 to RMB2,003.0 million in 2025. This increase was primarily attributable to an increase in interest expenses on lease liabilities from RMB143.1 million to RMB334.5 million.

Share of results of associates and joint ventures

Our share of results of associates and joint ventures decreased by 28.0% from RMB331.6 million in 2024 to RMB238.7 million in 2025, mainly reflecting the financial performance of the relevant investees.

Income tax expense

Our income tax expense decreased by 4.6% from RMB1,557.1 million in 2024 to RMB1,485.4 million in 2025. Our effective tax rate decreased from 23.0% in 2024 to 19.5% in 2025, primarily reflecting changes in the mix of taxable profits, the tax effect of utilization of previously unrecognized tax losses and temporary differences, and other tax adjustments and permanent differences.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 12.7% from RMB57,250.8 million in 2023 to RMB64,524.4 million in 2024, primarily due to a favorable growth of 17.5% in green energy solutions and a moderate growth of 3.9% in intelligent electrical products.

- Revenue from green energy solutions increased by 17.5% from RMB36,604.0 million in 2023 to RMB42,992.9 million in 2024. This increase was primarily attributable to (1) a substantial increase in EPC services revenue from RMB2,537.6 million to RMB6,021.0 million, driven by our ability to secure more project opportunities and the contribution from large-scale EPC projects, and (2) an increase in operations and maintenance services revenue from RMB6,022.8 million to RMB7,880.6 million, primarily due to our continued growth in residential PV station development, including an increase in residential PV stations under our cooperative co-build arrangements, which in turn increased our share of electricity revenue.
- Revenue from intelligent electrical products increased by 3.9% from RMB20,138.5 million in 2023 to RMB20,921.8 million in 2024. This increase was primarily driven by higher sales volume in terminal electrical products from 414.6 million units in 2023 to 451.4 million units in 2024.

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Revenue from Chinese Mainland increased by 11.2% from RMB48,983.3 million in 2023 to RMB54,476.5 million in 2024. Revenue from overseas markets increased by 21.5% from RMB8,267.5 million in 2023 to RMB10,047.9 million in 2024. The increase in overseas revenue was primarily driven by European markets, where revenue increased from RMB2,888.7 million to RMB4,212.4 million, and by the Americas, where revenue increased from RMB2,067.0 million to RMB2,804.7 million. The increase in European markets was primarily due to the expansion of overseas EPC services, and the increase in the Americas was primarily due to continued growth in our sales of inverters and energy storage systems.

Cost of sales

Our cost of sales increased by 10.5% from RMB44,873.0 million in 2023 to RMB49,600.4 million in 2024. As a percentage of revenue, our cost of sales slightly decreased from 78.4% in 2023 to 76.9% in 2024. The increase in cost of sales was primarily attributable to:

- an increase in installation and development costs from RMB7,847.3 million in 2023 to RMB11,534.5 million in 2024, representing an increase of 47.0%; this increase was primarily attributable to the increase in market prices for installation services; and
- an increase in depreciation and amortization from RMB2,623.1 million to RMB3,429.9 million, representing an increase of 30.8%; this increase was primarily attributable to higher depreciation and amortization associated with right-of-use assets arising from the large number of long-term rooftop lease agreements entered into in 2024 to expand our PV station solutions.

Such increases were partially offset by a decrease in raw materials and consumables used from RMB30,250.8 million in 2023 to RMB29,544.0 million in 2024, representing a decrease of 2.3%, and its contribution to total cost of sales decreased from 67.4% to 59.6%. This decrease was attributed principally to the decline in market prices of photovoltaic modules.

Gross profit and gross profit margin

Our gross profit increased by 20.6% from RMB12,377.9 million in 2023 to RMB14,924.0 million in 2024, while our gross profit margin improved from 21.6% to 23.1%. The increase in our gross profit margin was primarily attributable to (1) an increase in the gross profit margin of our intelligent electrical products, mainly driven by pricing adjustments, and (2) an increase in the gross profit margin of our green energy solutions, mainly reflecting a more favorable revenue mix, with a lower proportion of revenue contributed by comparatively lower-margin PV station solutions and a higher proportion contributed by higher-margin operations and maintenance services, together with increases in the gross profit margins of PV station solutions, EPC services and sales of inverters and energy storage systems.

Other income, other gains and losses

Our other income, other gains and losses decreased by 24.9% from RMB915.1 million in 2023 to RMB686.8 million in 2024, primarily due to (1) a movement from net foreign exchange gains of RMB73.0 million in 2023 to net foreign exchange losses of RMB233.5 million in 2024 due to exchange rate fluctuations and (2) an increase in asset impairment provision from RMB87.8 million to RMB230.4 million. Such decrease was partially offset by (i) an increase in gains from disposal of investments in associates and joint ventures from RMB15.1 million in 2023 to RMB92.7 million in 2024, (ii) an increase

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in interest income from RMB237.5 million in 2023 to RMB309.8 million in 2024, (iii) higher gains on financial instruments at FVTPL from RMB142.7 million in 2023 to RMB200.8 million in 2024, primarily reflecting changes in the fair value of financial instruments, and (iv) an increase in government grants from RMB329.3 million in 2023 to RMB383.5 million in 2024.

Other expenses

Our other expenses remained stable at RMB96.8 million in 2023 and RMB83.6 million in 2024.

Administrative expenses

Our administrative expenses increased by 31.3% from RMB2,140.0 million in 2023 to RMB2,810.2 million in 2024. This increase was primarily attributable to higher employee benefit expenses and higher taxes and surcharges. The increase also reflected the acquisition impact of Chint Power since May 2023 and the expansion of our operation.

Selling and marketing expenses

Our selling and marketing expenses increased by 17.9% from RMB2,241.4 million in 2023 to RMB2,643.7 million in 2024. This increase was driven mainly by higher employee benefit expenses and higher professional service fees, which was generally in line with our business expansion and continued customer development efforts.

Research and development expenses

Our research and development expenses increased by 7.5% from RMB1,179.2 million in 2023 to RMB1,267.3 million in 2024. This increase was primarily attributable to higher employee benefit expenses, which was consistent with our continued investment in research and development talent and new product development.

Impairment losses (including reversals of impairment losses) on financial assets and other items

Our impairment losses (including reversals of impairment losses) on financial assets and other items increased by 285.6% from RMB150.3 million in 2023 to RMB579.7 million in 2024, primarily reflecting increases in expected credit loss allowances recognized on trade receivables and other receivables.

Finance costs

Our finance costs increased by 26.8% from RMB1,411.2 million in 2023 to RMB1,789.5 million in 2024. This increase was primarily driven by higher interest expenses on borrowings and higher interest expenses on lease liabilities, as our funding needs increased in line with business expansion.

Share of results of associates and joint ventures

Our share of results of associates and joint ventures decreased by 21.0% from RMB419.7 million in 2023 to RMB331.6 million in 2024, reflecting the financial performance of the relevant investees.

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Income tax expense

Our income tax expense remained stable at RMB1,544.9 million in 2023 and RMB1,557.1 million in 2024. Our effective tax rate decreased from 23.8% to 23.0%, reflecting changes in the mix of taxable profits, tax incentives and deferred tax movements.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements primarily through cash generated from operating activities and external financing, including bank borrowings and finance lease arrangements. Our liquidity position is affected by residential PV station development and project execution, as well as the timing of project-related cash collections, transfers of PV station assets and ongoing capital expenditure. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, the [REDACTED] from the [REDACTED], and other future equity or debt financings. We currently do not anticipate any material changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB11,324.6 million, RMB11,435.7 million, RMB13,078.5 million and RMB14,862.6 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

Working Capital Sufficiency

Taking into account the [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents and cash flows from operating activities, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next twelve months from the date of this document. Our Directors confirm that we had no material defaults on trade and non-trade payables and borrowings, nor did we breach any covenants during the Track Record Period and up to the date of this document.

Cash Flows Analysis

The following table sets forth selected cash flow statement information for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			(Unaudited)	
Net cash from operating activities	4,140,356	15,205,695	23,113,829	7,138,124	13,181,582
Net cash used in investing activities	(2,767,584)	(3,879,424)	(4,358,944)	(2,613,091)	(170,323)
Net cash used in financing activities	(1,732,211)	(11,014,141)	(17,131,759)	(3,251,917)	(11,220,336)
Net (decrease)/increase in cash and cash equivalents	(359,439)	312,130	1,623,126	1,273,116	1,790,923
Cash and cash equivalents at the beginning of the year/period	11,663,324	11,324,586	11,435,730	11,435,730	13,078,471
Effects of foreign exchange rate changes	20,701	(200,986)	19,615	(52,577)	(6,749)
Cash and cash equivalents at the end of the year/period	11,324,586	11,435,730	13,078,471	12,656,269	14,862,645

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Net cash flows generated from operating activities

In the six months ended June 30, 2026, net cash generated from operating activities was RMB13,181.6 million, primarily reflecting cash generated from operations of RMB13,998.2 million and interest received of RMB38.4 million, partially offset by income tax paid of RMB854.9 million. Cash generated from operations was primarily derived from profit before tax of RMB5,238.1 million, as adjusted for certain non-cash and non-operating items, mainly depreciation and amortization of non-current assets of RMB1,494.3 million and finance costs of RMB1,187.5 million, and favorable working capital movements, mainly an increase in payables of RMB6,008.5 million and a decrease in inventories of RMB3,045.3 million, partially offset by an increase in receivables of RMB2,420.1 million.

In 2025, net cash generated from operating activities was RMB23,113.8 million, primarily reflecting cash generated from operations of RMB25,001.6 million and interest received of RMB109.1 million, partially offset by income tax paid of RMB1,996.9 million. Cash generated from operations was primarily derived from profit before tax of RMB7,623.1 million, as adjusted for certain non-cash and non-operating items, mainly depreciation and amortization of non-current assets of RMB2,684.9 million and finance costs of RMB2,003.0 million, and favorable working capital movements, mainly an increase in payables of RMB23,735.1 million and a decrease in receivables of RMB1,980.4 million, partially offset by an increase in inventories of RMB12,507.9 million.

In 2024, net cash generated from operating activities was RMB15,205.7 million, primarily reflecting cash generated from operations of RMB17,288.6 million and interest received of RMB119.8 million, partially offset by income tax paid of RMB2,202.8 million. Cash generated from operations was primarily derived from profit before tax of RMB6,768.4 million, as adjusted for certain non-cash and non-operating items, mainly depreciation and amortization of non-current assets of RMB2,324.3 million, finance costs of RMB1,789.5 million and impairment losses (including reversals of impairment losses) on financial assets and other items of RMB579.7 million, and favorable working capital movements, mainly an increase in payables of RMB15,975.9 million, partially offset by an increase in inventories of RMB6,731.8 million and an increase in receivables of RMB3,327.9 million.

In 2023, net cash generated from operating activities was RMB4,140.4 million, primarily reflecting cash generated from operations of RMB5,134.7 million and interest received of RMB92.8 million, partially offset by income tax paid of RMB1,087.2 million. Cash generated from operations was primarily derived from profit before tax of RMB6,493.8 million, as adjusted for certain non-cash and non-operating items, mainly depreciation and amortization of non-current assets of RMB2,156.4 million and finance costs of RMB1,411.2 million, and favorable working capital movements, mainly an increase in payables of RMB10,339.3 million and a decrease in receivables of RMB767.6 million, partially offset by an increase in inventories of RMB15,531.4 million.

Net cash flows used in investing activities

In the six months ended June 30, 2026, our net cash used in investing activities was RMB170.3 million, primarily attributable to (1) purchases of property, plant and equipment, intangible assets and other non-current assets of RMB639.1 million, (2) purchases of financial assets at FVTPL of RMB166.5 million, (3) purchases of equity investments at FVTOCI of RMB120.9 million and (4) loans to equity investments at FVTOCI and FVTPL of RMB113.1 million, partially offset by (i) proceeds on disposal of equity investments of RMB532.0 million and (ii) proceeds from repayment of loans by equity investments at FVTOCI and FVTPL of RMB147.5 million.

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In 2025, our net cash used in investing activities was RMB4,358.9 million, primarily attributable to (1) purchase of financial assets at FVTPL of RMB2,271.0 million, (2) purchase of property, plant and equipment, intangible assets and other non-current assets of RMB1,938.3 million, (3) payments for loans to equity investments of RMB1,097.5 million and (4) purchase of equity investments at FVTOCI of RMB615.3 million, partially offset by (i) proceeds from repayment of loans by equity investments at FVTOCI and FVTPL of RMB690.9 million, (ii) proceeds on disposal of investments of RMB526.0 million and (iii) dividends received from equity investments of RMB433.0 million.

In 2024, our net cash used in investing activities was RMB3,879.4 million, primarily attributable to (1) purchase of property, plant and equipment, intangible assets and other non-current assets of RMB3,007.5 million, (2) purchase of financial assets at FVTPL of RMB1,680.8 million, and (3) payments for loans to equity investments of RMB688.8 million, partially offset by (i) proceeds from repayment of loans by equity investments at FVTOCI and FVTPL of RMB1,270.7 million and (ii) proceeds on disposal of investments of RMB593.6 million.

In 2023, our net cash used in investing activities was RMB2,767.6 million, primarily attributable to (1) purchase of property, plant and equipment, intangible assets and other non-current assets of RMB4,363.7 million, (2) purchase of financial assets at FVTPL of RMB1,903.0 million, (3) payments for purchase of investments in associates and joint ventures of RMB487.8 million and (4) purchase of equity investments at FVTOCI of RMB392.5 million, partially offset by (i) net inflow of cash resulting from the disposal of subsidiaries of RMB1,626.9 million, (ii) proceeds from repayment of loans by equity investments at FVTOCI and FVTPL of RMB1,241.6 million and (iii) dividends received from equity investments of RMB762.1 million.

Net cash flows used in financing activities

In the six months ended June 30, 2026, our net cash used in financing activities was RMB11,220.3 million, primarily attributable to (1) repayments of borrowings of RMB21,818.7 million, (2) dividends paid to the Company’s shareholders of RMB1,276.9 million, (3) interests paid of RMB600.2 million, (4) repayment of principal elements of lease payments of RMB346.7 million, and (5) transactions with non-controlling shareholders of RMB241.3 million, partially offset by proceeds from borrowings of RMB13,304.8 million.

In 2025, our net cash used in financing activities was RMB17,131.8 million, primarily attributable to (1) repayments of borrowings of RMB31,382.5 million, (2) transactions with non-controlling shareholders of RMB1,412.8 million, (3) interests paid of RMB1,302.2 million, (4) dividends paid to the Company’s shareholders of RMB1,286.4 million and (5) payments for repurchase of shares of RMB500.0 million, partially offset by proceeds from borrowings of RMB19,384.5 million.

In 2024, our net cash used in financing activities was RMB11,014.1 million, primarily attributable to (1) repayments of borrowings of RMB23,529.3 million, (2) dividends paid to the Company’s shareholders of RMB1,181.9 million and (3) interests paid of RMB1,103.8 million, partially offset by (i) proceeds from borrowings of RMB14,857.7 million and (ii) proceeds from share schemes of RMB296.1 million.

In 2023, our net cash used in financing activities was RMB1,732.2 million, primarily attributable to (1) repayments of borrowings of RMB15,878.2 million, (2) interests paid of RMB866.1 million, (3) dividends paid to the Company’s shareholders of RMB851.1 million and (4) transactions with non-controlling shareholders of RMB572.2 million, partially offset by (i) proceeds from borrowings of RMB16,442.5 million and (ii) capital contributions from the non-controlling shareholders of RMB333.2 million.

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DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

Current Assets/(Liabilities)

The following table sets out our current assets and liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current assets				
Inventories	37,943,634	44,560,792	57,203,968	54,202,178
Trade and note receivables	16,306,371	17,042,433	14,822,003	15,729,230
Prepayments, other receivables and other assets	5,381,362	6,265,535	4,731,538	6,169,960
Contract assets	419,656	996,563	1,042,975	969,797
Financial assets at FVTPL	11,394	12,550	126,223	13,490
Income tax assets	54,518	99,561	135,716	72,915
Note receivables at FVTOCI	130,493	112,871	148,161	150,412
Restricted bank deposits	769,243	747,820	968,653	890,318
Cash and cash equivalents	11,324,586	11,435,730	13,078,471	14,862,645
Assets classified as held for sale	–	98,645	20,690	–
Total current assets	72,341,257	81,372,500	92,278,398	93,060,945
Current liabilities				
Trade and note payables	19,336,161	20,136,115	19,598,707	18,088,338
Accruals and other payables	6,373,429	6,975,616	7,167,611	6,671,593
Income tax payables	830,360	737,165	546,556	517,108
Borrowings	17,530,853	24,761,275	27,700,940	24,756,624
Derivative financial instruments	6,603	1,934	1,201	46,959
Lease liabilities	192,486	314,654	412,748	446,539
Provisions	–	179,109	197,764	181,365
Contract liabilities	4,100,054	3,424,619	6,005,612	5,553,254
Other current liabilities	258,516	183,481	126,698	162,639
Received in advance	20,398	125,622	43,775	16,650
Total current liabilities	48,648,860	56,839,590	61,801,612	56,441,069
Net current assets	23,692,397	24,532,910	30,476,786	36,619,876

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Inventories

The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	June 30, 2026
	(RMB in thousands)			(Unaudited)
Materials in transit	165,956	207,489	209,941	219,931
Raw materials	2,713,746	2,055,579	1,666,035	2,385,892
Work in progress	339,904	300,394	314,203	339,941
Finished goods	26,433,016	37,397,311	52,660,748	50,702,508
Contract fulfillment costs	7,699,766	4,057,144	1,657,939	–
Goods in transit	354,631	412,601	367,431	230,594
Outsourced processing materials	90,791	174,496	291,286	240,266
Consumptive biological assets	28,656	26,478	24,174	22,398
Low value consumables	1,367	2,561	222	593
Properties under development	364,555	376,328	–	–
Properties for sale	–	–	385,344	389,883
Less: provision for impairment	(248,754)	(449,589)	(373,355)	(329,828)
Total	37,943,634	44,560,792	57,203,968	54,202,178

Our inventories increased by 17.4% from RMB37,943.6 million as of December 31, 2023 to RMB44,560.8 million as of December 31, 2024, and further increased by 28.4% to RMB57,204.0 million as of December 31, 2025, primarily due to the increase in finished goods, which was mainly attributable to the growth in closing reserves of photovoltaic installed capacity from 14,069 MW as of December 31, 2023 to 26,686 MW as of December 31, 2025. Our inventories decreased by 5.2% from RMB57,204.0 million as of December 31, 2025 to RMB54,202.2 million as of June 30, 2026, primarily due to a decrease in finished goods, mainly reflecting increased sales of PV stations during the period, which also contributed to the increase in revenue from PV station solutions.

The following table sets forth our inventory turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Inventory turnover days ⁽¹⁾	246	304	423	349

(1) Calculated based on the average of the beginning and ending balances of inventories of a given period divided by cost of sales for that corresponding period and multiplied by the number of days in that period.

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Our inventory turnover days increased from 246 days in 2023 to 304 days in 2024 and further to 423 days in 2025, primarily due to the increase in closing reserves of photovoltaic installed capacity. Our inventory turnover days decreased from 423 days in 2025 to 349 days in the six months ended June 30, 2026, primarily reflecting the acceleration of residential PV station sales.

As of July 31, 2026, RMB4,385.1 million, or 8.1%, of inventories as of June 30, 2026, had been subsequently sold or utilized.

Trade and note receivables – current

The following table sets forth a breakdown of the current portion of our trade and note receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Trade receivables	15,831,854	16,180,264	13,607,761	15,576,644
– due from related parties	2,408,612	1,887,900	763,865	1,102,435
– due from third parties	13,423,242	14,292,364	12,843,896	14,474,209
Note receivables	1,899,059	2,373,044	2,529,271	1,550,628
– due from related parties	55,718	315	36,997	131,295
– due from third parties	1,843,341	2,372,729	2,492,274	1,419,333
Less: allowance for credit loss	(1,424,542)	(1,510,875)	(1,315,029)	(1,398,042)
Total	16,306,371	17,042,433	14,822,003	15,729,230

Trade and note receivables increased by 4.5% from RMB16,306.4 million as of December 31, 2023 to RMB17,042.4 million as of December 31, 2024, generally in line with revenue growth and the project-based nature of certain green energy solution businesses. Trade and note receivables decreased by 13.0% from RMB17,042.4 million as of December 31, 2024 to RMB14,822.0 million as of December 31, 2025, which was in line with the decrease in our revenue in 2025. Trade and note receivables increased by 6.1% from RMB14,822.0 million as of December 31, 2025 to RMB15,729.2 million as of June 30, 2026, primarily due to the normal timing of customer settlements, with the relevant outstanding balances remaining within the applicable credit periods.

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We normally grant credit periods ranging from 30 days to 180 days to our customers. The following table sets forth an aging analysis of our current and non-current trade receivables based on invoice date as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	June 30, 2026
	(RMB in thousands)			(Unaudited)
Within 1 year	12,674,341	11,888,196	10,871,558	12,476,902
1 to 2 years	1,208,401	2,067,028	1,291,666	1,694,554
2 to 3 years	775,082	837,731	615,131	623,923
Over 3 years	1,177,560	1,392,080	843,782	806,930
Total	15,835,384	16,185,035	13,622,137	15,602,309

The following table sets forth our trade and note receivables turnover days during the periods indicated.

	Year ended December 31,			Six months ended
	2023	2024	2025	June 30, 2026
Trade and note receivable turnover days ⁽¹⁾	106	94	98	73

(1) Calculated based on the average of opening and closing balance of trade and note receivables for the relevant period, divided by the revenue for the same period and multiplied by the number of days in that period.

Our trade and note receivables turnover days decreased from 106 days in 2023 to 94 days in 2024, primarily due to the favorable timing of collection of receivables related to our green energy solutions. Our trade and note receivables turnover days decreased from 98 days in 2025 to 73 days in the six months ended June 30, 2026, primarily due to a higher contribution from PV station solutions to our revenue during the period, the customers of which generally have shorter payment cycles. During the Track Record Period, we did not experience any significant losses associated with our trade and note receivables, and the fluctuation in our trade and note receivables did not have any material adverse impact on our liquidity or cash flows.

As of July 31, 2026, RMB4,559.3 million, or 29.0%, of our trade and note receivables as of June 30, 2026, had been settled.

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Prepayments, other receivables and other assets – current

The following table sets forth our current prepayments and other receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Prepayments				
Prepayments for operating expenses, raw material and finished goods	1,253,251	1,200,455	1,873,831	2,020,916
Other receivables				
Deposits receivable	367,548	417,815	340,885	473,098
Due from related parties	941,106	367,194	605,109	599,839
Due from third parties	1,255,971	2,895,138	614,837	1,705,376
Receivables from equity investments disposal	467,373	449,468	383,775	428,974
Dividends receivables	344,227	402,049	131,974	221,515
Others	126,390	89,583	104,160	182,481
	3,502,615	4,621,247	2,180,740	3,611,283
Less: impairment provision	(442,285)	(697,957)	(789,525)	(807,405)
	3,060,330	3,923,290	1,391,215	2,803,878
Other current assets				
Deductible taxes	954,932	1,069,958	1,384,189	1,308,450
Prepaid taxes	82,572	36,071	26,106	9,073
Others	30,277	35,761	56,197	27,643
	1,067,781	1,141,790	1,466,492	1,345,166
Total	5,381,362	6,265,535	4,731,538	6,169,960

The current portion of our prepayments, other receivables and other assets increased by 16.4% from RMB5,381.4 million as of December 31, 2023 to RMB6,265.5 million as of December 31, 2024, primarily due to an increase in amounts due from third parties and an increase in deductible taxes. The increase in amounts due from related parties was connected in part with funding arrangements relating to jointly developed power station projects.

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The current portion of our prepayments, other receivables and other assets decreased by 24.5% from RMB6,265.5 million as of December 31, 2024 to RMB4,731.5 million as of December 31, 2025, primarily due to the substantial decrease in amounts due from related parties, mainly as we recovered balances from derecognized project companies. Such decrease was partially offset by an increase in prepayments for operating expenses, raw material and finished goods, primarily due to increased stocking of raw materials amid the continued rise in raw material prices.

The current portion of our prepayments, other receivables and other assets increased by 30.4% from RMB4,731.5 million as of December 31, 2025 to RMB6,170.0 million as of June 30, 2026, primarily because of (1) an increase in amounts due from third parties, mainly reflecting higher receivables arising from increased sales of PV stations during the period; (2) an increase in prepayments for operating expenses, raw material and finished goods, primarily due to increased procurement and stocking of raw materials; and (3) an increase in deposits receivable, primarily due to a bidding deposit paid in connection with our participation in the competitive bidding process for the acquisition of a 3.16% equity interest in Chint Anneng.

Contract assets

The following table sets forth our contract assets as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	June 30, 2026
	(RMB in thousands)			(Unaudited)
Warranty deposits ⁽¹⁾	254,015	766,377	658,881	661,995
Work completed but not yet billed ⁽²⁾	165,641	230,186	384,094	307,802
Total	419,656	996,563	1,042,975	969,797

(1) Primarily represent amounts retained by our customers pursuant to contractual arrangements as security for our warranty obligations following the completion and delivery of PV stations, and primarily relate to our PV station solutions and EPC services.

(2) Primarily represent our share of electricity that had been earned but not yet billed or received from residential PV stations under our cooperative co-build arrangements.

Our contract assets increased from RMB419.7 million as of December 31, 2023 to RMB996.6 million as of December 31, 2024, primarily reflecting an increase in warranty deposits from RMB254.0 million to RMB766.4 million, which was mainly attributable to the increase in revenue generated from our PV station solutions and EPC services. Our contract assets further increased to RMB1,043.0 million as of December 31, 2025, and then decreased to RMB969.8 million as of June 30, 2026, primarily due to fluctuations in work completed but not yet billed arising from fluctuations in the power generation efficiency of residential PV stations under our cooperative co-build arrangements.

Income tax assets

Our income tax assets were RMB54.5 million, RMB99.6 million, RMB135.7 million and RMB72.9 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. Our income tax assets primarily represented prepaid income taxes.

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Note receivables at FVTOCI

Our note receivables at FVTOCI were RMB130.5 million, RMB112.9 million, RMB148.2 million and RMB150.4 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. Our note receivables at FVTOCI primarily comprised bank acceptance notes that we may discount or endorse in the ordinary course of cash management. As our business model for managing such notes is achieved through both the collection of contractual cash flows and the sale of the notes, they are classified as financial assets at FVTOCI. All of our note receivables at FVTOCI had maturities of less than one year. Our note receivables at FVTOCI decreased by 13.5% from RMB130.5 million as of December 31, 2023 to RMB112.9 million as of December 31, 2024, and increased by 31.3% to RMB148.2 million as of December 31, 2025, primarily due to the timing of the receipt, discounting, endorsement and settlement of the relevant notes during the respective years. The counterparties to such notes were banks with high credit ratings. Our Directors consider that the credit risk associated with our note receivables at FVTOCI was minimal, and no impairment allowance was recognized during the Track Record Period. The impairment of such notes is assessed based on lifetime expected credit losses. See Notes 17 and 46 to the Accountants’ Report in Appendix I to this document.

Restricted bank deposits

The following table sets forth our restricted bank deposits as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	June 30,
				2026
	(RMB in thousands)			(Unaudited)
Deposits	606,042	396,204	414,819	395,771
Restricted cash for loan repayment	80,000	80,000	86,500	86,000
Term deposits pledged	1,653	30,053	5,000	–
Term deposits over three months	56,271	112,900	360,000	324,000
Deposits for investment activities	13,149	119,547	70,874	69,194
Blocked bank balances	10,561	6,250	9,460	4,878
Others	1,567	2,866	22,000	10,475
Total	769,243	747,820	968,653	890,318

Our restricted bank deposits increased by 29.5% from RMB747.8 million as of December 31, 2024 to RMB968.7 million as of December 31, 2025, primarily due to our optimization of cash management. Our restricted bank deposits decreased by 8.1% from RMB968.7 million as of December 31, 2025 to RMB890.3 million as of June 30, 2026, primarily due to the maturity of certain term deposits with original maturities of over three months.

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Cash and cash equivalents

The following table sets forth our cash and cash equivalents as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Cash and bank balances	12,093,829	12,183,550	14,047,124	15,752,963
Less: restricted cash	(769,243)	(747,820)	(968,653)	(890,318)
Total	11,324,586	11,435,730	13,078,471	14,862,645

Trade and note payables

The following table sets forth our trade and note payables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Trade payables⁽¹⁾	17,659,801	18,686,108	18,283,244	16,061,982
– due to related parties	2,155,351	1,480,679	1,346,922	1,915,227
– due to third parties	15,504,450	17,205,429	16,936,322	14,146,755
Note payables⁽²⁾	1,591,846	1,399,290	1,305,898	1,730,682
– due to related parties	348,877	45,516	–	5,233
– due to third parties	1,242,969	1,353,774	1,305,898	1,725,449
Letter of credit	84,514	50,717	9,565	295,674
Total	19,336,161	20,136,115	19,598,707	18,088,338

(1) As of December 31, 2023, 2024 and 2025 and June 30, 2026, trade payables included payables for equipment of RMB1,119.3 million, RMB353.4 million, RMB211.9 million and RMB105.5 million, respectively.

(2) As of December 31, 2023, 2024 and 2025 and June 30, 2026, note payables included bank acceptance bills of RMB1,563.1 million, RMB1,188.2 million, RMB961.8 million and RMB834.9 million, respectively, and trade acceptance bills of RMB28.8 million, RMB211.1 million, RMB344.1 million and RMB895.7 million, respectively.

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The following table sets forth an aging analysis of our trade payables based on the date of goods and services received as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Within 1 year	16,811,830	17,527,600	16,947,896	15,111,283
1 to 2 years	412,588	705,859	611,172	514,877
2 to 3 years	249,935	172,418	363,980	160,735
Over 3 years	185,448	280,231	360,196	275,087
Total	17,659,801	18,686,108	18,283,244	16,061,982

Trade and note payables increased from RMB19,336.2 million as of December 31, 2023 to RMB20,136.1 million as of December 31, 2024, reflecting the expansion of procurement and project activities. Trade and note payables remained stable at RMB20,136.1 million as of December 31, 2024 and RMB19,598.7 million as of December 31, 2025, and decreased by 7.7% to RMB18,088.3 million as of June 30, 2026, reflecting the optimization of our payment arrangements and an acceleration in the timing of payments to suppliers.

The following table sets forth our trade and note payables turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Trade and note payable turnover days ⁽¹⁾	152	145	165	118

(1) Calculated using the average of opening balance and closing balance of trade and note payables for a period divided by our cost of sales for the relevant period and multiplied by the number of days in that period.

Our trade and note payables turnover days increased from 145 days in 2024 to 165 days in 2025, primarily due to the favorable timing of procurement settlement and payments. Our trade and notes payables turnover days decreased from 165 days in 2025 to 118 days in the six months ended June 30, 2026, primarily due to the optimization of our payment arrangements and an acceleration in the timing of payments to suppliers.

As of July 31, 2026, RMB5,278.9 million, or 29.2%, of total trade and note payables as of June 30, 2026, had been subsequently settled.

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Accruals and other payables

The following table sets forth a breakdown of our accruals and other payables as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	June 30,
				2026
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>
Salaries, wages and benefits	1,585,593	1,722,507	1,773,782	1,343,745
Deposits payables	2,672,695	2,682,209	2,532,097	2,391,337
Accruals and other payables	1,248,281	1,034,822	911,578	1,040,934
Consideration for share transfer	144,717	185,030	274,558	333,528
Other tax payables	227,898	364,026	583,424	517,135
Dividends payable	13,167	10,494	8,266	60,392
Sales rebate	331,018	853,992	971,354	863,194
Others	150,060	122,536	112,552	121,328
Total	<u>6,373,429</u>	<u>6,975,616</u>	<u>7,167,611</u>	<u>6,671,593</u>

Our accruals and other payables increased by 9.4% from RMB6,373.4 million as of December 31, 2023 to RMB6,975.6 million as of December 31, 2024, primarily due to an increase in sales rebate from RMB331.0 million to RMB854.0 million, which mainly represented sales rebate payable to distributors. Prior to 2024, such sales rebate was generally settled with distributors from time to time during the year. In 2024, we changed our settlement policy such that such sales rebate is generally calculated and settled on a year-end basis, which resulted in a higher outstanding balance of sales rebate payable to distributors as of December 31, 2024. Our accruals and other payables remained stable at RMB6,975.6 million as of December 31, 2024 and RMB7,167.6 million as of December 31, 2025. Our accruals and other payables decreased by 6.9% from RMB7,167.6 million as of December 31, 2025 to RMB6,671.6 million as of June 30, 2026, primarily due to the payment of year-end employee bonuses in the first half of 2026.

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Borrowings – current

The following table sets forth our borrowings as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Short-term borrowings				
Bank borrowings				
– Secured	1,492,571	1,563,362	1,483,440	1,790,183
– Unsecured	3,730,655	1,678,880	1,115,137	2,916,370
Borrowings from related finance company				
– Secured	100	40,037	100,000	–
– Unsecured	1,271,203	1,312,141	901,553	940,105
Other borrowings				
– Unsecured	506,718	7,282,792	9,579,175	9,682,936
Long-term borrowings amounts due within one year				
Finance leasing				
– Secured	1,405,308	1,487,541	1,816,299	620,000
Bank borrowings				
– Secured	8,148,741	8,788,904	9,810,811	6,594,125
– Unsecured	975,557	2,607,618	2,894,525	2,212,905
Total	17,530,853	24,761,275	27,700,940	24,756,624

Current borrowings increased from RMB17,530.9 million as of December 31, 2023 to RMB24,761.3 million as of December 31, 2024 and further to RMB27,700.9 million as of December 31, 2025, consistent with the larger scale of operations and funding requirements of our green energy solution business. Our current borrowings decreased by 10.6% from RMB27,700.9 million as of December 31, 2025 to RMB24,756.6 million as of June 30, 2026, primarily due to the repayment of certain long-term borrowings upon maturity, partially offset by an increase in short-term bank borrowings.

Lease liabilities – current

Our current lease liabilities primarily represent the portion of lease obligations due within one year under our lease arrangements, which mainly relate to leases of rooftops, buildings and other facilities, land, and certain other equipment. Our current lease liabilities increased by 63.5% from RMB192.5 million as of December 31, 2023 to RMB314.7 million as of December 31, 2024, increased by 31.1% to RMB412.7 million as of December 31, 2025 and further increased by 8.2% to RMB446.5 million as of June 30, 2026, primarily due to the increase in rooftop lease arrangements entered into in connection with the rapid growth of PV station solutions.

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Contract liabilities – current

Our current contract liabilities primarily represent advance consideration received from customers in relation to the sale of goods and provision of services before we have fulfilled the relevant performance obligations. Under our revenue recognition policy, if a customer pays consideration, or we have an unconditional right to consideration, before we transfer goods or services to the customer, we recognize such amount as a contract liability. Our management expects that the unsatisfied performance obligations recognized as current contract liabilities will generally be fulfilled within one year.

Our current contract liabilities decreased by 16.5% from RMB4,100.1 million as of December 31, 2023 to RMB3,424.6 million as of December 31, 2024, primarily due to the timing of advance collections from customers and the subsequent recognition of revenue upon fulfillment of the relevant performance obligations. Our current contract liabilities increased by 75.4% from RMB3,424.6 million as of December 31, 2024 to RMB6,005.6 million as of December 31, 2025, primarily due to increased advance receipts relating to PV station solutions and operations and maintenance services.

As of July 31, 2026, RMB1,673.90 million, or 30.1%, of our contract liabilities as of June 30, 2026 had been subsequently recognized as revenue.

Received in advance – current

The following table sets forth a breakdown of our current received in advance as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Advance receipt from disposal of assets classified as held for sale ⁽¹⁾	–	105,183	22,127	–
Rental ⁽²⁾	19,398	17,439	10,413	10,170
Advance receipt for equity investments transfer	1,000	3,000	11,235	6,480
Total	20,398	125,622	43,775	16,650

(1) Primarily represent advance consideration received in connection with the proposed transfer of land use rights and related buildings under a cooperative co-build project.

(2) Primarily represent advance receipts of rental income from tenants of certain properties leased by us.

Our current advance receipts from disposal of assets classified as held for sale increased from nil as of December 31, 2023 to RMB105.2 million as of December 31, 2024, and decreased to RMB22.1 million as of December 31, 2025, primarily reflecting the timing of receipt of advance consideration and the progress of the relevant asset disposal transactions.

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Non-current Assets and Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	June 30,
				2026
	(RMB in thousands)			(Unaudited)
Non-current assets				
Property, plant and equipment	28,896,523	29,503,508	29,719,403	29,158,568
Right-of-use assets	2,650,667	6,754,080	11,296,986	10,686,032
Investment properties	374,270	389,820	413,434	548,485
Investments in associates and joint ventures	5,828,190	5,866,869	6,040,517	6,076,964
Deferred tax assets	1,212,661	1,693,688	1,990,479	1,700,128
Intangible assets	143,756	136,773	129,450	110,191
Goodwill	527,624	511,594	490,917	490,917
Equity investments at FVTOCI	1,722,996	2,193,438	2,834,325	2,932,187
Financial assets at FVTPL	2,762,362	4,303,365	6,434,115	6,519,635
Prepayments, other receivables and other assets	4,340,998	5,491,885	7,158,763	6,815,404
Trade receivables	3,352	4,658	13,840	25,027
Total non-current assets	48,463,399	56,849,678	66,522,229	65,063,538
Non-current liabilities				
Deferred tax liabilities	1,415,218	1,368,557	1,341,228	1,309,338
Borrowings	22,040,366	23,044,197	30,714,791	34,046,007
Lease liabilities	1,314,724	5,549,947	10,093,177	9,465,648
Provisions	323,954	321,323	716,195	649,012
Contract liabilities	–	84,419	123,795	134,079
Deferred income	330,117	269,915	213,283	196,705
Other non-current liabilities	513	492	1,265	22,642
Received in advance	224,517	–	–	–
Total non-current liabilities	25,649,409	30,638,850	43,203,734	45,823,431

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Property, plant and equipment

The following table sets forth our property, plant and equipment as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	June 30, 2026
	(RMB in thousands)			(Unaudited)
Freehold land	38,122	31,325	35,844	33,913
Buildings	2,624,258	2,775,618	2,999,057	2,816,737
Machinery devices	2,531,734	2,404,219	2,219,225	2,093,922
Motor vehicles	26,976	27,135	24,499	21,315
Electronic equipment	59,667	70,315	71,444	62,450
PV stations	21,374,653	21,991,776	23,027,885	22,282,859
R&D equipment	7,824	13,661	9,217	6,328
Other equipment	249,564	213,845	193,725	185,909
Construction in progress	1,891,892	1,877,882	1,066,931	1,568,620
Leasehold improvements	91,833	97,732	71,576	86,515
Total	28,896,523	29,503,508	29,719,403	29,158,568

Right-of-use assets

The following table sets forth our right-of-use assets as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	June 30, 2026
	(RMB in thousands)			(Unaudited)
Buildings	159,089	143,642	166,070	167,609
Leasehold land	202,351	243,330	240,950	237,205
Land use right	1,076,045	837,682	830,101	829,150
Roof	540,681	4,945,925	9,594,612	9,053,308
PV stations	659,526	571,645	454,000	388,998
Machinery devices	576	240	39	—
Other equipment	12,399	11,616	11,214	9,762
Total	2,650,667	6,754,080	11,296,986	10,686,032

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Our right-of-use assets increased by 154.8% from RMB2,650.7 million as of December 31, 2023 to RMB6,754.1 million as of December 31, 2024, and increased further by 67.3% to RMB11,297.0 million as of December 31, 2025. This increase was primarily attributable to the significant increase in roof right-of-use assets, which was broadly in line with the expansion of our PV station solutions involving rooftop resources. Our right-of-use assets decreased by 5.4% from RMB11,297.0 million as of December 31, 2025 to RMB10,686.0 million as of June 30, 2026, primarily due to a decrease in roof right-of-use assets as a result of increased sales of residential PV stations during the six months ended June 30, 2026.

Investment properties

Our investment properties increased by 4.1% from RMB374.3 million as of December 31, 2023 to RMB389.8 million as of December 31, 2024, and increased further by 6.1% from RMB389.8 million as of December 31, 2024 to RMB413.4 million as of December 31, 2025, primarily due to the transfer of an idle production base into investment property for external leasing. Our investment properties increased by 32.7% from RMB413.4 million as of December 31, 2025 to RMB548.5 million as of June 30, 2026, primarily due to the completion of certain properties that were previously under construction.

Investments in associates and joint ventures

The following table sets forth our investments in associates and joint ventures as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Associates	5,716,037	5,762,865	5,956,412	5,992,859
Joint ventures	112,153	104,004	84,105	84,105
Total	5,828,190	5,866,869	6,040,517	6,076,964

In 2023, we disposed of our entire 37.5% equity interest in Taixia Smart Energy Co., Ltd., which had been accounted for as an associate of our Group, to a third party for total proceeds of RMB210.0 million. We recognized a gain on disposal of RMB14.7 million in respect of the transaction. Following the disposal, Taixia Smart Energy Co., Ltd. ceased to be an associate of our Group, and we no longer held any equity interest in it. In the same year, we disposed of our entire 25% equity interest in an overseas associate to an independent third party for total proceeds of US\$28.0 million. We recognized a loss on disposal of RMB104.9 million in profit or loss in respect of the transaction. Following the disposal, we no longer held any equity interest in the overseas associate. For details of our material associates, see Note 16 to the Accountants’ Report in Appendix I to this document.

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Deferred tax assets

Our deferred tax assets increased by 39.7% from RMB1,212.7 million as of December 31, 2023 to RMB1,693.7 million as of December 31, 2024, primarily due to increases in deferred tax assets recognized in relation to unrealized profits, loss allowance and impairment provision, and accruals. Our deferred tax assets further increased by 17.5% to RMB1,990.5 million as of December 31, 2025, primarily due to increases in deferred tax assets recognized in relation to lease liabilities, unrealized profits and deferred income. Our deferred tax assets decreased by 14.6% from RMB1,990.5 million as of December 31, 2025 to RMB1,700.1 million as of June 30, 2026, primarily due to decreases in deferred tax assets recognized in relation to lease liabilities and unrealized profits.

Intangible assets

Our intangible assets mainly consist of software, patent rights, non-patent technologies and trademarks. Our intangible assets decreased by 4.9% from RMB143.8 million as of December 31, 2023 to RMB136.8 million as of December 31, 2024, primarily reflecting amortization and impairment charges, partially offset by additions. Our intangible assets decreased by 5.3% from RMB136.8 million as of December 31, 2024 to RMB129.5 million as of December 31, 2025, primarily due to amortization charges, partially offset by additions and transfers from construction in progress. Our intangible assets further decreased by 14.9% to RMB110.2 million as of June 30, 2026, primarily due to amortization charges.

Goodwill

Our goodwill decreased by 3.0% from RMB527.6 million as of December 31, 2023 to RMB511.6 million as of December 31, 2024 and further decreased by 4.0% to RMB490.9 million as of December 31, 2025, primarily due to impairment losses recognized during the respective year.

Equity investments at FVTOCI

Our equity investments at FVTOCI increased by 27.3% from RMB1,723.0 million as of December 31, 2023 to RMB2,193.4 million as of December 31, 2024, and further increased by 29.2% to RMB2,834.3 million as of December 31, 2025, primarily due to the increase in unlisted equity investments and increased investments in overseas ground-mounted PV stations. Overseas ground-mounted PV stations with an aggregate installed capacity of 397.8 MW, 387.8 MW, 516.6 MW and 604.4 MW as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, were classified as (1) equity investments at FVTOCI and (2) financial assets at FVTPL. As of June 30, 2026, these overseas ground-mounted PV stations were primarily located in Bulgaria, Egypt, the United States, Turkey, South Korea and Australia. Our equity investments at FVTOCI remained stable at RMB2,834.3 million as of December 31, 2025 and RMB2,932.2 million as of June 30, 2026.

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Financial assets at FVTPL – non-current

The following table sets forth our financial assets at FVTPL as of the dates indicated.

	As of December 31,			As of June 30, 2026
	2023	2024	2025	
	(RMB in thousands)			(Unaudited)
Listed equity investments, at fair value	379,421	415,564	412,803	544,259
Unlisted equity investments, at fair value	2,382,946	3,887,801	6,021,312	5,975,376
Derivative financial instruments ⁽¹⁾	11,389	6,693	126,223	13,490
Performance compensation ⁽²⁾	–	5,857	–	–
	2,773,756	4,315,915	6,560,338	6,533,125
Portion classified as non-current portion	(2,762,362)	(4,303,365)	(6,434,115)	(6,519,635)
Current portion	11,394	12,550	126,223	13,490

(1) Primarily represented foreign currency forwards, interest rate swap and commodity futures held for trading.

(2) Primarily represented one-off compensation received from a counterparty pursuant to a performance commitment arrangement.

Our non-current financial assets at FVTPL increased by 55.8% from RMB2,762.4 million as of December 31, 2023 to RMB4,303.4 million as of December 31, 2024, and further increased by 49.5% from RMB4,303.4 million as of December 31, 2024 to RMB6,434.1 million as of December 31, 2025, primarily due to continued investment in overseas ground-mounted PV stations and fair value gains on unlisted equity investments.

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Prepayments, other receivables and other assets – non-current

The following table sets forth our non-current prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	June 30,
	(RMB in thousands)			2026
				(Unaudited)
Prepayment				
Prepayment for non-current assets	128,923	109,986	79,035	94,289
Other receivables				
Deposits	84,057	121,269	363,230	551,022
Loan receivables				
Loan receivables	480,769	367,811	96,902	83,615
Other non-current assets				
Deductible taxes	3,441,924	4,513,518	5,883,752	5,397,767
Asset for the right to returned products	95,393	201,270	598,787	538,123
Vegetation restoration costs	31,837	38,432	35,266	33,639
Others	78,095	139,599	101,791	116,949
	<u>3,647,249</u>	<u>4,892,819</u>	<u>6,619,596</u>	<u>6,086,478</u>
Total	<u>4,340,998</u>	<u>5,491,885</u>	<u>7,158,763</u>	<u>6,815,404</u>

Our non-current prepayments, other receivables and other assets increased by 26.5% from RMB4,341.0 million as of December 31, 2023 to RMB5,491.9 million as of December 31, 2024, primarily attributable to (1) an increase in deductible taxes driven by the expansion of our procurement activities and fixed asset investments, and (2) an increase in the asset for the right to returned products, which was broadly in line with the increase in sales of residential PV stations under arrangements pursuant to which our customers may return the relevant PV stations if actual electricity generation falls short of agreed levels.

Our non-current prepayments, other receivables and other assets increased by 30.4% from RMB5,491.9 million as of December 31, 2024 to RMB7,158.8 million as of December 31, 2025, primarily attributable to the continued increase in deductible taxes arising from procurement inputs, as well as an increase in the asset for the right to returned products.

Our non-current prepayments, other receivables and other assets decreased by 4.8% from RMB7,158.8 million as of December 31, 2025 to RMB6,815.4 million as of June 30, 2026, primarily attributable to a decrease in deductible taxes arising from procurement inputs, partially offset by an increase in deposits from RMB363.2 million to RMB551.0 million.

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Our loan receivables decreased by 23.5% from RMB480.8 million as of December 31, 2023 to RMB367.8 million as of December 31, 2024. This decrease primarily reflected the effect of repayments and settlement in loan-related balances during the year. Our loan receivables decreased by 73.7% from RMB367.8 million as of December 31, 2024 to RMB96.9 million as of December 31, 2025, primarily due to the effect of repayments, settlements and changes in the financing structure of overseas ground-mounted PV stations.

Borrowings – non-current

The following table sets forth the non-current portion of our borrowings as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Bank borrowings				
– Secured	5,820,731	7,441,630	10,536,531	10,469,130
– Unsecured	6,641,848	4,985,304	5,244,850	4,641,034
Finance leasing				
– Secured	9,577,787	10,617,263	14,933,410	18,935,843
Total	22,040,366	23,044,197	30,714,791	34,046,007

Our non-current borrowings increased by 33.3% from RMB23,044.2 million as of December 31, 2024 to RMB30,714.8 million as of December 31, 2025 and further increased by 10.8% to RMB34,046.0 million as of June 30, 2026, primarily due to the continued expansion of our PV station development, which increased our long-term funding needs.

Lease liabilities – non-current

Our non-current lease liabilities primarily represent the portion of lease obligations due beyond one year under our long-term lease arrangements. Our non-current lease liabilities increased significantly by 322.1% from RMB1,314.7 million as of December 31, 2023 to RMB5,549.9 million as of December 31, 2024, and increased further by 81.9% to RMB10,093.2 million as of December 31, 2025. This increase was primarily attributable to the large number of long-term rooftop lease agreements entered into in 2024 in connection with the rapid expansion of our PV station solutions. Our non-current lease liabilities decreased by 6.2% from RMB10,093.2 million as of December 31, 2025 to RMB9,465.6 million as of June 30, 2026, primarily as a result of the increase in sales of residential PV stations in the six months ended June 30, 2026.

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Provisions – non-current

The following table sets forth the non-current portion of our provisions as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	June 30, 2026
	(RMB in thousands)			(Unaudited)
Warranty	201,342	20,527	22,595	31,572
Allowance for financial guarantee contracts	18,115	51,200	44,814	37,897
Refunded liability	103,399	217,255	644,080	578,074
Onerous contract	–	32,341	–	–
Others	1,098	–	4,706	1,469
Total	323,954	321,323	716,195	649,012

Allowance for financial guarantee contracts primarily represented expected credit loss allowances recognized in respect of financial guarantees provided by Chint Anneng. See “–Contingent Liabilities and Guarantees” for details of financial guarantee contracts. Such expected credit loss allowances were recognized in respect of Chint Anneng’s residual exposure under joint and several liability guarantees provided for bank loans obtained by certain individual customers to finance their purchases of residential photovoltaic equipment, after taking into account the portion of such exposure covered by counter-guarantees provided by our service suppliers.

Refunded liability primarily represented provisions recognized in connection with certain clauses entered into by Chint Anneng in the course of its power station business with financial leasing companies. Under such arrangements, Chint Anneng estimates, at each year/period end, the expected return rate for the relevant power stations sold to financial leasing companies. The relevant evaluation period is determined by reference to the operation and maintenance period of the power stations, which is typically 20 to 25 years. Chint Anneng recognizes the relevant provision by applying the estimated return rate to the sales amount of the relevant power stations.

Onerous contract primarily related to provisions recognized for estimated losses arising from after-sales support obligations in connection with our operations and maintenance services.

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Our non-current provisions remained stable at RMB324.0 million as of December 31, 2023 and RMB321.3 million as of December 31, 2024. Our non-current provisions increased significantly by 122.9% to RMB716.2 million as of December 31, 2025, primarily due to an increase in provisions for estimated obligations in connection with residential PV station sales arrangements under which our customers may return the relevant PV stations if actual electricity generation falls short of agreed levels. Such provisions reflect the estimated cash outflows expected to be incurred for such returns and increased broadly in line with the growth in the scale of the relevant residential PV station sales. Our non-current provisions decreased by 9.4% from RMB716.2 million as of December 31, 2025 to RMB649.0 million as of June 30, 2026, primarily due to decreases in refunded liability and allowance for financial guarantee contracts.

Contract liabilities – non-current

Our non-current contract liabilities primarily represent advance consideration received from customers in relation to the provision of services for which the relevant performance obligations are expected to be fulfilled beyond one year. We expect the unsatisfied performance obligations recognized as non-current contract liabilities will generally be fulfilled over the following 20 years. Our non-current contract liabilities increased from nil as of December 31, 2023 to RMB84.4 million as of December 31, 2024, RMB123.8 million as of December 31, 2025 and RMB134.1 million as of June 30, 2026, primarily due to the continued provision of extended warranty services for energy storage systems and the resulting cumulative growth in the related service obligations.

Deferred income

Our deferred income primarily represents government grants relating to assets, which are included in non-current liabilities and recognized in profit or loss over the expected useful lives of the related assets. Our deferred income decreased by 18.2% from RMB330.1 million as of December 31, 2023 to RMB269.9 million as of December 31, 2024, primarily due to the amortization of such deferred government grants to profit or loss during the year, partially offset by new government grants received. Our deferred income decreased by 21.0% from RMB269.9 million as of December 31, 2024 to RMB213.3 million as of December 31, 2025, and further decreased by 7.8% to RMB196.7 million as of June 30, 2026, primarily due to the continued recognition of asset-related government grants to profit or loss.

Received in advance – non-current

Our non-current received in advance consisted solely of advance receipt from disposal of assets classified as held for sale as of December 31, 2023. The decrease in non-current received in advance from RMB224.5 million as of December 31, 2023 to nil as of December 31, 2024, primarily reflected the absence of a non-current balance for advance receipt from disposal of assets. This movement was attributable to the timing and balance-sheet classification of advance receipt from disposal of assets classified as held for sale. As of June 30, 2026, our non-current received in advance remained nil.

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INDEBTEDNESS

The table below sets out the details of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Borrowing				
– Secured	26,445,238	29,938,737	38,680,491	38,409,281
– Unsecured	13,125,981	17,866,735	19,735,240	20,393,350
Lease liabilities				
– Unsecured	1,507,210	5,864,601	10,505,925	9,912,187
	41,078,429	53,670,073	68,921,656	68,714,818

Except as disclosed above and save for the financial guarantee contracts disclosed below, as of June 30, 2026, we did not have any other outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our indebtedness since June 30, 2026.

CONTINGENT LIABILITIES AND GUARANTEES

As of December 31, 2023, 2024 and 2025 and June 30, 2026, the outstanding amount of our financial guarantee contracts was RMB3,193.8 million, RMB2,413.7 million, RMB2,342.8 million and RMB1,917.9 million, respectively. These financial guarantee contracts and contingent liabilities primarily comprised: (1) joint and several liability guarantees provided by Chint Anneng in respect of bank loans obtained by certain individual customers to finance their purchases of residential photovoltaic equipment, a portion of which was supported by counter-guarantees provided by our service suppliers; (2) guarantees provided by Chint Anneng, with an average coverage ratio of 18.0%, in respect of bank loans obtained by an investee company, our investment in which is measured at FVTOCI, to finance its acquisition of our residential PV station assets; (3) financial guarantees provided in respect of bank loans obtained by related parties; and (4) shortfall coverage obligations undertaken by Chint Anneng in connection with its cooperation arrangements with two financial leasing companies, pursuant to which Chint Anneng sold residential PV stations to such financial leasing companies, which subsequently leased the relevant PV stations to end-users; the rental payments under such leasing arrangements were primarily funded by electricity income and subsidy income, if any, generated by the relevant PV stations; under such arrangements, Chint Anneng agreed to cover any shortfall between the actual electricity income generated by the relevant PV stations and the rental payments payable by the end-users. Save for the above, during the Track Record Period and up to the Latest Practicable Date, we did not have any other material contingent liabilities or guarantees that would have a material impact on our financial position or results of operations.

FINANCIAL INFORMATION

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

The following table sets forth a breakdown of our capital expenditures for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets	4,363,713	3,007,495	1,938,254	639,129
Purchase of equity investments at FVTOCI	392,501	617,893	615,342	120,860
Purchase of financial assets at FVTPL	1,903,015	1,680,842	2,270,962	166,503
Total	6,659,229	5,306,230	4,824,558	926,492

Our capital expenditures during the Track Record Period primarily consisted of payments for purchase of property, plant and equipment, intangible assets and other non-current assets, purchase of equity investments at FVTOCI and purchase of financial assets at FVTPL. We funded our capital expenditures during the Track Record Period mainly through cash generated from operating activities and external financing. We expect to incur capital expenditure in the near future, primarily to support the growth of our business. We expect to fund these capital expenditures with a combination of cash flow generated from operating activities, equity and debt financing and [REDACTED] from the [REDACTED]. See “Future Plans and Use of [REDACTED]” for further details about our planned capital expenditure. We may adjust our capital expenditure for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

Capital Commitments

Our capital commitments are mainly related to property, plant and equipment which had been contracted but not yet provided for. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our capital commitments were RMB994.2 million, RMB1,246.5 million, RMB1,386.5 million and RMB1,646.8 million, respectively.

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KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated.

	As of/for the year ended December 31,			As of/for the six months ended June 30,	
	2023	2024	2025	2025	2026
				<i>(Unaudited)</i>	
Gross profit margin (%) ⁽¹⁾	21.6	23.1	25.9	28.1	23.6
Net profit margin (%) ⁽²⁾	8.6	8.1	10.4	11.6	10.7
Debt-to-asset ratio (%) ⁽³⁾	61.5	63.3	66.1	N/A	64.7
Current ratio (<i>times</i>) ⁽⁴⁾	1.49	1.43	1.49	N/A	1.65

(1) Equals gross profit divided by revenue and multiplied by 100%.

(2) Equals profit for the year/period divided by revenue and multiplied by 100%.

(3) Equals total liabilities divided by total assets and multiplied by 100%.

(4) Equals total current assets divided by total current liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, save for the financial guarantee contracts disclosed above, we had not entered into any off-balance sheet arrangements. Except for the financial guarantee contracts disclosed above, we have not entered into any other financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

MATERIAL RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 46 to the Accountants’ Report included in Appendix I and Note 24 to the Condensed Consolidated Financial Statements in Appendix IA. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL INFORMATION

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See Note 45 to the Accountants’ Report in Appendix I to this document for details.

DIVIDENDS

We paid dividends to the Company’s shareholders of RMB851.1 million, RMB1,181.9 million, RMB1,286.4 million and RMB1,276.9 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. Subject to PRC laws and regulations, including the PRC Company Law and the No. 3 Guideline for the Supervision of Listed Companies–Cash Dividend Distribution of Listed Companies (2025 Revision) (上市公司監管指引第3號–上市公司現金分紅(2025年修訂)) and pursuant to our dividend policy under the Articles of Association, we are required to pay cash dividends where we have recorded a positive net profit for the current year and have positive accumulated undistributed profits as of the end of that year, and cumulative cash dividends of any three consecutive fiscal years that account for not less than 30% of our average annual net profits attributable to owners of our Company for those three fiscal years which are available for distribution, calculated in accordance with PRC GAAP, provided that the sustainable operation and long-term development of our Company will not be impacted and there is no plan for significant capital expenditure. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of both. We do not have a fixed dividend distribution ratio. 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.

DISTRIBUTABLE RESERVES

As of June 30, 2026, our distributable reserves were RMB31,466.0 million.

[REDACTED]

In 2023, 2024, 2025 and the six months ended June 30, 2026, our [REDACTED] were nil, nil, nil and RMB1.7 million, respectively. Our [REDACTED] mainly include (1) [REDACTED]-related expenses, such as [REDACTED] and [REDACTED], and (2) non-[REDACTED]-related expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and (3) other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] (based on the mid-point of the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED]. Among such estimated total [REDACTED], we expect to pay [REDACTED] of HK\$[REDACTED], professional fees for our legal advisors and Reporting Accountants of HK\$[REDACTED] and other fees and expenses of HK\$[REDACTED]. An estimated amount of HK\$[REDACTED] for our [REDACTED], accounting for approximately [REDACTED]% of our [REDACTED], was or is expected to be expensed through the statement of profit or loss and the remaining amount of HK\$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED].

FINANCIAL INFORMATION

UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

See “Appendix II–Unaudited [REDACTED] Financial Information.”

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed 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, 2026, being the end date of the period reported in Appendix IA to this document, and there has been no event since June 30, 2026 which would materially affect the information shown in the Accountants’ Report set out in Appendix I or the Condensed Consolidated Financial Statements in Appendix IA to this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Except as otherwise disclosed in this document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.