Application Proof of

Shanghai REFIRE Group Limited
上海重塑能源集團股份有限公司

(the "**Company**")

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

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Shanghai REFIRE Group Limited
上海重塑能源集團股份有限公司

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

[REDACTED]

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

***Sole Sponsor,* [REDACTED], [REDACTED], [REDACTED] *and* [REDACTED]**

CICC 中金公司

Financial Adviser

BNP PARIBAS

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OVERVIEW

We are a leading market-driven hydrogen technology company in China with global perspective. Our vision is to "create a sustainable future with hydrogen energy technology." During the Track Record Period, we focused on the design, development, manufacture, and sales of hydrogen fuel cell systems, hydrogen production systems, and related components, as well as providing fuel cell engineering and technical services catering to customers' needs.

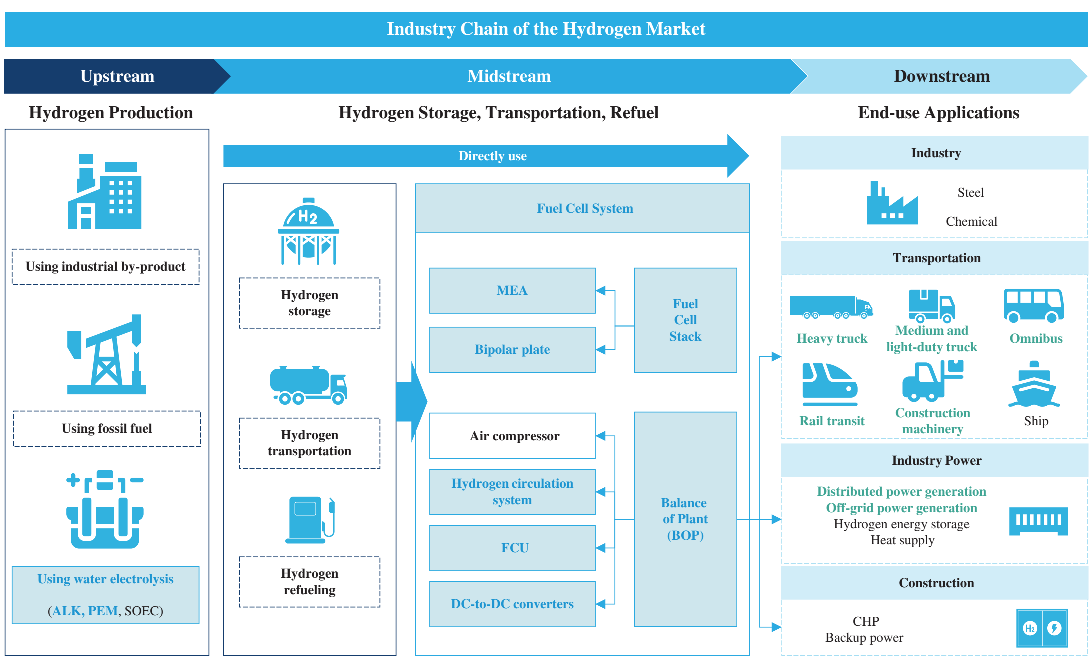
Benefiting from our robust R&D team holding deep industrial insights, our strong marketing capabilities, and rich first-hand experience, we have been making continuous innovation and product iteration that are well-received by the market since our inception, with particular strength on hydrogen fuel cell technologies and know-how that may bring enhanced performance, great reliability, long lifespan, great environmental adaptability and cost-effectiveness for hydrogen fuel cells. In recent years, leveraging our extensive technology capacity and valuable market resources, we have further explored into the upstream of hydrogen industry, where we have independently developed proton-exchange membrane ("**PEM**") water electrolysis hydrogen production systems, hydrogen production power sources, advanced electrodes for alkaline ("**ALK**") electrolysis and other key components that can effectively utilize electricity to produce hydrogen. Our comprehensive product and service portfolio enables us to achieve the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity".

Capitalizing on our first-mover advantage in hydrogen fuel cell industry and strong research and development forces in China and abroad, we have established a well-recognized brand reputation in offering high-quality hydrogen fuel cell systems in China, and have successfully set our footprint in overseas hydrogen market. In addition, through offering quality products and services and relentless efforts of identifying and solving customers' demands, we have formed and retained strong business relationship with leading commercial vehicle manufacturers, automotive part manufacturers and energy enterprises in China and abroad, such as Yutong Group (宇通), FAW Jiefang (一汽解放), Hangcha (杭叉), CHINT (正泰集團) in China, Toyota Motor in Japan and Continental and Schaeffler Group in Germany.

According to Frost & Sullivan, we ranked the first in the hydrogen fuel cell system market in China, in terms of the total power output of sold hydrogen fuel cell systems that have been used for heavy-duty trucks in 2022, with a market share of 25.9%. We ranked the first in the hydrogen fuel cell system market in China, in terms of accumulated mileage operated by fuel cell vehicles powered by fuel cell systems sold up to September 30, 2023, which amounted to around 168 million kilometers. We are the first company in hydrogen fuel cell industry in China that has independently developed and realized mass-production of fuel cell stacks, membrane-electrode assemblies ("**MEAs**") and bipolar plates. We are also a pioneer in hydrogen production, being the first enterprise in hydrogen fuel cell industry to lay out PEM and ALK electrolysis products simultaneously. In addition, upholding global insights and established market reputation, we became the first enterprise in hydrogen fuel cell industry in China that realized commercialization its proprietary hydrogen fuel cell systems abroad, winning numerous international certifications. Furthermore, as of September 30, 2023, our hydrogen fuel cell systems have powered over 5,000 fuel cell vehicles on the road in China. By the same date, these vehicles had accumulated over 160 million kilometers of operation, and had reduced carbon emissions of over 90,000 tons, which built an industry leading record.

Since our inception, we have made continuous breakthroughs, gaining valuable experience and know-hows in relation to the hydrogen fuel cell systems. We are a leading hydrogen technology company that offers high-quality hydrogen fuel cell systems, and has realized self-development and production of numerous key components for hydrogen fuel cell systems. In recent years, we have been investing in developing hydrogen generation technologies, which effectively complement our hydrogen fuel cell business and create synergies with a broad range of downstream hydrogen utilization scenarios, enabling us to provide more comprehensive hydrogen energy solutions to relevant clients. In addition, leveraging the strong market recognition on our leading technology capacity, and the trust clients place in us for offering customized hydrogen fuel cell technology services, we are well-positioned to identify and capture market opportunities in the hydrogen production system market. For instance, our full-fledged product portfolio allows us to cater to customers' needs, especially conglomerates seeking comprehensive solutions from hydrogen generation to hydrogen application, particularly those featured with reduced carbon emissions.

As of the Latest Practicable Date, our product and service portfolio covered the entire industrial chain of hydrogen from hydrogen generation (upstream supplies) to hydrogen application (downstream applications in commercial vehicles, power generation stations, construction machinery, etc.), as a result of which, we have achieved the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity". Embracing the "dual-carbon" goals of China, which aim to peak carbon dioxide emissions by 2030 and achieve carbon neutrality before 2060, we are dedicated to providing full-services in hydrogen industry, including effective, cost-efficient, safe and reliable hydrogen generation and application products and services, to help achieve a sustainable future. Below is an illustration of our products and their applications:



Notes:

1. The blue-colored text represents items fall within our Group's business scope.

2. The green-colored text represents downstream applications of our Group's products.

Source: Frost & Sullivan

In addition, in observing that the hydrogen fuel cell industry in China is currently in a transitioning period from a policy-driven industry to a market-driven one, we have taken proactive measures to promote application of our products from demonstration cities in China to non-demonstration cities, from commercial vehicles to other scenarios, and from domestic market in China to overseas. As of the Latest Practicable Date, we had successfully distinguished ourselves from other industry peers by our strong track record of achieving sustainable growth in non-demonstration cities in China. We have also successfully realized commercialization of our fuel cell systems in non-vehicle scenarios, such as stationary power stations, and construction machinery. We are the first enterprise in hydrogen fuel cell industry in China that realized commercialization of proprietary hydrogen fuel cell systems abroad.

We attribute our success to the following factors, including, (i) superior products featuring great reliability, long lifespan, environmental adaptability, which combined with our ability to offer comprehensive after-sales services and technical support, enable adaption to vehicles carrying heavy loads and working under complicated conditions; (ii) high power generation efficiency and low hydrogen consumption, which help reduce associated costs in heavy-load and long distance transportation scenarios; and (iii) our ability to continuously drive down production costs of our fuel cell systems, as we are able to develop and produce greater variety of components, and source high-quality raw materials and components locally.

Capitalizing on our established brand reputation in demonstration city clusters in China, we are well-positioned to attract and engage new customers in non-demonstration cities. During the Track Record Period, while continuously enhancing our customer base and loyalty in demonstration cities, we have successfully distinguished us from industry peers by promoting applications of hydrogen fuel cell systems to heavy-duty trucks operating in non-demonstration cities in China.

Especially, in terms of penetration into non-demonstration cities, we have successfully entered the low-price hydrogen market in non-demonstration cities, such as those located in Shanxi province, Shaanxi province, and Shandong province. These regions enjoy rich and low-cost by-product hydrogen resources, as a result of which, the cost of obtaining hydrogen is relatively lower as compared to other regions. To be specific, high-purity hydrogen in regions with rich and low-cost by-product hydrogen resources, such as Shanxi province, is around RMB25 per kilogram to RMB40 per kilogram at local hydrogen refueling stations, while high-purity hydrogen in other regions, such as Shanghai, is around RMB50 per kilogram to RMB70 per kilogram at local hydrogen refueling stations. Meanwhile, there is a large demand for long-distance transportation of different industrial raw material in such regions, such as coke, steel, and chlor-alkali. To address this demand, we are able to help reduce operation costs of heavy-duty trucks for medium to long distance transportation, making it affordable to end customers, even without relying on subsidies or other preferential policies. The operating cost of a hydrogen fuel cell heavy-duty truck for one hundred kilometers is generally around 35% lower than the corresponding operating cost of a diesel-fueled heavy-duty truck for one hundred kilometers.

Over the years, we have received numerous awards and recognitions in the hydrogen industry. We were the only enterprise in hydrogen fuel cell industry that won the title of "Manufacturing Individual Champion Enterprise" ("製造業單項冠軍") granted by the Ministry of Industry and Information Technology ("**MIIT**") in 2021. We were in the second batch of national specialized and new "little giant" enterprises ("專精特新"小巨人"企業") recognized by MIIT. In addition, we won the first prize of Technology Award of the China Automotive Industry" ("中國汽車工業科學技術獎") in 2020, the first prize of the "Science and Technology Award of China Machinery Industry" ("中國機械工業科學技術獎") in 2021, the first prize of "Scientific Technology Advancement" in Shanghai in 2022 ("2022年度上海市科學技術獎"), the title of "Leading Enterprise of National Intellectual Property" ("國家知識產權優勢企業") in 2022, and TOP100 Enterprises of Shanghai Hardcore Science and Technology in 2022 ("2022上海市硬核科技企業TOP100"). Furthermore, our high-power hydrogen fuel cell energy supply equipment has been listed as the first (unit) of major technical equipment project in energy sector in 2021 by the National Energy Administration (國家能源局). We have received recognition from authorities including NDRC as a "National Enterprise Technology Center" and a "2021 Shanghai Hydrogen fuel cell System Technology Innovation Center," among other industry identities.

Moreover, we won numerous scientific research project awards, led major national scientific research projects, and participated in the formulation of national and industry standards. To name a few, as evaluated by the China Society of Automotive Engineers and the Shanghai Society of Transportation Engineering (中國汽車工程學會和上海市交通工程學會), our hydrogen fuel cell system technologies applied in commercial vehicles are international superior, and excel in system control, low-temperature damage-free freeze-start and durability. As of the Latest Practicable Date, we had obtained 318 patents, 36 software copyrights, including 108 invention patents in China; and we had led or participated in ten national research and development programs initiated by the Ministry of Science and Technology (科技部); we had also led or participated in the development of 40 technical standards of hydrogen fuel cell systems, among which, there were one international standard, seven national standards and two municipal standards for hydrogen fuel cell systems.

We also had business relationships with renowned international enterprises in hydrogen fuel cell industry, such as, Schaeffler Group in Germany, and Toyota Motor in Japan. In addition, we have been deeply engaged in the development of hydrogen fuel cell system technologies. Leveraging our industry influence, we are the support institution for the Hydrogen fuel cell Subcenter of the National Power Battery Innovation Center (國家動力電池創新中心燃料電池分中心) and serve as the chairman enterprise of the Hydrogen fuel cell Subdivision of the China Automobile Power Battery Industry Innovation Alliance (中國汽車動力電池產業創新聯盟燃料電池分會). We have joined the International Hydrogen Council, being among the first batch of PRC enterprises to join the Hydrogen Council, along with GWM (長城汽車), Weichai Power (濰柴動力), State Energy Group (國家能源集團), and Sinopec (中國石化).

Our Industry

Developing hydrogen industry has become a global consensus for sustainable and green development and decarbonization. With the increasing challenges on energy, environment and safety, the global energy transformation is imminent. Hydrogen is a superior alternative as it possesses the characteristics and advantages of being able to have zero emissions during the energy conversion process, high efficiency, high energy density and storable on large scale. It can be produced from a variety of sources, including by-product hydrogen resources, and renewable energy sources, making it a more sustainable option for energy storage. In addition, it produces water only through electrochemical reactions, without producing any waste or pollutant to the environment, which makes hydrogen an ideal energy resource for decarbonization. Furthermore, hydrogen energy can be widely used in sectors such as chemical, transportation, construction, energy storage and power generation.

In particular, the hydrogen fuel cell industry witnessed the promulgation of various supporting policies and clear developmental goals. In December 2023, the National Development and Reform Commission (the "NDRC") released the Catalogue for the Guidance of Industrial Structure Adjustment (2024) (《產業結構調整指導目錄(2024年本)》), in which hydrogen related industries, such as, hydrogen fuel cell systems, hydrogen production, are encouraged. Other supporting policies include but not limited to the "Blue Book on the Development of New Electric Power Systems" (《新型電力系統發展藍皮書》), the Medium and Long-Term Development Plan for Hydrogen Industry (2021-2035) (《氫能產業發展中長期規劃(2021-2035年)》), and the "14th Five Year Plan — Renewable Energy Development Plan" (《"十四五"現代能源體系規劃》) in China, as well as favorable policies in overseas countries, including Japan, Korea, France, Germany, Australia, the U.S., Canada and United Arab Emirates, for more information, please see "Industry Overview — Overview of the Hydrogen Industry — Preferential Policies and Regulations" in this document. Supported by the favorable policies, the hydrogen industry is expected to grow continuously.

According to Frost & Sullivan, the market size of global hydrogen consumption measured by value increased from USD113.4 billion from 2018 to USD134.5 billion in 2022, and is expect to increase to USD186.3 billion in 2027. In addition, the market size of low carbon hydrogen consumption measured by value globally increased from approximately USD9.6 billion in 2018 to approximately USD23.1 billion in 2022, with a CAGR of 24.7%, and is expected to increase to USD78.5 billion in 2027, with a CAGR of 27.7% for the period from 2022 to 2027.

The market size of hydrogen consumption measured by value in China increased from RMB244.3 billion from 2018 to RMB332.9 billion in 2022, and is expect to increase to RMB613.0 billion in 2027. In addition, low carbon hydrogen consumption measured by value in China increased from approximately RMB20.8 billion in 2018 to approximately RMB59.7 billion in 2022, with a CAGR of 30.2%, and is expected to significantly increase to RMB256.2 billion in 2027, with a CAGR of 33.8% for the period from 2022 to 2027.

OUR PRODUCTS AND SERVICES

Our product and service portfolio covers the entire industrial chain from hydrogen generation (upstream supplies) to hydrogen application (downstream application in commercial vehicles, power generation stations, construction machinery, etc.), effectively establishing the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity". To be specific, our products mainly include electrolysis-based hydrogen production systems and their key components for electricity-to-hydrogen conversion and hydrogen fuel cell systems and components for hydrogen-to-electricity conversion. Our broad and comprehensive product portfolio enables us to provide comprehensive hydrogen technology solutions across diverse sectors globally, such as commercial vehicles, power generation stations, construction machinery, hydrogen production, where we help to drive the downstream consumption of green hydrogen.

During the Track Record Period, we sold various hydrogen fuel cell systems with different rated power, widely ranging from 32kW to 220kW. Our hydrogen fuel cell systems were mainly sold to hydrogen fuel cell commercial vehicle manufacturers and some fuel cell stack manufacturers. The end customers of our hydrogen fuel cell systems generally include, among others, bus companies, logistics companies, construction companies, etc. During the Track Record Period, we self-developed and produced Components for Fuel Cell Systems, which were incorporated into our hydrogen fuel cell systems sold to our customers. We sold some stand-alone fuel cell stacks and DC-to-DC boost converters developed and produced by us during the Track Record Period. In addition, we provided customized fuel cell product solutions, where we provided Components for Fuel Cell Vehicles in addition to hydrogen fuel cell systems to our customers. Attributable to our comprehensive engineering and technical knowledge and know-how in hydrogen fuel cell systems, we provided our customers with professional and customized engineering application development services, which mainly include customized design and development of hydrogen fuel cell systems, calibration and related assessment services, and other engineering and technical support.

Since August 2023, we have launched proton-exchange membrane (PEM) water electrolysis hydrogen production systems, PEM water electrolysis cells, hydrogen production MEAs, hydrogen production power sources, and advanced electrodes for ALK electrolysis, which are mainly sold to hydrogen production facilities and hydrogen production system manufacturers for high purity hydrogen production. Such systems can be used to generate hydrogen by way of water electrolysis from renewable power, which hydrogen can be then used in electronic semiconductor industry, hydrogen refueling stations, power plants, powder metallurgy industry, petrochemical industry, and etc.

OUR STRENGTHS

We believe the following competitive strengths contributed to our success and position us for continued growth:

- A market-driven leader in the fast growing hydrogen industry, with full-service capabilities covering the entire industrial chain in hydrogen industry;
- Strong technological and research and development capabilities, enabling continual innovation in products;
- Commercially viable application in heavy-duty trucks in low-price hydrogen market in non-demonstration cities;
- Extensive and expanding global presence evidenced by international business network and numerous international certifications;
- Proven ability to satisfy various power demands with rich hydrogen related product matrix and comprehensive applications; and
- Seasoned and visionary management team, with strong shareholder support.

OUR STRATEGIES

To drive our continued growth and achieve this mission, we will implement the following strategies:

- Further expand our customer base and footprint nationally and internationally;
- Further advance the R&D of hydrogen fuel cell systems, hydrogen production systems and other products to improve product performance, competitiveness and cost-efficiency;
- Expand the production capacity to meet the growing market demand;
- Actively venture into supply chains of the industry and enhance industry-wide synergies; and
- Continue to attract and cultivate professional talents, improve team building, management and operation efficiency.

OUR OPERATION

During the Track Record Period, we primarily engaged in research and development, production and sales of hydrogen fuel cell systems and components. Apart from our sales activities, we also provided clients with comprehensive fuel cell engineering and technical services catering to their specific engineering needs in developing and producing hydrogen fuel cell products. In addition, since 2022, we commenced research and development, production and sales of hydrogen production systems and components, and are committed to devote more efforts in this segment in the future. According to Frost & Sullivan, we ranked the first in the hydrogen fuel cell system market in China, in terms of the total power output of sold hydrogen fuel cell systems that have been used for heavy-duty trucks in 2022, with a market share of 25.9%.

The table below sets out revenue breakdown of our business segments:

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* *(Unaudited)*	*%*	*RMB'000* *(Unaudited)*	*%*
Sales of hydrogen fuel cell systems and components								
– Hydrogen fuel cell systems	452,725	86.4	423,265	70.0	42,694	37.0	151,242	68.9
– Components[(1)]	61,017	11.6	150,297	24.9	49,567	42.9	56,420	25.7
Subtotal	**513,742**	**98.0**	**573,562**	**94.9**	**92,261**	**79.9**	**207,663**	**94.6**
Provision of fuel cell engineering and technical services	7,251	1.4	26,473	4.4	20,931	18.1	6,407	2.9
Sales of hydrogen production systems and related components	–	–	–	–	–	–	433	0.2
Others[(2)]	3,116	0.6	4,613	0.8	2,243	1.9	4,943	2.3
Total revenue	**524,109**	**100.0**	**604,648**	**100.0**	**115,435**	**100.0**	**219,445**	**100.0**

Notes:

(1) Components mainly included hydrogen supply systems, fuel cell engine accessories, energy storage systems and others for fuel cell vehicles, and DC-to-DC boost converters, hydrogen circulation systems and others for fuel cell systems.

(2) Others mainly included provision of after-sales services.

During the Track Record Period, our largest revenue contributor was the sales of hydrogen fuel cell systems and components, which accounted for 98.0%, 94.9%, 79.9% and 94.6% of our total revenue in 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. Our revenue from sales of hydrogen fuel cell systems and components increased by 11.6% from RMB513.7 million in 2021 to RMB573.6 million in 2022, mainly due to an increase in sales volume as a result of our research and development efforts to improve product performance, cost reduction initiatives, and enhanced customer trust in our comprehensive solutions. Furthermore, revenue from sales of hydrogen fuel cell systems and components increased significantly from RMB92.3 million for the nine months ended September 30, 2022 to RMB207.7 million for the nine months ended September 30, 2023. The growth was driven by higher sales volume in the first nine months of 2023 as our customers resumed normal business operations after the temporary impact of COVID-19 in 2022, as well as our market expansion efforts that contributed to the increased demand for our products.

The tables below set out details on sales volume, sales power output, revenue, and average selling prices of our hydrogen fuel cell systems during the Track Record Period:

	Year Ended December 31,				Nine Months Ended September 30,	
	2021		2022		2023	
	(units)	*%*	*(units)*	*%*	*(units)*	*%*
Sales volume of fuel cell systems equipped with fuel cell stacks provided by:						
– our Group	639	55.8	790	63.4	230	47.4
– third party suppliers	507	44.2	456	36.6	255	52.6
Total	**1,146**	**100.0**	**1,246**	**100.0**	**485**	**100.0**

	Year Ended December 31,				Nine Months Ended September 30,	
	2021		2022		2023	
	(kW)	*%*	*(kW)*	*%*	*(kW)*	*%*
Sales power output of fuel cell systems equipped with fuel cell stacks provided by:						
– our Group	69,155	59.8	82,958	62.5	26,690	52.2
– third party suppliers	46,438	40.2	49,757	37.5	24,420	47.8
Total	**115,593**	**100.0**	**132,715**	**100.0**	**51,110**	**100.0**

	Year Ended December 31,				Nine Months Ended September 30,	
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)	
Revenue of fuel cell systems equipped with fuel cell stacks provided by:						
– our Group	320,563	70.8	308,565	72.9	101,497	67.1
– third party suppliers	132,163	29.2	114,701	27.1	49,746	32.9
Total	**452,725**	**100.0**	**423,265**	**100.0**	**151,242**	**100.0**

	Year Ended December 31,				Nine Months Ended September 30,	
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)	
Revenue of fuel cell systems sold to customers in:						
Mainland China						
– fuel cell vehicle demonstration city clusters[1]	357,853	79.0	305,046	72.1	126,772	83.8
– others[2]	89,715	19.8	110,839	26.2	23,714	15.7
Overseas[3]	5,158	1.1	7,380	1.7	756	0.5
Total	**452,725**	**100.0**	**423,265**	**100.0**	**151,242**	**100.0**

	Year Ended December 31,				Nine Months Ended September 30,	
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)	
Revenue of fuel cell systems to be equipped in:						
– Heavy-duty trucks	278,951	61.6	290,887	68.7	127,512	84.3
– other vehicles	171,716	37.9	127,040	30.0	19,562	12.9
– equipment and other machinery[4]	2,058	0.5	5,338	1.3	4,169	2.8
Total	**452,725**	**100.0**	**423,265**	**100.0**	**151,242**	**100.0**

	Year Ended December 31,		Nine Months Ended September 30,
	2021	2022	2023
	RMB per kW	*RMB per kW*	*RMB per kW*
Average selling prices of fuel cell systems equipped with fuel cell stacks provided by:			
– our Group	4,635	3,720	3,803
– third party suppliers	2,846	2,305	2,037
Overall	**3,917**	**3,189**	**2,959**

Notes:

(1) Demonstration city clusters include Shanghai city cluster, Beijing-Tianjin-Hebei city cluster, Guangdong city cluster, Henan city cluster, Hebei city cluster.

(2) Other regions in Mainland China mainly included Gansu, Shanxi, Shaanxi and Hubei.

(3) Overseas regions mainly included Hong Kong, Germany, and Japan.

(4) Equipment and other machinery include forklift, airplane, power station, and charging station.

OUR PRODUCTION

Leveraging premium manufacturing equipment and advanced process technology that we accumulated through continuous iterative innovation, we have established three manufacturing plants in Changshu Jiangsu, Jiaxing Zhejiang and Shanghai, respectively. Our hydrogen fuel cell systems are mostly produced in our plant in Changshu ("Changshu Plant"). There are two production lines in our Changshu Plant, which have partially realized automated production. Our Components for Fuel Cell Systems are produced in our plants in Jiaxing ("Jiaxing Plant") or Shanghai ("Shanghai Plant"). In addition, we may assess and test our new products at our Shanghai Plant, including but not limited to functional and quality conformance test prior to production, pressure test, electrical test, and bench test.

We have established and implemented a customized management system that covers the entire production process to ensure effective control of design, procurement, manufacturing, inspection and testing. We regularly inspect and maintain our production facilities and conduct overall overhauls of specific production equipment. We implement specific maintenance procedures for production equipment based on each equipment's unique characteristics to ensure their proper operations. During the Track Record Period, we did not experience any major or long-lasting cessation of business due to failure of machinery, equipment or other facilities. For more information, please see "Business — Our Production" in this document.

OUR RESEARCH AND DEVELOPMENT

Since our establishment in 2015, we have continuously invested in research and development, innovation and optimization of hydrogen fuel cell systems and components. Since 2022, we started to devote ourselves to developing hydrogen production systems and related components. As of the Latest Practicable Date, we have obtained core technologies in hydrogen fuel cell system design, simulation, control, integration, and production, as well as design and production of fuel cell stack, MEA, and bipolar plate, which collectively contribute to the good performance, long lifespan, high reliability, great environmental adaptability, and cost-effectiveness of our hydrogen fuel cell systems and components. As evaluated by the China Society of Automotive Engineers and the Shanghai Society of Transportation Engineering (中國汽車工程學會和上海市交通工程學會), our hydrogen fuel cell system technologies applied in commercial vehicles are international superior, and excel in system control, low-temperature damage-free freeze-start and durability.

Our independent research experience and mass-production experience also allows us to accumulate valuable technology and know-how that enabled us to streamline and modularize development process of hydrogen fuel cell systems and components. Our other core technologies include but not limited to high-performance controller and high robust control system design technology; iterative optimization control technology of hydrogen fuel cell system based on big data platform; non-destructive fast start technology for hydrogen fuel cell system at -30°C without auxiliary heat; fuel cell water-heat balance management technology and high-power system heat dissipation management technology; high-temperature resistance technology of fuel cell stacks; long lifespan technology of fuel cell stacks; highly-automated fuel cell stack production technology; long lifespan, high-temperature resistance, high consistency membrane electrode design, and mass production technology; high-strength, high-performance, and long-lifespan composite graphite bipolar plate seal structure design and mass production technology, etc. For more information, please see "Business — Research & Development" in this document.

PRE-[REDACTED] INVESTMENTS

Between July 2016 and December 2022, our Company obtained several rounds of investments from the Pre-[**REDACTED**] Investors and raised RMB3,938.9 million in total. For details, see "History, Development and Corporate Structure — Principal Terms of the Pre-[**REDACTED**] Investments" in this document.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information as of the dates indicated, extracted from the Accountants' Report set out in Appendix IA and the Unaudited Interim Financial Information set out in Appendix IB to this document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with International Financial Reporting Standards.

Selected Items of Our Consolidated Statements of Profit or Loss

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* *(Unaudited)*	*%*	*RMB'000* *(Unaudited)*	*%*
Revenue	524,109	100.0	604,648	100.0	115,435	100.0	219,445	100.0
Cost of sales	(462,324)	(88.2)	(554,825)	(91.8)	(141,252)	(122.4)	(184,755)	(84.2)
– Cost of sales of goods and services	(414,653)	(79.1)	(472,712)	(78.2)	(89,492)	(77.5)	(163,948)	(74.7)
– Impairment losses on inventories	(47,671)	(9.1)	(82,113)	(13.6)	(51,760)	(44.8)	(20,807)	(9.5)
Gross profit	**61,785**	**11.8**	**49,823**	**8.2**	**(25,817)**	**(22.4)**	**34,690**	**15.8**
Other income and gains	53,950	10.3	59,792	9.9	45,514	39.4	38,365	17.5
Selling and marketing expenses	(90,475)	(17.3)	(102,826)	(17.0)	(63,736)	(55.2)	(81,548)	(37.2)
Administrative expenses	(218,227)	(41.6)	(242,695)	(40.1)	(165,482)	(143.4)	(224,061)	(102.1)
Research and development expenses	(230,891)	(44.1)	(198,688)	(32.9)	(142,184)	(123.2)	(167,246)	(76.2)
Fair value gains on financial assets at fair value through profit or loss, net	436	0.1	881	0.1	881	0.8	95	0.0
Fair value loss on a derivative financial instrument	(607)	(0.1)	(19,681)	(3.3)	(19,681)	(17.0)	–	–
Impairment losses on financial assets and a financial guarantee obligation, net	(144,636)	(27.6)	(15,459)	(2.6)	(16,719)	(14.5)	(21,594)	(9.8)
Other expenses	(23,363)	(4.5)	(6,156)	(1.0)	(1,634)	(1.4)	(2,286)	(1.0)
Finance costs	(50,058)	(9.6)	(49,019)	(8.1)	(37,242)	(32.3)	(36,141)	(16.5)
Share of losses of:								
A joint venture	(5,750)	(1.1)	(18,750)	(3.1)	(18,750)	(16.2)	–	–
Associates	(2,466)	(0.5)	(2,695)	(0.4)	(2,495)	(2.2)	(3,057)	(1.4)
Loss before tax	**(650,302)**	**(124.1)**	**(545,473)**	**(90.2)**	**(447,345)**	**(387.5)**	**(462,783)**	**(210.9)**
Income tax credit/(expense)	(3,990)	(0.8)	(626)	(0.1)	4,155	3.6	2,854	1.3
Loss for the year/period	**(654,292)**	**(124.8)**	**(546,099)**	**(90.3)**	**(443,190)**	**(383.9)**	**(459,929)**	**(209.6)**

For more information, see "— Our Operation" in this section and "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss" in this document.

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) as an additional non-IFRS measure, which is not required by, or presented in accordance with, IFRS.

We believe the presentation of this non-IFRS measure when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from year to year and period to period by eliminating potential impacts of share-based payment, a non-cash item. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

We define "adjusted net loss (non-IFRS measure)" as loss for the year/period adjusted by adding back share-based payment. Share-based payment was non-cash in nature, representing the employee incentive scheme through which we offered share awards to our employees. For more information, see note 34 to the Accountants' Report in Appendix IA and note 33 as set out in Appendix IB to this document. The following table reconciles our adjusted net loss (non-IFRS measure) for the years/periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Year Ended December 31,		Nine Months Ended September 30,	
	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Loss for the year/period	(654,292)	(546,099)	(443,190)	(459,929)
Adjustment:				
Share-based payment expenses	31,326	27,094	19,246	58,224
Adjusted net loss (non-IFRS measures)	**(622,966)**	**(519,005)**	**(423,944)**	**(401,705)**

Selected Items of Our Consolidated Statements of Financial Position

	As of December 31,		As of September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*
Total current assets	1,560,532	3,172,217	2,770,806
Total current liabilities	1,373,662	1,028,067	953,583
Net current assets	**186,870**	**2,144,150**	**1,817,223**
Total non-current assets	933,711	968,917	1,007,667
Total assets less current liabilities	**1,120,581**	**3,113,067**	**2,824,890**
Total non-current liabilities	584,126	873,935	984,571
Net assets	**536,455**	**2,239,132**	**1,840,319**
Equity attributable to owners of the parent	566,024	2,271,548	1,904,574
Non-controlling interests	(29,569)	(32,416)	(64,255)

For more information, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position" in this document.

Summary of Our Consolidated Statements of Cash Flows

	Year Ended December 31,		Nine Months Ended September 30,	
	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Operating cash flow before movements in working capital	(285,804)	(243,384)	(228,440)	(247,692)
Changes in working capital	(486,887)	(490,968)	(308,355)	(385,637)
Interest received and income tax paid	4,480	6,291	10,215	8,173
Net cash flows used in operating activities	(768,211)	(728,061)	(526,580)	(625,156)
Net cash flows from/(used in) investing activities	(185,465)	(560,340)	(680,824)	196,853
Net cash flows from financing activities	368,354	2,088,391	1,481,127	80,691

	Year Ended December 31,		Nine Months Ended September 30,	
	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Net (decrease)/increase in cash and cash equivalents	(585,322)	799,990	273,723	(347,612)
Cash and cash equivalents at the beginning of the year/period	862,206	276,220	276,220	1,079,456
Effect of foreign exchange rate changes, net	(664)	3,246	3,179	4,096
Cash and cash equivalents at end of year/period	**276,220**	**1,079,456**	**553,122**	**735,940**

For more information, see "Financial Information — Liquidity and Capital Resources" in this document.

KEY FINANCIAL RATIOS

	As of or for the Year Ended December 31,		As of or for the Nine Months Ended September 30,
	2021	2022	2023
			(Unaudited)
Gross profit margin(1)	11.8%	8.2%	15.8%
Current ratio(2)	1.1	3.1	2.9
Quick ratio(3)	0.9	2.8	2.4
Gearing ratio(4)	2.1	0.5	0.7

Notes:

(1) Calculated by dividing gross profit by revenue for the period multiplied by 100%.

(2) Calculated by dividing total current assets by total current liabilities as of the end of the period.

(3) Calculated by dividing total current assets minus inventories by total current liabilities as of the end of the period.

(4) Calculated by dividing total interest-bearing bank and other borrowings and lease liabilities divided by total equity as of the end of the period multiplied by 100%.

For more information, see "Financial Information — Key Financial Ratios" in this document.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily consisted of commercial vehicle manufacturers located in China. For each year/period during the Track Record Period, we generated revenue of RMB393.0 million, RMB433.6 million and RMB174.3 million, from our five largest customers, accounting for 75.0%, 71.7% and 79.4% of our total revenue for the corresponding period, respectively. For each year/period during the Track Record Period, our revenue from the largest customer amounted to RMB117.4 million, RMB134.2 million and RMB65.3 million, accounting for 22.4%, 22.2% and 29.8% of our total revenue for the corresponding period, respectively. For more information, please see "Business — Customers, Sales and Pricing" in this document.

We select and procure raw materials and key components from third-party suppliers. For each year/period during the Track Record Period, purchase from our top five suppliers in each year/period amounted to RMB268.4 million, RMB214.5 million and RMB114.8 million, accounting for 29.5%, 27.5% and 23.3% of our total purchase for the corresponding period, respectively. For each year/period during the Track Record Period, our purchase from the largest supplier amounted to RMB82.5 million, RMB52.4 million and RMB41.3 million, accounting for 9.1%, 6.7% and 8.4% of our total purchase for the corresponding period, respectively. During the Track Record Period, we did not experience any shortage of raw materials that resulted in interruptions in our production. For more information, please see "Business — Our Suppliers" in this document.

During the Track Record Period, Beijing Nowogen Technology Co., Ltd. ("Beijing Nowogen") was our major supplier and also our major customer. Beijing Nowogen is a PRC company engaged in R&D and production of fuel cell stacks, graphite plate and water-cooled fuel cell and the R&D of methanol hydrogen technologies. We primarily purchased fuel cell stacks from Beijing Nowogen and its subsidiaries. During the Track Record Period, products we supplied to Beijing Nowogen were primarily hydrogen fuel cell systems incorporating fuel cell stacks sourced from Beijing Nowogen. This collaboration was driven by our robust R&D capabilities, which enabled us to seamlessly integrate Beijing Nowogen's fuel cell stacks into the hydrogen fuel cell systems with optimized performances. Such transaction is generally consistent with industry practice, according to Frost & Sullivan. Our Directors confirmed that the transaction with the overlapping customer and supplier was conducted in the ordinary course of business under normal commercial terms and on arm's length basis. For details, please see "Business — Overlapping Customers and Suppliers" in this document.

COMPETITIVE LANDSCAPE

Hydrogen energy is considered to be one of the cleanest, most efficient, and renewable energy sources. As an energy medium, it has the advantages of being able to have zero emissions during the energy conversion process, high efficiency, high energy density and storable on large scale, and therefore has gained more and more attention and applications in the energy field. Meanwhile, hydrogen energy is a high-quality energy source that is easy to produce and widely used. The development of hydrogen energy is of great significance to ensuring national energy security, optimizing the energy structure, promoting clean energy transformation and achieving China's goal of "carbon peaking by 2030 and carbon neutrality by 2060" in the future.

To fully exploit the advantage of hydrogen energy and develop the hydrogen industry, nations around the world have implemented favorable policies and regulations to standardize and support the development of hydrogen industry.

According to Frost & Sullivan, we ranked the first in the hydrogen fuel cell system market in China, in terms of the total power output of sold hydrogen fuel cell systems that have been used for heavy-duty trucks in 2022, with a market share of 25.9%. We ranked the first in the hydrogen fuel cell system market in China, in terms of accumulated mileage operated by fuel cell vehicles powered by fuel cell systems sold up to September 30, 2023, which amounted to around 168 million kilometers. We are the first hydrogen fuel cell company in China that has independently developed and realized mass-production of fuel cell stacks, MEAs, and bipolar plates, according to Frost & Sullivan. For more information, see "Industry Overview" in this document.

SUMMARY OF MATERIAL RISK FACTORS

Our business and the [**REDACTED**] involve certain risks as set out in "Risk Factors" in this document. Some of the major risks we face include the following:

- Our business depends on the PRC government policies and regulatory framework supporting the hydrogen industry, which the PRC government could change or eliminate;

- The demand for our products depends on the future trend and development of the PRC fuel cell vehicle industry and the availability of other types of new energy vehicle. There are uncertainties in future market demand and we cannot assure that we will continue to obtain sufficient purchase orders in the future;

- We are in a new industry where emerging technologies used in fuel cell systems or hydrogen production system may not be mature. Any major product defects, malfunctions or negative news concerning the hydrogen industry may damage our reputation and adversely affect our business, financial condition and results of operations;

- The industry we operate in is characterized by rapid technological changes and advancements. We may not be able to maintain our revenue growth and any delay by us in bringing new and competitive products to the market could adversely affect our financial performance;

- We recorded net losses in the past and had negative cash flows from operating activities, all of which may continue if we may not be able to implement our business plans successfully in the future;

- We depend on a concentration of major customers and we do not enter into long-term sales agreements with them. Any loss of these customers or future purchase order from them would adversely affect our business, financial condition, results of operations and cash flows;

- We are exposed to credit risk of our customers and outstanding trade and bills receivables (net of impairment), and our receivables turnover days remained at a relatively high level during the Track Record Period; and

- Our research and development efforts may not yield the results as expected to maintain our market share and competitiveness in China's fuel cell market.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this document, there had been no material adverse change in our financial, operational or prospects since September 30, 2023, being the date of our latest reviewed financial statements, and there is no event since September 30, 2023 that would materially affect the information as set out in the Accountants' Report set out in Appendix IA and the Unaudited Interim Financial Information set out in Appendix IB to this document.

DIVIDENDS

No dividend has been paid or declared by the Company during the Track Record Period. We currently do not have any dividend policy to declare or pay any dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our board of directors and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our financial performance and business operation, capital requirements and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Adviser, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate at least 10% of our net profit to our statutory common reserve fund until the cumulative amount of the reserve fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses from prior fiscal years have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above. Based on the above, and considering that we incurred accumulated losses as of September 30, 2023, we are not able to pay any dividend before we have made up for such accumulated losses.

[REDACTED] STATISTICS

	Based on the [REDACTED] of HK$[REDACTED]	Based on the [REDACTED] of HK$[REDACTED]
[REDACTED] of our Shares	HK$[REDACTED]	HK$[REDACTED]

	Based on the [REDACTED] of HK$[REDACTED]	Based on the [REDACTED] of HK$[REDACTED]
Unaudited [REDACTED] adjusted net tangible assets per Share	HK$[REDACTED]	HK$[REDACTED]

Notes:

(1) All statistics in this table are on the assumption that the [**REDACTED**] is not exercised.

(2) The calculation of [**REDACTED**] is based on total [**REDACTED**] Shares after completion of the [**REDACTED**].

(3) The unaudited [**REDACTED**] adjusted net tangible assets per Share is calculated after making the adjustments referred to in "Financial Information — Unaudited [**REDACTED**] Statement of Adjusted Net Tangible Assets".

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**] commissions, fees and estimated expenses payable by us in connection with the [**REDACTED**], and assuming the [**REDACTED**] being not exercised and an [**REDACTED**] of HK$[**REDACTED**] per Share, which is the mid-point of the indicative [**REDACTED**] stated in this document. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, which is the high end of the indicative [**REDACTED**], the net [**REDACTED**] from the [**REDACTED**] will increase by approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, which is the low end of the indicative [**REDACTED**], the net [**REDACTED**] from the [**REDACTED**] will decrease by approximately HK$[**REDACTED**]. Assuming an [**REDACTED**] at the mid-point of the [**REDACTED**], we currently intend to apply these net [**REDACTED**] for the following purposes:

- 59.4%, or approximately HK$[**REDACTED**], will be allocated to fund our R&D activities and production capacity expansion of our hydrogen fuel cell systems;
- 18.3%, or approximately HK$[**REDACTED**], will be allocated to fund our R&D activities and production capacity expansion of our hydrogen production systems and our equity investment in the hydrogen production industry;
- 17.4%, or approximately HK$[**REDACTED**], will be used for the expansion of our overseas market footprint; and
- 5.0%, or approximately HK$[**REDACTED**], will be used for our working capital and general corporate purposes.

[REDACTED]

Based on the mid-point of our indicative [**REDACTED**] and assuming the [**REDACTED**] is not exercised, the [**REDACTED**] to be borne by us are estimated to be approximately RMB[**REDACTED**] and are expected to represent approximately [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], comprising of (i) [**REDACTED**]-related expenses, including [**REDACTED**] commission and other expenses, of RMB[**REDACTED**]; and (ii) [**REDACTED**]-related expenses of RMB[**REDACTED**], including (a) fees and expenses of legal advisers and reporting accountant of RMB[**REDACTED**]; and (b) other fees and expenses of RMB[**REDACTED**]. As of September 30, 2023, we incurred [**REDACTED**] in [**REDACTED**].

We estimate that [**REDACTED**] of RMB[**REDACTED**] (assuming the [**REDACTED**] is not exercised and based on the mid-point of our indicative [**REDACTED**]) will be incurred by us, approximately RMB[**REDACTED**] of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] of which is expected to be recognized as a deduction from equity upon the [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

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

"Accountants' Report"	the accountants' report of our Company from Ernst & Young, the text of which is set out in Appendix IA to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company adopted on January 21, 2024 with effect upon the [**REDACTED**] (as amended from time to time), a summary of which is set out in Appendix V to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"award in lieu of subsidy policy"	the "award in lieu of subsidy" policy as detailed in the section headed "Regulatory Overview" in this document
"Board" or "Board of Directors"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAD"	Canadian dollars, the lawful currency of Canada
"Canada ESOP Platform"	REFIRE Group Employee Equity Limited Partnership, one of our ESOP Platforms

[**REDACTED**]

"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China" or "the PRC"	the People's Republic of China, which only in the context of describing PRC rules, laws, regulations, regulatory authority, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this document, excludes Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Shanghai REFIRE Group Limited (上海重塑能源集團股份有限公司), a joint stock company with limited liability incorporated in the PRC, the predecessor of which was Shanghai REFIRE Group Ltd. (上海重塑能源集團有限公司) (formerly known as Hangzhou REFIRE Technology Co., Ltd. (重塑能源科技(杭州)有限公司)), a limited liability company established in the PRC on September 18, 2015, and if the context requires, includes its predecessor
"Components for Fuel Cell System"	components self-developed and produced by our Group, including fuel cell stacks, MEAs, bipolar plates, hydrogen circulation systems, DC-to-DC boost converters, etc.
"Components for Fuel Cell Vehicles"	components sold to our customers for producing fuel cell vehicles, including hydrogen supply systems, fuel cell engine accessories, energy storage systems, etc.
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

"COVID-19"	a newly identified coronavirus known to cause contagious respiratory illness
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Domestic Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for in Renminbi
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
"Employee Incentive Schemes"	the employee incentive schemes of our Company which were adopted or last amended on January 21, 2024, a summary of the principal terms of which is set forth in the paragraph headed "Further Information About Our Directors, Supervisors and Substantial Shareholders — 5. Employee Incentive Schemes" in Appendix VI to this document
"ESOP Platforms"	Shanghai Weilan, Shanghai Weiqing, Shanghai Weijing, Shanghai Weijun, Shanghai Yuanyiqing, Shanghai Weiyi and Canada ESOP Platform, and an "ESOP Platform" shall mean any one of them as the context may require
"EUR"	Euro, the lawful currency of the European Union
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"Frost & Sullivan" or "Industry Consultant"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant

"Frost & Sullivan Report"	the industry report commissioned by our Company and independently prepared by Frost & Sullivan, a summary of which is set forth in the section headed "Industry Overview" in this document
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time

[**REDACTED**]

"Group", "our Group", "we", "us" or "our"	our Company and all of its subsidiaries, or any one of them as the context may require
"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange
"Hangcha (杭叉)"	Hangcha Group Co., Ltd. (杭叉集團股份有限公司)
"H Share(s)"	overseas [**REDACTED**] foreign ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars and to be [**REDACTED**] on the [**REDACTED**]

[**REDACTED**]

"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of the HKSCC

"HKSCC Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"IFRSs"	International Financial Reporting Standards
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)

DEFINITIONS

"Independent Third Party(ies)" any person(s) or entity(ies) who is not a connected person of our Company within the meaning of the Listing Rules

[**REDACTED**]

"Latest Practicable Date" February 20, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Committee" the listing committee of the Hong Kong Stock Exchange

[**REDACTED**]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"Mr. Lin"	Mr. LIN Qi (林琦), our founder, executive Director, chairperson of our Board and chief executive officer
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NIPA"	the National Intellectual Property Administration of the PRC (中華人民共和國國家知識產權局)
"Nomination Committee"	the nomination committee of our Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

[**REDACTED**]

"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》)
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	Tian Yuan Law Firm, the legal adviser of our Company as to the PRC laws
"Pre-[**REDACTED**] Investment(s)"	the investment(s) in our Company undertaken by the Pre-[**REDACTED**] Investors pursuant to the relevant equity transfer agreement(s) and/or capital increase agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this document
"Pre-[**REDACTED**] Investor(s)"	the investor(s) who acquired interest in our Company pursuant to the relevant equity transfer agreement(s) and/or capital increase agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this document

"Pre-[**REDACTED**] Share Option Scheme"	the share option scheme adopted by our Company on January 21, 2024, the principal terms of which are set out in the paragraph headed "Further Information About Our Directors, Supervisors and Substantial Shareholders — 6. Pre-[**REDACTED**] Share Option Scheme" in Appendix VI to this document

[**REDACTED**]

"REFIRE Technology"	Shanghai REFIRE Technology Co., Ltd. (上海重塑能源科技有限公司), a limited liability company incorporated in the PRC on December 17, 2014 and one of our subsidiaries
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"R&D"	research and development
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation (國家市場監督管理總局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong

"Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Unilia"	Unilia (Shanghai) Fuel Cells Inc. (上海韻量新能源科技有限公司), a limited liability company incorporated in the PRC on May 23, 2017 and one of our subsidiaries
"Shanghai Weijing"	Shanghai Weijing Management Consulting Partnership (Limited Partnership) (上海蔚鏡管理諮詢合夥企業(有限合夥)), one of our ESOP Platforms
"Shanghai Weijun"	Shanghai Weijun Management Consulting Partnership (Limited Partnership) (上海蔚駿管理諮詢合夥企業(有限合夥)), one of our ESOP Platforms
"Shanghai Weilan"	Shanghai Weilan Business Consulting Partnership (Limited Partnership) (上海蔚瀾商務諮詢合夥企業(有限合夥)), one of our ESOP Platforms
"Shanghai Weiqing"	Shanghai Weiqing Management Consulting Partnership (Limited Partnership) (上海蔚清管理諮詢合夥企業(有限合夥)), one of our ESOP Platforms
"Shanghai Weiyi"	Shanghai Weiyi Management Consulting Partnership (Limited Partnership) (上海蔚儀管理諮詢合夥企業(有限合夥)), one of our ESOP Platforms
"Shanghai Yuanyiqing"	Shanghai Yuanyiqing Management Consulting Partnership (Limited Partnership) (上海源亦氫管理諮詢合夥企業(有限合夥)), one of our ESOP Platforms
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)

[**REDACTED**]

"sq.m."	square meters

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Strategy Committee"	the strategy committee of our Board
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Track Record Period"	the two financial years ended December 31, 2021 and 2022 and the nine months ended September 30, 2023

[**REDACTED**]

[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[**REDACTED**]

"Yutong Group"	Zhengzhou Yutong Group Co., Ltd. (鄭州宇通集團有限公司) and its subsidiaries
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

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

"alkaline electrolysis cells"	a device for the production of electrolytic hydrogen, by which water is decomposed into hydrogen and oxygen in an electrolytic cell
"anode"	an electrode through which the conventional current enters a polarized electrical device, which contrasts with a cathode
"bipolar plates"	a key component of a single hydrogen fuel cell system, which connects and separates the individual hydrogen fuel cells in series to form a fuel cell stack with required voltage, aids uniform distribution of fuel gas and air over the reaction area of the membrane electrode assemblies
"by-product hydrogen"	hydrogen gas produced as a result of a process or processes dedicated to producing other products
"CAGR"	compound annual growth rate
"carbon neutrality"	the state where emissions of carbon dioxide and other greenhouse gases due to human activities and removals of these gases are in balance over a given period
"carbon peaking"	a point in time when carbon dioxide and other greenhouse gases emissions stop growing and peak, and then gradually fall back
"cathode"	through which the conventional current enters a polarized electrical device, which contrasts with an anode
"CHP"	cogeneration or combined heat and power, the use of a heat engine or power station to generate electricity and useful heat at the same time
"current density"	the amount of charge per unit time that flows through a unit area of a chosen cross section

"DC-to-DC boost converters"	an electronic circuit or electromechanical device that converts a source of direct current from one voltage level to another
"decarbonization"	the process of reducing "carbon intensity", lowering the amount of greenhouse gas emissions
"demonstration city clusters" or "fuel cell vehicle demonstration city clusters"	the five fuel cell vehicle demonstration city clusters, including Beijing-Tianjin-Hebei city cluster, Shanghai city cluster, Guangdong City Cluster, Hebei city cluster and Henan city cluster
"distributed power generation system"	the installation and operation of small modular power-generating units at or near the end user, which is used to reduce transmission and distribution losses and to improve reliability by combining energy management and storage systems
"dual-carbon" or "dual carbon" goal	a goal of reaching peak carbon emissions by 2030 and carbon neutrality by 2060, which were officially set by President Xi Jinping at the United Nations General Assembly in September 2020
"electric vehicle"	a type of vehicle that is powered by electricity, typically stored in rechargeable batteries
"electrochemical reaction"	reactions that occur at the interface of electronic conductors and ionic conductors. These reactions involve electron transfer and mass transport, influencing the transformation of reactants or products. Characteristics include spatially separated oxidation and reduction reactions, unique heterogeneous catalysis, and stoichiometric electron exchange
"electrolysis"	the process of passing an electric current through an electrolyte solution or molten electrolyte, inducing oxidation-reduction reactions at the cathode and anode. Electrolytic processes occur when an electrochemical cell is subjected to an applied direct current voltage

"electromagnetic compatibility" or "EMC"	the ability of electronic or electrical devices and systems to operate in their intended electromagnetic environment without experiencing performance degradation, loss of function, or damage due to surrounding electromagnetic influences. It also involves not emitting excessive electromagnetic energy that could disrupt the normal operation of nearby devices
"freeze-start"	the starting of a system or device at a temperature below the freezing point
"fuel cell controller"	a key component of fuel-cell electric vehicle drivetrain subsystems and is responsible for the overall process control of the entire fuel-cell system
"fuel cell electric vehicle" or "FCEV"	vehicles that use propulsion systems similar to that of electric vehicles, where energy stored as different forms of hydrogen is converted to electricity by fuel cells
"fuel cell stack"	a collection of single fuel cells, arranged in series or parallel to achieve the required power and voltage output
"fuel cell"	a power generator that converts the chemical energy stored in fuel and oxidizer into electricity through redox reactions
"gas diffusion layer" or "GDL"	a component that plays a critical role in fuel cells by providing support to the catalytic layer, collecting current, facilitating gas conduction, and expelling reaction product water
"graphite bipolar plate"	a component made through composite and forming processes using carbon-based conductive materials and polymer materials that serves for material and energy transfer in fuel cells
"GW"	gigawatt, a unit equals to one billion watts
"hydrogen circulation system"	a key component of the hydrogen supply system of the fuel cell engine that can circulate the unreacted hydrogen to the stack inlet. The cycle process can humidify the gas at the anode inlet, streamlining the fuel cell system

"hydrogen fuel cell system" or "fuel cell system"	a power system that converts the chemical energy of hydrogen and an oxidizing agent (often oxygen) into electricity through electrochemical reactions. In a fuel cell, hydrogen and oxygen are combined to generate electricity, heat, and water
"hydrogen production system"	a system for the production of hydrogen by various means
"hydrogen storage"	methods for storing hydrogen that include mechanical approaches such as using high pressures and low temperatures, or chemical methods such as metal oxides and organic compounds
"hydrogen"	a colorless, odorless gaseous chemical substance that can be produced from a variety of resources and has versatile application areas such as in transportation, whereas hydrogen is used as a clean fuel to power fuel cell vehicles. Depending on production methods, hydrogen can be classified into hydrogen produced from fossil fuels without capturing the greenhouse gases emitted, hydrogen generated from fossil fuels while the carbon dioxide is captured and then stored or reused, and hydrogen produced from renewable energy resources with no carbon dioxide emission
"hydrogenation"	the reaction process of hydrogen interacting with other compounds typically occurs in the presence of a catalyst
"hydrogen-rich tail gas"	industrial exhaust gas containing abundant hydrogen
"hydrothermal management"	the collective term for all internal transfer processes in a fuel cell, encompassing the management of three fluid paths within a fuel cell stack or system (hydrogen, air, and cooling paths) and the associated engine cooling system
"kilowatts" or "kW"	a unit equals to one thousand watts
"LOHC"	a method of hydrogen storage utilizing a catalytic device to store hydrogen in organic liquid compounds such asbenzene, toluene, and methylcyclohexane. Hydrogen can be safely stored and transported in these organic liquid compounds

"low-carbon hydrogen"	hydrogen produced from renewable energy sources and hydrogen processed by CCUS (Carbon Capture, Utilization, and Storage) technology
"membrane-electrode assemblies" or "MEAs"	a crucial site for electrochemical reactions in proton exchange membrane fuel cells that primarily consists of a proton exchange membrane, catalyst layers, and gas diffusion layers. MEA serves as the core component of a fuel cell stack
"MEFA"	membrane electrode framed assembly. A membrane assembly comprises a frame, and the frame is formed by bonding two opposing polymeric thin-film layers that encompasses the edge of a MEA
"MJ"	megajoules, a unit of calorific value equals to one million joules
"Mpa"	megapascal pressure per unit, a unit of pressure measurement equals to 1,000,000 pascals
"MW"	megawatt, a unit of power equals to one million watts
"peak cut"	a measure to adjust electrical loads. It involves strategically organizing and planning the electricity usage of various users according to their consumption patterns, aiming to reduce peak loads and fill in load valleys. It helps to minimize the disparity between peak and off-peak loads, achieving a balance between electricity generation and consumption
"PEN"	polyethylene naphthalate. A type of frame material bonded to the edge of MEA, which is capable of handling high stresses and temperatures and offers stability in the corrosive environment
"perfluorinated sulfonic acid" or "PFSA"	a fully fluorinated high-molecular-weight copolymer containing sulfonic acid groups. It exhibits excellent heat resistance and high chemical stability, making it suitable for hydrogen ion exchange and catalyst binding in fuel cells

"power density"	it is a measurement of power output per unit mass/volume; and for a fuel cell system it refers to its rated power divided by mass and is usually presented in kW/kg, and for a fuel cell stack it refers to its rated power divided by volume and is usually presented in kW/L
"proton-exchange membrane" or "PEM"	proton-exchange membrane, a component of membrane electrode assembly, serving as a thin film that conducts protons, prevents the transfer of electrons between internal cathode and anode, and separates the gases involved in the cathodic and anodic reactions in fuel cells
"rated power"	the continuous electrical power level that a fuel cell stack or system can deliver under the manufacturer's specified standard operating conditions. The unit of measurement for rated power is kW
"RDW"	Netherlands Vehicle Authority. The authority provides information about the rules and regulations concerning motor
"renewable energies"	energy sources that naturally regenerate over time and do not run out
"stationary power generation"	applications for fuel cells that are either connected to the electric grid (distributed generation) to provide supplemental power and as emergency power system for critical areas, or installed as a grid-independent generator for on-site service
"voltage"	a representation of the electric potential energy per unit charge

This document contains certain forward-looking statements relating to our plans, objectives, beliefs, expectations, predictions and intentions, which are not historical facts and may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- our future debt levels and capital needs;
- changes to the economic, political and regulatory environment in the industry and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- changes in competitive conditions and our ability to compete under these conditions;
- future developments, trends and conditions in the industry and markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words "aim", "anticipate", "believe", "can", "continue", "could", "estimate", "expect", "going forward", "intend", "ought to", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "will", "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the sections headed "Business" and "Financial Information" in this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking statements in this document. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

An [**REDACTED**] *in our H Shares involves various risks. You should carefully consider the following information about risks, together with the other information contained in this document, including our consolidated financial statements and related notes, before you decide to* [**REDACTED**] *our H Shares. If any of the circumstances or events described in this section actually arises or occurs, our business, results of operations, financial position and prospects would likely suffer. In any such case, the* [**REDACTED**] *of our Shares could decline, and you may lose all or part of your* [**REDACTED**].

The following is a description of what we consider to be our material risks, some of which are beyond our control. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial may develop and become material and could also harm our business, financial position and results of operations.

RISKS RELATING TO OUR INDUSTRY

Our business depends on the PRC government policies and regulatory framework supporting the hydrogen industry, which the PRC government could change or eliminate.

The PRC hydrogen industry is still at its early stage of development. In recent years, the PRC government has adopted favourable policies and development plans, such as granting subsidies and other economic incentives, to encourage the development, sale, and adoption of new energies, including hydrogen. For example, in March 2020, the National Development and Reform Commission and the Ministry of Justice issued the Opinions on Accelerating the Establishment of Green Production and Consumption Laws and Policies (《關於加快建立綠色生產和消費法規政策體系的意見》), stating that the promotion of clean energy development requires the study and formulation of standards and supporting policies for new technologies, including hydrogen. In September 2020, the Ministry of Finance, together with several other PRC government departments, jointly issued the Notice on Starting the Pilot Adoption of Fuel Cell Vehicles (《關於開展燃料電池汽車示範應用工作的通知》) to carry out the pilot adoption of fuel cell vehicles in order to promote the sustained and orderly development of fuel cell vehicle industry in China. This notice also changed the government subsidy model for fuel cell vehicles from granting subsidy to qualified fuel cell vehicles manufacturers to awarding eligible city clusters for the commercialization of key technologies used in the fuel cell vehicles and the pilot adoption of fuel cell vehicles within the city cluster. Since August 2021, the PRC government has approved five fuel cell vehicle demonstration city clusters, led by Beijing, Shanghai, Foshan, Zhengzhou and Zhangjiakou, where most of our major customers are located. In addition, in March 2022, the National Development and Reform Commission issued the Medium- and Long-term Development Plan for Hydrogen Industry (2021-2035) (《氫能產業發展中長期規劃(2021-2035年)》), setting the goal of systematically promoting the development of hydrogen industry chain and expanding low-carbon hydrogen supply. Furthermore, on December 27, 2023, the National Development and Reform Commission of the PRC released the "Industrial Structure Adjustment Guidance Catalogue (2024 Edition, Draft for Comment)" (產業結構調整指導目錄(2024年本), which listed the hydrogen fuel cell technology as an encouraged technology.

As the regulatory framework and government policies in China for fuel cell vehicles are relatively new and still evolving, these government policies may be subject to restrictions and uncertainties beyond our control. In addition, the PRC government may also continuously adjust and change these policies. Also, the implementation and enforcement of such regulations may differ from region to region in China. See "Regulatory Overview — Regulations Relating to Our Industry and Products" in this document.

If there is a reduction or cancellation of favorable government policies, such as subsidies and economic incentives, due to policy changes, fiscal tightening, or any other reason, or if government guidance diminishes the demand for fuel cell vehicles or hydrogen, it could undermine the competitiveness of the hydrogen industry as a whole. In such a scenario, there may be a material and adverse impact on our business, financial condition, and results of operations.

The demand for our products depends on the future trend and development of the PRC fuel cell vehicle industry and the availability of other types of new energy vehicle. There are uncertainties in future market demand and we cannot assure that we will continue to obtain sufficient purchase orders in the future.

The demand for our products depends on the general market demand for fuel cell vehicles in China, especially in the commercial vehicle market. The PRC fuel cell vehicle industry is still at an early stage of development, characterized by changing technologies, immature infrastructure, intense competition, evolving government regulation and industry standards, and changing market demands. In particular, the availability of hydrogen refueling stations and the development of related infrastructure in China is still lagging compared to the charging infrastructures of the electric vehicle industry. Some commercial vehicle manufacturers may even change their business focus to the development of electric vehicles other than the fuel cell vehicle market in the future. In addition, the rapidly evolving market and the availability of the alternative products or technologies, such as battery electric vehicle and hybrid electric vehicle, may adversely affect our business and prospects in ways we do not currently anticipate. Other factors that may affect the development of the fuel cell vehicle industry and the adoption of fuel cell vehicles include:

- the continuous availability of government subsidies and incentives to buy, use and operate fuel cell vehicles, or future regulation requiring the increase in the use of pollution-free vehicles;

- perceptions about the quality, safety, design, performance and cost of fuel cell vehicles, especially if there are adverse events or accidents related to the quality or safety of fuel cell systems, regardless of whether relevant products are produced by us or by other manufacturers;

- the number and location of hydrogen refueling stations, the cost of hydrogen and the continuous availability of government subsidies for the use of hydrogen;

- the availability and convenience of after-sales services for fuel cell vehicles and fuel cell systems;
- the improvement in fuel cell vehicles and fuel cell systems;
- the environmental consciousness of consumers; and
- macroeconomic factors.

If there are major changes in the future development trends in the fuel cell vehicle industry, or the market demand does not grow as we expected, our business, financial condition, results of operations, and prospects will be materially and adversely affected.

We are in a new industry where emerging technologies used in fuel cell systems or hydrogen production system may not be mature. Any major product defects, malfunctions or negative news concerning the hydrogen industry may damage our reputation and adversely affect our business, financial condition and results of operations.

At present, the hydrogen industry in China is still in the early stage of commercialization, where emerging technologies in hydrogen production and hydrogen application may be immature. While we conduct comprehensive inspections during production processes on finished products, we cannot assure that there will be no errors, defects, or poor performance may arise due to design flaws, defects in raw materials or components, or manufacturing difficulties, all of which can impact the quality and performance of our products. New generation of products or latest technologies that are newly developed or first launched may contain potential technical errors or safety issues. Any actual or perceived errors, defects, or poor performance in our products could result in the replacement, repairment or rejection of our products, shipment delays, lost revenue, diversion of our engineering personnel from its product development efforts, increases in customer service costs and support costs and damage to our reputation, all of which could have a material adverse effect on our business. In addition, product liability claims, injuries, defects, or other problems experienced by other companies in the hydrogen industry, any negative news or incidents about the hydrogen production, fuel cell systems, hydrogen transportation, hydrogen storage, and hydrogen refueling stations could lead to unfavorable market reputation for the industry as a whole and may have an adverse effect on the market demands and our ability to attract new customers, thus harming our business growth and financial performance.

We face intense market competition and the industry may undergo unforeseen changes under a rapid development. If we fail to compete successfully, our business and results of operations may be materially and adversely affected.

We are a leading hydrogen technology company in China. We currently face, and will continue to face, significant competition from domestic and overseas manufacturers of similar products. We believe that our ability to compete effectively against other market participants depends upon many factors, some of which are beyond our control, including:

- the performance, reliability and technology advancement of our products compared to those of our competitors, which are highly dependent on the research and development and technological capabilities of our product, and our insights into customer needs and preferences as compared to our competitors;
- our ability to identify and capture new market opportunities in advance of our competitors;
- our reputation and brand strength relative to our competitors;
- regulations or government policies in the industry where we operate;
- our ability to attract, retain, and motivate talented employees, in particular highly qualified research and development personnel; and
- our ability to manage and grow our operations in a cost effective manner.

As the favourable government policies in developing fuel cell industry and hydrogen production industry led to an increasing number of market players in the fuel cell industry and hydrogen production industry, the competition has intensified. Under such circumstances, we cannot assure you that our revenue will continue to grow in the future while maintaining cost-effective operations.

Our competitors, including market players in fuel cell industry and hydrogen production industry, may have substantially more financial and other resources, R&D capabilities, longer operating histories, as well as broader product applications and larger market share. We may be unable to compete successfully against these competitors or new market entrants, which may adversely affect our business and financial performance. Any failure by us to successfully react to changes in alternative technologies and competitive market conditions could materially harm our competitive position and growth prospects.

The industry we operate in is characterized by rapid technological changes and advancements. We may not be able to maintain our revenue growth and any delay by us in bringing new and competitive products to the market could adversely affect our financial performance.

Both fuel cell industry and hydrogen production industry evolves rapidly and technologies relating to bipolar plates, membrane electrodes, fuel cell stacks, hydrogen fuel cell systems and water electrolysis hydrogen production systems are subject to rapid changes and developments. The corresponding technological developments enable the hydrogen fuel cell systems and hydrogen production systems to progressively improve in terms of their operational performance and/or power output. Accordingly, the market is seeing more cost-effective and efficient hydrogen fuel cell systems and water electrolysis hydrogen production systems from time to time.

To maintain our market position, we are and will be required, on a timely and consistent basis, to design, develop and introduce new, improved or more cost-effective products. However, we cannot assure you that our research and development efforts can be completed in the anticipated time frame or may lead to new products that are commercially successful. If we encounter delays in production development and technology integration, fail to meet changing market demands, fail to keep up with the latest technological developments, or fail to successfully introduce new and competitive products to the market, and if our competitors respond more promptly than we do, our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO OUR BUSINESS

We recorded net losses in the past and had negative cash flows from operating activities, all of which may continue if we may not be able to implement our business plans successfully in the future.

We recorded net losses of RMB654.3 million, RMB546.1 million, RMB443.2 million and RMB459.9 million in 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. We had negative cash flows from operating activities of RMB768.2 million, RMB728.1 million, RMB526.6 million and RMB625.2 million in 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. The pressure on us to generate positive cash flow from operating activities may be further exacerbated if we fail to collect our trade receivables in time.

We cannot assure you that we will successfully execute our business strategies hence we may not generate sufficient income from our business operations, profits or positive cash flow from operating activities in the future for a number of reasons, including lack of demand for our products and services, changes in the government policies toward the hydrogen industry, increasing market competition, failure of collecting our trade receivables in time or at all, as well as other risks discussed herein. If we fail to effectively and efficiently implement our business plans, we may not be successful in achieving profitable results. Our financial condition, results of operations and growth prospects may be materially and adversely affected if our future business plans fail to achieve positive results. In addition, our ability to become profitable in the future will not only depend on our efforts to sell our products but also to control our costs. If we are unable to adequately control the costs associated with our operations, we may continue to experience losses and negative cash flows from operating activities in the future.

In addition, we may need additional capital resources in the future to further improve our research and development capability, enhance supply chains, expand our production capacity and sales network, pursue opportunities for investments, acquisitions, capital expenditures or similar actions, or if we experience change in business condition or other unanticipated developments. During the Track Record Period, we incurred significant amount of cash outflows for investing activities. Since we have not continuously recorded net profit or positive cash flows from operating activities during the Track Record Period, we may continue to rely on equity or debt financing to meet our working capital and capital expenditure requirements. If we were unable to acquire sufficient additional capital in a timely manner or on terms that are acceptable, or at all, we may fail to implement our business plans or experience disruptions in our operating activities, and our business, financial condition and results of operations would be materially and adversely affected.

The large-scale commercialization of hydrogen related products may fall short of our expectation, which may lead to unsatisfactory market development and affect our business operation.

The commercialization of hydrogen related products, such as hydrogen fuel cell systems and hydrogen production systems in China is still at an early stage. In 2021, 2022 and for the nine months ended September 30, 2023, the sales volume of fuel cell systems equipped with fuel cell stacks provided by our Group were 639, 790 and 230 units, respectively. At the moment, our industry is in the critical period of technology research and development, pilot adoption and core technology commercialization. However, we may face difficulties and obstacles in the process of exploring the large-scale commercialization of our products, including weak supply chains, insufficient batch production progress, inefficient and inadequate production equipment and quality controls, and other unexpected risks which may occur during the large-scale commercialization of fuel cell systems.

The large-scale commercialization process and capabilities of our core products and technologies may not be as smooth as we expected, which may lead to unfavorable market position and less competitiveness in the future and affect our business and results of operations. In addition, the production of our certain products may be curtailed or suspended if it is no longer economically viable for us to produce them in a cost-effective manner.

We depend on a concentration of major customers and we do not enter into long-term sales agreements with them. Any loss of these customers or future purchase order from them would adversely affect our business, financial condition, results of operations and cash flows.

According to Frost & Sullivan, since both fuel cell industry and hydrogen production industry in China are still at an early stage of development, their market sizes are relatively small and major customers are highly concentrated. During the Track Record Period, most of our revenue was generated from a limited number of customers. Our sale to our top five customers accounted for approximately 75.0%, 71.7% and 79.4% of our total revenue in 2021, 2022 and the nine months ended September 30, 2023, respectively. Our results of operations and financial condition will continue to depend on (i) our ability to continue to obtain orders from these major customers; (ii) the financial condition and commercial success of these customers; and (iii) factors that affect the development of the fuel cell industry and hydrogen production industry. We cannot assure you that we will be able to retain any of our largest customers or any other key customers. Any material delay, cancelation or reduction of orders from our major customers could cause our sales volume to decline significantly, and in any such event, our results of operations may be materially and adversely affected.

In addition, due to the industry practice and our business operating model, we do not enter into long-term agreement or commitment with any of our major customers, except for yearly framework agreements, and they are not obligated to purchase any minimum amount of our products or to provide us with binding order forecasts for any period. Instead, we primarily sell our products when customers place orders, and these orders may not occur regularly. We cannot assure you that these customers will place orders with us in the future at the same levels as in prior periods, or that any of these or future customers will not terminate their procurement or service agreements with us or significantly change, reduce, delay or cancel the products and services ordered from us. In particular, if there is a significant fluctuation of prices of the products we produce, our customers may be unwilling to renew their contract with us. If any of the foregoing events occurs, especially with respect to our major customers, there would be a material adverse effect on our business, financial condition, results of operations and cash flows.

We are exposed to credit risk of our customers and outstanding trade and bills receivables (net of impairment), and our receivables turnover days remained at a relatively high level during the Track Record Period.

Our business operations are subject to the risk of payment deferrals and/or defaults by our customers. We typically grant our customers credit terms to our customers, which are negotiated based on various factors such as years of relationship. However, we may not be able to receive payment for our products on time. Historically, the average trade receivable turnover period was approximately one to two years. As of December 31, 2021, 2022 and September 30, 2023, we recorded trade and bills receivables (net of impairment) of RMB1.2 billion, RMB1.5 billion and RMB1.6 billion, respectively, representing 47.8%, 36.7%, and 42.4% of our assets as of the same dates, respectively.

According to Frost & Sullivan, China's fuel cell vehicle industry is still in the early stages of development and is highly affected by government award policies. Hydrogen fuel cell commercial vehicle manufacturers typically sell and charge prices to customers after deducting applicable awards at the time of sale before receiving government awards. Commercial vehicle manufacturers can collect the relevant awards from the government, but this usually takes a lengthy period of time. Commercial vehicle manufacturers, namely our downstream customers, may face working capital constraints affected by such time gap. This leads to general capital constraints in the fuel cell vehicle industry, which, coupled with the fact that hydrogen fuel cell commercial vehicle manufacturers have strong bargaining power given our industry is still in the early stages of development, ultimately resulting in prolonged settlement of our trade receivables. See "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables" in this document.

As of December 31, 2021, 2022 and September 30, 2023, our provision for impairment losses on trade and bills receivables amounted to RMB373.4 million, RMB400.1 million and RMB418.7 million, respectively, for losses arising from potential bad debts in respect of our trade and bills receivables in the ordinary course of business. Although our management's estimates and the related assumptions have been made in accordance with information available to us, such estimates or assumptions are subject to further adjustment if new information becomes known. See "Financial Information — Discussion of Certain Selected Items From the Consolidated Statements of Financial Position — Trade and Bills Receivables" in this document. Although we perform on-going credit evaluation of financial conditions on our customers, we cannot assure you that our customers will pay us in full for their purchases in a timely manner pursuant to the payment schedules listed in our agreements or at all in the future. If we fail to receive such outstanding amounts from our customers in full or in a timely manner, or at all, our liquidity might be adversely affected, and our business and financial condition will be materially and adversely affected.

Our research and development efforts may not yield the results as expected to maintain our market share and competitiveness in China's fuel cell market.

Research and development and technological innovation is critical to the improvement of our product quality and performance, and we compete on the basis of our products' reliability, fuel efficiency, environmental considerations and cost. We have been making substantial investments in our research and development endeavors. In 2021, 2022 and the nine months ended September 30, 2022 and 2023, we incurred research and development expenses of RMB230.9 million, RMB198.7 million, RMB142.2 million and RMB167.2 million, respectively, accounting for 44.1%, 32.9%, 132.2% and 76.2% of our total revenue during the respective periods.

The hydrogen industry is experiencing rapid technological changes, and we need to continuously invest significant resources in research and development to lead technological advances and remain competitive in the market. Therefore, we expect that our research and development expenses will continue to be significant and greater than previous years to execute our strategies. However, research and development activities are inherently uncertain, and we cannot assure that we will continue to achieve technological breakthroughs and successfully commercialize such breakthroughs. Our significant expenditures on research and development may not generate corresponding benefits. If our research and development efforts fail to keep up with the latest technological developments or we fail to meet customer or industry standards in a timely manner or at all after product testing and certification, we would suffer from a decline in our competitive position. Any delay or setbacks in our efforts to upgrade and improve our products and their functionality could materially and adversely affect our business, market share, results of operations and product development efforts. We cannot assure you that we will be able to successfully develop our future products with advanced technologies in time or at all. Even if we can keep pace with changes in technologies and develop new products, our prior products could become obsolete more quickly than expected, potentially reducing our return on investment.

If we fail to obtain sufficient amounts of raw materials or components in time or that meet our quality standards and/or at commercially acceptable prices, our business, financial condition and results of operations would be materially and adversely affected.

We require various types of raw materials and key components for the manufacture of our products and only have a limited number of suppliers meeting our quality standards for some of the key components, including components of fuel cell stacks and membrane electrode assemblies. Any of our major supplier's failure to develop and supply components in a timely manner or to supply components that meet our quality, quantity or cost requirements or technical specifications or our inability to obtain alternative sources of these components on a timely basis or on terms acceptable to us could harm our ability to manufacture our products. Although during the Track Record Period, we did not experience any shortage or significant price increase in the supply of these raw materials and components, we cannot assure you that there will not be any in the future.

Our product sales are mainly concentrated in the second half of the year, especially in the fourth quarter, which resulted in a material seasonal fluctuation in our results of operations.

According to Frost & Sullivan, the production and sales of fuel cell vehicles in China are seasonal, and our business is also affected by such seasonality. We generally deliver our products to our customers in the second half of a year.

As advised by Frost & Sullivan, the fuel cell vehicle industry experiences seasonality primarily due to the fact that policies and awards for fuel cell vehicles are typically announced or updated during the first half of each year by relevant local governments, resulting in our customers' stocking demand concentrated in the second half of the year. Additionally, the fuel cell vehicle industry is in the early stages of commercialization, and the supply chain is not as well-developed and automated as that of the internal combustion or electric vehicle industries. After we commence the concentrated production, typically starting in the latter half of the year, final product completion and deliveries often occurs in the fourth quarter. Hence, a substantial portion of our revenue is usually recognized in the latter half of the year, especially in the fourth quarter. As observed in 2021 and 2022, where the latter half's revenue constituted a significant portion of the respective annual totals. In the 2021 and 2022, our revenue recorded in the fourth quarter amounted to RMB501.0 million and RMB489.2 million, representing 95.6% and 80.9% of our total revenue for the same years, respectively.

Considering the ongoing developmental of China's fuel cell vehicle industry and the anticipated continued influence of government subsidy policies and annual periodicity of vehicle production, we expect the seasonal nature of product manufacturing, sales, and revenue recognition to persist.

We may be subject to risks relating to strategic investments.

One of the key components of our strategy is to pursue the vertical integration of our supply chains and business development and expansion through cooperation, and investments, and ultimately reduce raw material costs and maintain stable gross profit margin of our products, or reduce the product development cycle. For more information, please see "Business — Our Strategies — Actively venture into supply chains of the industry and enhance industry-wide synergies" in this document. We may grow through investments and other strategic alliances on a selective basis, depending on our internal resources. Any future strategic investments may expose us to operational, regulatory and market risks. Before the completion of potential investment or alliance, we face the risk that we may not be able to identify suitable investment candidates or alliance partners or complete an acquisition or alliance on commercially acceptable terms in the future. If we fail to identify appropriate candidates or complete desired investment, we may not be able to implement our growth strategies effectively. After the completion of potential investment or alliance, we are subject to the risk that the companies in which we invest may make business, financial or management decisions which we do not agree, and over which we do not have control, or that the controlling shareholders, or the management, of the companies may act in a manner that does not serve our interests. Furthermore, if any of the strategic investee companies suffers any negative publicity as a result of its business operations, our reputation may be negatively affected by virtue of our investment in such party. We cannot assure you that our future strategic investments could yield the results as expected.

Our financial condition, results of operations and business may be adversely affected if we are unable to enhance our production capacity as expected or if there are any problems or delays in the production expansion plan.

We believe that our future success, in part, depends on our ability to enhance our production capacity, which includes increasing our production utilization rate, improving our production efficiency, acquiring and upgrading equipment and production facilities and upgrading our existing production processes. Any government policy change affecting investments in fuel cell industry in general may also have an impact on our expansion plan. If we experience any issues or delays in meeting our projected timelines, maintaining sufficient funding and capital efficiency, increasing production capacity or generating sufficient demand for our increased production capacity, our business, prospects, results of operations and financial condition could be adversely impacted.

Furthermore, our efforts to enhance our production capacity may not achieve the expected benefits. We cannot assure you that the demand for our products will continue to increase, or remain at the current levels, which is affected by various factors beyond our control, including underlying economic conditions and market competitiveness. In the event that the demand for our products falls below expectations, we could encounter challenges related to overcapacity and underutilization of manpower and other resources. This in turn may adversely impact our financial condition, results of operations, and overall business.

Our production capacity may not be fully utilized due to insufficient or unstable demand of our products and may not achieve the intended economic results or commercial viability.

If our products face insufficient or unstable demand, our utilization of production capacity will be affected. In 2021, 2022 and the nine months ended September 30, 2023, the utilization rates for (i) our hydrogen fuel cell systems were 27.2%, 26.5% and 21.7%, respectively; (ii) our fuel cell stacks were 29.6%, 26.2% and 31.9%; (iii) our graphite bipolar plates were nil, nil and 85.3%; and (iv) our MEAs were 89.7%, 49.4% and 56.5%, respectively. Due to the seasonality of our business, our utilization rates are higher in the second half of the year. See "Business — Seasonality" in this document.

We planned to increase production capacity at our existing production facilities and construct additional production facilities in multiple regions for our existing products and new product portfolio. There is no assurance that the level of demand for our products during the Track Record Period will maintain in the future. As such, there may be an insufficient demand for our products, resulting in low utilization rate of our production facilities. Our actual production volume may vary depending on the demand for our products, which in turn may be affected by market trend, customers' preferences or other factors beyond our control. If the orders from our existing customers are not sufficient to fully utilize our production capacity and there is a lack of new customers, our production facilities might be operated at a utilization rate lower than our desired rate, which may adversely affect our business, financial condition and results of operations.

We may not be able to adequately protect our intellectual property, which could cause us to be less competitive. Intellectual property infringement claims or other allegations by third parties and third-party infringements of our intellectual property rights may adversely affect our business.

We rely on a combination of invention patent, utility model, design patent, trademark and trade secret laws and restrictions and confidentiality agreements on disclosure to protect our intellectual property rights. As of the Latest Practicable Date, we had (i) 318 registered patents in China, including 108 invention patents, 197 utility model patents and 13 design patents, (ii) 103 registered trademarks in China, five registered trademarks in Japan, seven registered trademarks in European Union, eight registered trademarks in United States, and one registered trademark in Canada, (iii) 36 registered software copyrights and six registered work copyrights in China, as well as (iv) seven registered domain names in China. Despite our efforts to protect our proprietary intellectual property rights, third parties may attempt to copy or otherwise obtain or use our intellectual property, including seeking court declarations that they do not infringe upon our intellectual property rights. Monitoring unauthorized use of our intellectual property is difficult and costly, and the steps we have taken may not be able to fully prevent misappropriation of our intellectual property. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and inversion of our resources, and thus may adversely affect our business.

Furthermore, companies in the manufacturing and technology industries are frequently involved in litigation related to allegations of infringement of intellectual property rights, unfair competition and other violations of other parties' rights, especially during the application for the registration with competent government authorities of intellectual property rights and trademarks. While we have not been subject to any intellectual property infringement claims in the past, we may in the future be subject to intellectual property claims or other allegations by third parties for the products and services we provide. We may face allegations that we have infringed the invention patents, utility models and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. Any resulting liability or expenses occurred from the intellectual property claims, or changes required to our products to reduce the risk of future liability, may have a material adverse effect on our business, results of operations and prospects.

In addition, as our patents may expire and may not be extended and our patent rights may be contested, circumvented, invalidated or limited in scope, our patent rights may not protect us effectively. In particular, as the fuel cell industry develops and fuel cell products become more popular and common in the market, we may not be able to prevent others from developing competing technologies, adopting technological advancements, or exploiting our competitive fuel cell technologies derived from our research and development, which could adversely affect our leading R&D position in the industry and make our products less competitive, and therefore our business operations, financial condition and results of operations could be materially and negatively affected.

We have a limited operating history, making it difficult to evaluate our business prospects.

We were established in 2015. Our limited operating history makes it difficult to evaluate our business prospects, and to plan for our future. We have relatively limited historical data for making judgements on the demand for our products, our ability to develop, manufacture and deliver products, or our profitability in the future. We may not always be accurate in predicting industry trends that may emerge and our business. We experience revenue growth during the Track Record Period. See "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Revenue" in this document. However, our historical revenue growth should not be considered as an indicator of our future performance. [**REDACTED**] should comprehensively consider our business and prospects in light of the risks and challenges we face in our industry as a new entrant.

Fluctuations in our share of results of associates may affect our overall financial performance, and there are liquidity risks associated with our investments in associates.

For the years ended December 31, 2021 and 2022, and the nine months ended September 30, 2022 and 2023, we recorded share of losses of associates of RMB2.5 million, RMB2.7 million, RMB2.5 million, and RMB3.1 million, respectively. If the share of results of our associates continue to decrease, our results of operations and financial condition may be adversely affected.

In addition, we are subject to liquidity risk associated with investments in associates, especially when no dividend is declared by such parties and investment in these vehicles is not as liquid as other investment products. Large investment in associate would require significant financial resources, resulting in significant cash outflow, increased debt financing, or both. Dividends from associates are an integral part of our cash flow without which may adversely affect our results of operations and financial condition. Even when our associates become profitable and we recognize profits through share of results of associates under equity accounting in future, we may not receive any cash flow from the associates until and unless we receive dividends from them, the decision of which is not within our control. We can neither assure you that our associates will be profitable, nor that they will declare dividends if they are profitable. As such, we may not be able to readily generate any cash flow from our investment in associates to fund our operations from time to time, or at all.

Share-based compensation expenses may increase our operating expenses and have a material and adverse effect on our financial performance.

During the Track Record Period, we incurred share-based payment expenses of RMB31.3 million, RMB27.1 million, RMB19.2 million and RMB58.2 million for the years in 2021 and 2022, and the nine months ended September 30, 2022 and 2023, respectively.

The share-based payment expenses are primarily resulted from our employee incentive schemes. For details, see note 33 to the Accountants' Report in Appendix IA and note 33 as set out in Appendix IB to this document. To further incentivize our employees to contribute to us, we may grant additional share-based payment compensations in the future. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

We may not be able to retain our senior management and key research and development personnel or attract qualified and experienced employees to join us.

Our business success depends on the continued contributions of our senior management. The loss of the services of any such executives, senior management and other key employees could hurt our business and the ability to implement our business strategy. In addition, our research and development also depend on our ability to attract and retain qualified personnels. Excellent technical talents in the industry are scarce and are in high demand, and we face fierce competition to attract such talents from other competitors in China or even around the world. Our competitors may offer better compensation packages to recruit the professional and technical people that we want. As a result, we may not be able to attract and retain the qualified people needed to sustain the growth of our current or planned business, or our employee expenses may increase significantly. We may also need to offer higher salaries and other benefits to attract and retain future talent, which may lead to increased human resource costs and decreased profitability. Our failure to attract and retain talented and qualified senior management and other key technological personnels could have a negative impact on our ability to effectively manage and grow our business and maintain a competitive position. If any of the above events occurs, our business, financial condition and results of operations could be adversely affected.

Any labor shortages, increased labor cost or other factors affecting our labor force may adversely affect our business, profitability and reputation.

The overall economy and the average wage in China have increased in recent years and are expected to grow. The average wage level for our employees has also increased in recent years. To sustain the growth of our business, we may need to increase our workforce of experienced management and skilled personnels to implement our expansion plans, and conduct our R&D projects to facilitate our future strategies. Any labor shortage, suspension or slowdowns at our production bases may significantly disrupt our business operations or delay our expansion plan. We may have difficulties in hiring or retaining sufficient and qualified employees. Given the recent economic growth in China, competition for qualified personnels, such as research and development experts and engineers, is substantial and labor costs have been increasing generally, and we anticipate there will be an upward pressure on our labor costs and employees' salaries and benefits in the foreseeable future. We cannot assure you that we can retain and attract sufficient qualified employees on commercially reasonable terms, or at all. Any failure to attract qualified personnels at reasonable cost and in a timely manner could reduce our competitive advantages relative to our competitors, undermining our ability to expand our growth in revenue and profits. Increases in our labor costs and future disputes with our workers could adversely affect our business, financial condition or results of operations.

Any unexpected disruption at our production facilities could materially and adversely affect our business, financial condition and results of operations.

Our ability to meet the demand of our customers and grow our business relies on the efficient, proper and uninterrupted operation of our production plan and a constant and sufficient supply of utilities. Although we have not experienced any material disruption in our production, or damage to our production equipment and facilities during the Track Record Period, in the event of earthquake, fire, drought, flood or other natural disaster, political instability, riot or civil unrest, extended outage of critical utilities or transportation systems, terrorist attack or other events that limit or disrupt our ability to operate our production facilities, we may experience substantial losses, including loss of revenue from disrupted production. We may also need to incur substantial additional expenses, exceeding our insurance coverage to repair or replace any damaged equipment or facility. In addition, our ability to manufacture and supply products and our ability to meet our delivery obligations to our customers would be significantly disrupted and our relationships with our customers could be damaged, which could have a material and adverse effect on our business, financial condition and results of operations.

If we are unable to manage our inventory risks efficiently or the proportions and amount of our provision for inventories further increase, our financial condition and results of operations may be adversely affected.

We had inventories of RMB435.6 million as of September 30, 2023. Our inventories mainly consist of raw materials, work in progress and finished goods. We cannot assure you that our inventories will not be damaged or impaired, as our storage may encounter unforeseeable events. As such, failure to manage our inventories effectively may adversely affect our financial condition and results of operations. The demand for our fuel cell systems depends on their market conditions as well as the performance of downstream commercial vehicle manufacturers, which are beyond our control. We maintain an adequate stock of various model so fuel cell systems. Therefore, any unexpected change in the economic condition or the performance of our customers may render our inventory obsolete. During the Track Record Period, provision for impairment of inventories is made when the net realizable value of inventories falls below the cost or any of the inventories is identified as obsolete. As of December 31, 2021, 2022 and September 30, 2023, our provision for impairment of inventories were RMB73.6 million, RMB125.4 million and RMB113.6 million respectively. With the development of fuel cell system market and according to our business scale expansion, aging of inventory balance, adjustment of subsidy policy and upgrading and iteration of our products, the amount and proportion of our provision of the inventories may further increase, which may have an adverse impact on our financial and results of operations.

We are uncertain about the recoverability of our deferred tax assets, which may affect our financial condition in the future.

Deferred tax assets arise from the deductible temporary differences between the carrying amounts of assets and liabilities from financial reporting purposes and their tax base, as well as unused tax losses and unused tax credits. Deferred tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. This requires significant judgment on the tax treatment of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. In this context, we cannot guarantee that the recoverability of our deferred tax assets, and to what extent they may affect our financial condition in the future.

We may be subject to impairment losses risks in relation to prepayments, other receivables and other assets.

Our prepayments, other receivables and other assets primarily consist of prepayments to suppliers, other tax recoverable, prepaid expenses, and other long term assets. Our prepayments, other receivables and other assets balances as of December 31, 2021, 2022 and September 30, 2023 were RMB120.3 million, RMB165.7 million and RMB231.2 million. We had impairment allowance of RMB1.5 million, RMB2.0 million and RMB5.0 million as of December 31, 2021, 2022 and September 30, 2023. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. The assessment of impairment losses involves a significant degree of management judgments as well as estimates in determining the key assumptions. Therefore, there is uncertainty on the prediction of the movement of impairment of prepayments, deposits and other receivables. Significant impairment losses on prepayments, deposits and other receivables may have a material adverse effect on our financial condition and results of operations.

Our business strategies require a significant amount of capital. If we fail to obtain sufficient financing to support our business development, our business operation, financial condition, and prospects may be materially and adversely affected.

Our business and future strategy are capital intensive and require substantial investments in, among other things, research and development, increasing the production capability and products promotion and marketing. As we increase our production capacity and operations, we may also require significant capital to maintain our property, plant and equipment and such costs may be greater than anticipated. We expect that our level of capital expenditures will be significantly affected by user demand for our products. Our future capital requirements may be uncertain and actual capital requirements may be different from those we currently anticipate.

We may seek equity or debt financing to finance a portion of our capital expenditures. If we fail to obtain sufficient capital in a timely manner or on acceptable terms, or at all, we may be required to significantly reduce our spending, delay or cancel our planned activities, or substantially change our corporate strategy, which may materially and adversely affect our business, financial condition, and prospects.

In addition, our future capital needs and other business reasons could require us to issue additional equity or debt securities or obtain a credit facility. The issuance of additional equity or equity-linked securities could dilute our shareholders. In addition, a tightening of available credit may make it more difficult for us to obtain, or may increase our financing costs for our business. The incurrence of indebtedness would result in an increase in debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders.

The production and operational processes of our products, along with the fuel cell vehicles that utilize hydrogen may, on rare occasions, pose safety risks and public concerns.

Fuel cell vehicles use hydrogen as fuel, which is a flammable fuel that could leak or combust if ignited by fire. Our product production and business operation processes involve hydrogen fueling and storage. On rare occasions, a fuel cell vehicle or hydrogen tank may catch fire or explode by accident. We cannot assure you that the fuel cell vehicles will always function safely. If any safety accident occurs to fuel cell vehicles produced by any of our customers or during our business operation, we could be subject to reputational damage, claims or even lawsuits, all of which would be time consuming and expensive. Also, public concerns regarding the suitability of fuel cells applications for automotive or any future negative incidents involving fuel cell vehicles, such as fire or explosion of hydrogen refueling stations, even if our products are not involved in such incident, could seriously harm customers' confidence and future demand in our products. In addition, due to the advantages of low production cost and mature technology, hydrogen produced from fossil fuels or industrial by-products is currently still the most common hydrogen in China. Market players in the hydrogen industry, including our customers, face risks related to the environmental and potential policy changes, which in turn, may raise public concerns and adversely affect our business.

Our product warranties provisions may not be sufficient to fully cover future warranty claims, which could materially and adversely affect our business, prospects, financial condition, results of operations, and cash flows.

Our major product, fuel cell systems, is made up of a large number of engineered parts and components, and its quality warranties are mainly for repairing or replacing faulty parts. We have been maintaining warranty provisions to cover warranty-related claims. Our product warranties provisions were RMB36.1 million, RMB38.8 million and RMB43.2 million as of December 31, 2021, 2022 and September 30, 2023, respectively. If our product warranties provisions are inadequate to cover future warranty claims on our products, our financial condition, results of operations, and cash flows could be materially and adversely affected. We expect to record and adjust warranty provisions based on changes in estimated costs and actual warranty costs. However, since the fuel cell industry in China is at its early stage, and there is a general lack of historical data and experience for the return rate of the defective components, we have limited operating experience with warranty claims for our products or with estimating warranty provisions. In the future, we may be subject to significant and unexpected warranty expenses. We cannot assure you that the then-existing warranty provisions will be sufficient to cover all claims.

We cannot assure you that we will continue to receive preferential tax treatment by the PRC government in the future.

We enjoy certain preferential tax treatment under relevant preferential tax policies, allowing us to have a lower tax rate. Certain of our subsidiaries had been subject to PRC enterprise income tax at a preferential tax rate of 15% given their accreditations as "High and New Technology Enterprise" during the relevant period. Additionally, certain of our subsidiaries are qualified as small and micro enterprises under the relevant tax rules and regulations of the PRC, and accordingly, the part of their taxable income not exceeding RMB3 million was subject to a reduced enterprise income tax rate of 20% during the relevant period. For more information, see note 10 to the Accountants' Report in Appendix IA and note 9 as set out in Appendix IB to this document and "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Income Tax Credit/(Expense)". We plan to apply for the extension of such preferential tax treatment before expiration. However, there cannot be any assurance that we will be granted such extension, and, if we are not, it would result in an increase of our effective income tax rate. To the extent that there are any changes in, or withdrawals of, any preferential tax treatment applicable to us, or increases in the tax rate, our tax liability would increase correspondingly. In addition, the PRC government may from time to time adjusts or changes its policies on value-added tax, business tax and other taxes. Such adjustments or changes could have an adverse effect on our results of operations.

The unavailability, reduction or elimination of government grants and subsidies which we are currently entitled to could have an adverse effect on our business, financial condition, results of operations and prospects.

In 2021, 2022 and the nine months ended September 30, 2022 and 2023, we received government grants and subsidies of RMB32.2 million, RMB34.3 million, RMB25.6 million and RMB20.9 million, respectively, which were intended to support our business and reward our efforts in technological innovation.

The industry-specific subsidies are mainly non-recurring subsidies provided by local governments supporting various industry-related research and development activities. Such government grants may be discretionary and are subject to certain selection criteria and procedures stipulated by the local governments, which we may not be qualified for in the future. In addition, local governments may switch the focus of their support of research and development activities and fixed assets investments to other industries over time. These factors, such as government's focus on industries and criteria for government grants, are beyond our control. We can neither assure you that any changes would be favorable to our business, nor that we will be able to receive any such government grants in the future. If we do not receive government grants in subsequent periods after the Track Record Period or if the amount of government grants we are entitled to decreases, our financial condition for such periods may be adversely affected.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs.

Insurance companies in China currently offer limited business-related insurance products. We maintain certain insurance policies to cover potential property loss, physical injuries or medical expenses involving third parties that occur on our premises. We consider our insurance coverage to be in line with what we believe to be customary in our industry. However, we cannot assure you that our insurance coverage in terms of amount, scope and benefit is sufficient. Any uninsured risks and liabilities such as damages to or loss of properties may result in substantial costs and the diversion of resources, which could adversely affect our results of operations and financial condition. Such risks include, among others, loss of key management and personnel, business interruption, litigation or legal proceedings, natural disasters such as epidemics, pandemics or earthquakes, terrorist attacks and social instability or any other events beyond our control. Our business, financial condition and results of operations may be materially and adversely affected as a result.

We are subject to potential adverse consequences due to our lack of valid certificates and permits in respect of certain properties we leased in China.

We lease a number of properties for our factories, warehouse and offices across China during the Track Record Period. We may need to find alternative premises if these properties are subject to demolition due to ownership defects, default by the lessor or adjustment of the government provisions in the future. As such, our usage of such leased properties may be disrupted therefore we may need to relocate the relevant functions somewhere else and additional relocation costs will be incurred.

In addition, 20 of our lease agreements have not been registered with the relevant PRC government authorities as of the Latest Practicable Date. Our PRC Legal Adviser is of the view that the non-registration and filing of the relevant property lease will not affect the validity of the lease contracts and the legal use of the leased properties, but relevant local housing authorities may require us to complete the filing within the prescribed period and we may be subject to penalties of RMB1,000 to RMB10,000 for each of such properties if we fail to file within the prescribed period. Even if certain properties we leased have property titleship and the lease agreements are properly registered, we cannot assure you that we would be able to renew the relevant lease agreements without substantial additional cost or increase in the rental cost payable by us. If a lease agreement is renewed at a rent substantially higher than the current rate, or currently existing favorable terms granted by the lessor are not extended, our business and results of operations may be adversely affected.

Shortage of utilities supplies could affect our business.

Our production and operations depend on a continuous and adequate supply of utilities, such as electricity and water, the use of which will further increase substantially as we expand our production capacity. For example, the production of hydrogen using renewable methods requires abundant water resources, while China's economic centers with high demand for hydrogen consumption suffer from water scarcity. Any disruption in the supply of electricity and water or other utilities at our production plants may disrupt our production. This may adversely affect our ability to fulfill our sales orders and consequently may have an adverse effect on our business, results of operations and financial condition. As a result of the shortage of coal supply combined with high electricity demand from manufacturers, since September 2021, the PRC government has restricted electricity consumption of companies in industries with high energy consumption in China concerning balance of environment protection and industry requirement, including imposing power restrictions on factories in more than 20 provinces to deal with an imbalance in energy supply and demand. While we did not face any shortages of raw materials, water, and electricity at our production facilities in China that significantly impacted our operations during the Track Record Period, we cannot assure you that we will not encounter shortages of utilities supplies or utility suspensions in the future. If such shortages or suspensions of utilities happen for a significant period of time, our business, results of operations and financial results may be materially and adversely affected.

If we fail to obtain or renew certain approvals, licenses, permits or certificates required for our operations, our business and results of operations may be adversely affected.

We are subject to certain laws and regulations that require us to obtain and maintain various approvals, licenses, permits and certificates from different authorities to operate our business. We may face sanctions or other enforcement actions if we fail to obtain approvals, licenses, permits or certificates as might be necessary for our operations. We could be ordered by the relevant regulatory authorities to cease operation or may be required to undertake corrective measures requiring capital expenditure or other remedial actions, which could materially and adversely affect our business, financial condition and results of operations.

In addition, some of these approvals, permits, licenses and certificates may be subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. Any failure by us to obtain the necessary renewals and/or reassessment or otherwise maintain all approvals, licenses, permits and certificates necessary to carry out our business at any time could cause severe disruption to our business and prevent us from continuing to carry out our business, which could have a material adverse effect on our business, financial condition and results of operations. We may also be required to obtain additional approvals, permits, licenses or certificates that were previously not required to operate our existing business as a result of new regulations coming into effect, changes to interpretation or implementation of existing laws and regulations. Any failure to obtain the additional approvals, permits, licenses or certificates may adversely affect our business, financial condition and results of operations.

Our efforts in developing and expanding our business requires marketing and selling our products internationally, which poses inherent risks.

We started to sell our products to overseas counties since 2019, including United States, Germany, Japan, Italy and other countries. In 2021, 2022, and the nine months ended September 30, 2022 and 2023, we generated 1.1%, 1.7%, 11.3% and 0.5%, respectively, of our total revenue from sales outside China. In addition to sales offices in 20 cities in China, we also have one in Stuttgart, Germany. We have built a research and development team of fuel cell stacks and key components in Vancouver, Canada.

The marketing, distribution and sale of our products internationally, as well as the operation of our sales office and our R&D activities outside China may expose us to a number of risks, including those associated with:

- fluctuations in currency exchange rates;
- costs associated with understanding local markets and trends;
- marketing and distribution costs;
- customer services and support costs;
- risk management and internal control structures for our overseas operations;
- compliance with the different commercial, operational, environmental and legal requirements;
- obtaining or maintaining certifications for marketing, distribution and sales of our products;
- maintaining our reputation as an environmentally friendly enterprise for our products;
- obtaining, maintaining or enforcing intellectual property rights;
- changes in prevailing economic conditions and regulatory requirements;
- transportation and freight costs;

- employing and retaining technology, sales and other personnel who are knowledgeable about, and can function effectively in, overseas markets;

- trade barriers such as trade remedies, which could increase the prices of the raw materials for our products, and export requirements, tariffs, taxes, antidumping and countervailing duty orders or safeguard measures and other restrictions and expenses, which could increase the prices of our products and make us less competitive in some countries;

- challenges due to our unfamiliarity with local laws, regulation and policies, our absence of significant operating experience in local market, increased cost associated with establishment of overseas operations and maintaining a multinational organizational structure; and

- other various risks that are beyond our control.

Due to our limited experience in doing business in the overseas markets, we are yet to familiarize ourselves with local laws, regulation and policies. Our failure to obtain the required approvals, permits, licenses, filings or to comply with the conditions associated therewith could result in fines, sanctions, suspension, revocation or non-renewal of approvals, permits or licenses, or even criminal penalties, which could have a material adverse effect on our business, financial condition and results of operations.

We engage third parties for certain services in connection with our business.

During the Track Record Period, we engaged third-party service providers for services in connection with our business, such as third-party logistics service providers. We endeavor to obtain services from third-party service providers who we believe are able to meet our specifications and requirements. However, the third-party service providers may not have sufficient resources and they may not provide their services in a timely manner or with satisfactory quality. If a third-party service provider fails to meet our requirements, we may need to replace such third-party service provider or take other remedial actions which could increase our costs of operations. In addition, as we do not have direct control over the third-party service providers, if they become involved in any unauthorized provision of services which are incompliant with our requirements or that of our customers, our reputation in the industry will be affected. Our reputation in the industry will also be adversely affected if the third-party service providers do not comply with applicable laws and regulations. This, in turn, may materially and adversely affect our business, financial condition and results of operations.

The failure of financial institutions or transactional counterparties could adversely affect our current and projected business operations and our financial condition and results of operations.

In March 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation, or FDIC, as receiver. In the same month, Signature Bank was swept into receivership. Although we do not have any funds deposited with Silicon Valley Bank and Signature Bank as of the Latest Practicable Date, any failure of a financial or depository institution that we have deposits with to return deposits to us could materially and adversely impact our cash and cash equivalents, operating liquidity and financial condition. In addition, the failure of banks or financial institutions can have a significant impact on the financial ecosystem, leading to systemic risks such as a loss of confidence in the financial system, lack of liquidity, fluctuations in capital markets, and potential economic downturns, which would adversely impact our current and projected business operations and our financial condition and results of operations.

RISKS RELATING TO GOVERNMENT REGULATIONS

We may be subject to claims, especially of product liability, disputes, lawsuits and other legal and administrative proceedings, which may result in significant direct or indirect costs and adversely affect our results of operations, financial condition and development prospects.

Although we implement full-cycle quality control over design, procurement, production, sales and after-sales services, we cannot assure you that our quality control measures will be as effective as we expect. We may face the risk of significant monetary exposure to claims if we fail to implement and maintain our quality control steps and our products do not perform as expected or contain design, manufacturing, or warning defects, or are in connection with malfunctions. Our risks in this area are particularly pronounced given the limited field experience of our products and fuel cell vehicles. A successful product liability claim against us could require us to pay a substantial monetary award. Certain product liability claims may be the result of defects from components for hydrogen vehicles purchased from our suppliers. Such suppliers may not be able to indemnify us for the losses resulting from such defects and product liability claims in full or at all. Moreover, a product liability claim could generate substantial negative publicity about our products and business and inhibit or prevent commercialization of other future new products, which would have a material adverse effect on our brand, business, prospects, financial condition, results of operations, and cash flows. Any lawsuit seeking significant monetary damages either in excess of our insurance coverage, or outside of our insurance scope, may have a material adverse effect on our reputation and business, prospects, financial condition, results of operations, and cash flows.

In addition, we may from time to time be involved in contractual disputes or legal and administrative proceedings and claims arising out of the ordinary course of business or pursuant to governmental or regulatory enforcement activity. In light of the nature of our business, we and our management are susceptible to potential claims or disputes. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to or involved in any claims, disputes, lawsuits and other legal and administrative proceedings of material importance, but we cannot assure there will not be any in the future. Lawsuits and litigations may cause us to incur defense costs, utilize a significant portion of our resources and divert management's attention from our day-to-day operations, any of which could harm our business. Claims arising out of actual or alleged violations of law, breach of contract or torts could be asserted against us by customers, business partners, suppliers, competitors, employees or governmental entities in investigations and legal proceedings. Our insurance might not cover claims brought against us. See "— Risks Relating to Our Business — We have limited insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs". A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have an adverse effect on our business, financial condition and results of operations.

Non-compliance with various environmental and safety related laws and regulations in China may increase our operating costs and cause delays in the construction of our manufacturing facilities, resulting in monetary damages, fines and other liabilities as well as negative publicity and damage to our brand name and reputation.

We are subject to national and local environmental protection and safety related laws and regulations applicable to us in China. In the event of our non-compliance with present or future environmental and safety related laws and regulations, we may be subject to governmental inspections or penalties, civil liabilities or business interruptions, and our management might be subject to relevant liabilities as well. Our operations generate waste gas, waste water, noise and solid waste, which could potentially be harmful to the environment and health of local residents as well as our employees in case of improper handling. We have set environmental targets for our manufacturing facility with indicators including pollutant discharge standards for waste gas, waste water, noise and solid waste disposals. See "Business — Environmental, Social and Governance ("ESG")".

In addition, from time to time, the PRC government issues new regulations, which may require additional actions on our part to comply with. If we fail to comply with environmental protection and health and safety laws and regulations, we may be subject to various consequences, including substantial fines, potentially monetary damages or suspensions of our business operations. As a result, any failure by us to control the discharge of hazardous substances could have an adverse impact on our business, financial condition and results of operations.

Failure to make adequate contributions to employee benefit plans as required by PRC regulations may subject us to penalties.

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of its employees up to a maximum amount specified by the relevant local government from time to time.

During the Track Record Period, we failed to make full contributions to social insurance and housing provident fund for certain of our employees in accordance with the relevant PRC laws and regulations. See "Business — Legal Proceedings and Compliance — Social Insurance and Housing Provident Funds" in this document. Although as of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay shortfalls or the penalties with respect to social insurance and housing provident funds from the competent regulatory authorities, we cannot assure you that we will not be required by competent authorities to make up for any underpaid employee benefits, or to pay any late fees or fines in relation thereof. If we are required to make up for any underpaid employee benefits, or any late fees or fines in relation thereof, our business operations or financial condition could be adversely affected.

We are subject to the currency exchange regulatory system.

We are subject to the currency exchange regulatory system on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments to certain suppliers, if any. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency, or otherwise satisfy our foreign currency denominated obligations.

Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

Any actual or alleged failure to comply with the cybersecurity and data privacy laws and regulations in China may result in penalties that could damage our reputation and brand, and harm our business and results of operations.

We are subject to various regulatory requirements relating to cybersecurity and data privacy, including the PRC Data Security Law (《中華人民共和國數據安全法》), the Cybersecurity Law of PRC (《中華人民共和國網絡安全法》) and the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》). See "Regulatory Overview — Regulations on Internet Information Security and Privacy Protection" in this document. Should our data processing activities be subject to these laws and regulations, we are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner, and be directly related to the design, production, sales, use, operation and maintenance, among others, of the vehicles.

Pursuant to the Personal Information Protection Law of the PRC, a service provider shall obtain the consent of the persons whose data is gathered when collecting and using personal information and shall comply with other circumstances as prescribed by laws and regulations. Our data processing activities do not involve collecting or tracing any personal information of vehicle users and as advised by the Data Security Counsel, according to Regulation on Protecting the Security of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), we are not a critical information infrastructure operator. However, regulatory requirements on cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. We cannot assure you that relevant government authorities will not interpret or implement the laws or regulations in ways that negatively affect us. We may also be subject to additional or new laws and regulations regarding the protection of personal information and important data or privacy-related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

It may be difficult to effect service of legal process and enforcing judgments against us or our Directors, Supervisors and senior management or to enforce judgments of non-PRC courts against them.

We are a company incorporated under the laws of the PRC and a significant portion of our assets and subsidiaries are located in China. In addition, the majority of our Directors, Supervisors and senior management reside within China. The assets of these Directors, Supervisors and senior management also may be located within China. As a result, it may not be possible to effect service of process upon most of our Directors, Supervisors and senior management outside China. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the U.S. As a result, in the PRC or Hong Kong, recognition and enforcement of court judgments from other jurisdictions may be uncertain.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "2006 Arrangement"). Under the 2006 Arrangement, where any designated People's Court of the PRC or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People's Court of the PRC or Hong Kong court for recognition and enforcement of the judgment. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into such a choice of court agreement in writing. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not entered into a jurisdiction agreement in writing under the 2006 Arrangement.

On January 18, 2019, the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "2019 Arrangement") was signed between the Supreme People's Court of China and Hong Kong government.

Comparing with the 2006 Arrangement, the 2019 Arrangement establishes a bilateral legal mechanism with greater clarity and certainty for reciprocal recognition and enforcement of judgments between Hong Kong and China in civil and commercial matters under both Hong Kong and PRC law. The 2019 Arrangement will apply to judgments made by the courts of Hong Kong and China on or after its commencement date, which will be announced by Hong Kong and China after necessary procedures of both places have been completed. The 2006 Arrangement will be superseded upon the effective date of the 2019 Arrangement, being January 29, 2024. However, the 2006 Arrangement will remain applicable to a "jurisdiction agreement in writing" as defined in the 2006 Arrangement which is entered into before the 2019 Arrangement taking effect. However, since the 2019 Arrangement is newly effected and promulgated, the interpretation, application and enforcement remains uncertain.

We are a PRC enterprise and we are subject to PRC tax on our global income and any gains on the [REDACTED] of H Shares and dividends on the H Shares may be subject to PRC income taxes.

Non-PRC-resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the ITT Law and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the non-PRC-resident individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui [1994] No. 20) issued by the MOF and the SAT on May 13, 1994, the income gained by foreign individuals from dividends and bonuses of foreign-invested enterprise are exempted from individual income tax for the time being. On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》) pursuant to which the PRC government is planning to cease foreign individuals' tax exemption for dividends obtained from foreign invested enterprises, and the MOF and the SAT should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the MOF and the SAT. Considering these uncertainties, non-resident individual holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and bonus realized from the H Shares.

Pursuant to Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, gains realized by individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. As of the Latest Practicable Date, no aforesaid provisions have expressly provided that whether individual income tax shall be levied from non-PRC-resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, we cannot assure you that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC-resident individual holders on gains from the [**REDACTED**] of H Shares. For non-PRC-resident enterprises that do not have establishments or premises in China, and for those have establishments or premises in China but whose income is not related to such establishments or premises, under the PRC Enterprise Income Tax Law and its implementation regulations, dividends paid by us (including payments via the Central Clearing and Settlement System) and gains realized by such foreign enterprises upon the [**REDACTED**] or other [**REDACTED**] of H Shares are subject to PRC enterprise income tax at a 10% rate unless otherwise reduced or exempted by relevant tax treaties or similar arrangement. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC-resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends of the year of 2008 and onwards payable to non-PRC-resident enterprise holders of H Shares will be 10%. Non-PRC-resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. Despite the arrangements mentioned above, there remain significant uncertainties as to the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities and the PRC tax laws and regulations may also change, which may adversely affect the value of your [**REDACTED**] in our H Shares.

Any catastrophe and extraordinary events could severely disrupt our business operations.

Our operations are vulnerable to interruption and damage from natural and other types of catastrophes, including earthquakes, tsunami, fire, floods, hail, windstorms, severe winter weather (including snow, freezing water, ice storms and blizzards), health pandemics, environmental accidents, power loss, communications failures, explosions, man-made events and other similar events. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In addition, changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophe or extraordinary event were to occur in the future, our ability to operate our business could be seriously impaired. Such events could make it difficult or impossible for us to deliver our products to our customers and could decrease demand for our products.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares, and their liquidity and [REDACTED] following the [REDACTED] may be volatile.

Prior to the [**REDACTED**], there was no [**REDACTED**] for our H Shares. We cannot assure you that a [**REDACTED**] for our H Shares with adequate liquidity will develop and be sustained following the completion of [**REDACTED**]. The initial [**REDACTED**] for our H Shares to the public will be the result of negotiations between us and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the [**REDACTED**] of the H Shares following the [**REDACTED**].

We have applied to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], the H Shares (including any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]). A [**REDACTED**] on the [**REDACTED**], however, does not guarantee that an active and liquid [**REDACTED**] for the H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of the H Shares will not decline following the [**REDACTED**]. If an active [**REDACTED**] for our H Shares does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and liquidity of our H Shares could be materially and adversely affected.

You will incur immediate and significant dilution and may experience further dilution if we [REDACTED] additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider [**REDACTED**] and [**REDACTED**] additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we [**REDACTED**] additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the [REDACTED] of our H Shares and our ability to raise additional capital in the future.

The [**REDACTED**] of our H Shares could decline as a result of future [**REDACTED**] of a substantial number of our H Shares or other securities relating to our H Shares in the [**REDACTED**], or the [**REDACTED**] of new shares or other securities, or the perception that such [**REDACTED**] or [**REDACTED**] may occur. Future [**REDACTED**], or anticipated [**REDACTED**], of substantial amounts of our securities, including any future [**REDACTED**], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we [**REDACTED**] more securities in the future. New shares or shares-linked securities [**REDACTED**] by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your [REDACTED].

During the Track Record Period, a vast majority of our expenditures were denominated in Renminbi, and a vast majority of our financial assets are also denominated in Renminbi. Any significant change in the exchange rates of the Hong Kong dollar against Renminbi may materially and adversely affect our cash flows, earnings and financial position, and the value of, and any dividends payable on, our H Shares in Hong Kong dollars. For example, a further appreciation of Renminbi against the Hong Kong dollar would make any new Renminbi denominated investments or expenditures more costly to us, to the extent that we need to convert Hong Kong dollars into Renminbi for such purposes. An appreciation of Renminbi against the Hong Kong dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our Hong Kong dollar denominated financial assets into Renminbi, including [**REDACTED**] from the [**REDACTED**], as Renminbi is the functional currency of our Company and our subsidiaries inside China. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our H Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

Payment of dividends shall be complied under the PRC law and we cannot assure you whether and when we will pay dividends.

Under PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. Moreover, our operating subsidiaries in China may not have distributable profit as determined under the PRC GAAP. Accordingly, we may not receive sufficient distributions from our subsidiaries for us to pay dividends. Failure by our operating subsidiaries to pay us dividends could adversely impact our ability to make dividend distributions to our Shareholders and our cash flow, including periods in which we are profitable.

Our single largest Shareholder has significant influence over our Company and his interests may not be aligned with the interests of our other Shareholders.

Immediately following the [**REDACTED**], our single largest Shareholder, Mr. Lin, will control approximately [**REDACTED**]% Shares, assuming the [**REDACTED**] is not exercised and the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised. Our single largest Shareholder will, through his voting power at the Shareholders' meetings have significant influence over our business and affairs, including decisions for mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our single largest Shareholder may not act in the best interests of our minority Shareholders.

Facts, forecasts and statistics in this document relating to the PRC, the global economy and hydrogen industry may not be fully reliable.

Facts, forecasts and statistics in this document relating to the PRC, the global economy and hydrogen industry in China and oversea markets are obtained from various sources that we believe are reliable, including official government publications as well as a report prepared by Frost & Sullivan that we commissioned. However, we cannot assure you the quality or reliability of these sources. Neither we, the Sole Sponsor, [**REDACTED**], nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this document relating to the PRC, the global economy and the hydrogen industry in China and oversea markets may be inaccurate and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries.

[REDACTED] should read the entire document carefully and should not consider any statements in this document or in published media reports without carefully considering the risks and other information contained in this document.

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

In preparation for the [**REDACTED**], our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our headquarters and most of our business operations are based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the places where our Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, either by means of relocation of our executive Directors to Hong Kong or appointment of additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(a) we have appointed Mr. LIN Qi (林琦) and Mr. POON Ping Yeung (潘秉揚) as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. The authorized representatives will act as our Company's principal channel of communication with the Stock Exchange. The authorized representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;

(b) when the Stock Exchange wishes to contact our Directors on any matter, each of the authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are travelling. Our Company will also inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives in accordance with the Listing Rules. We have provided the contact details of each Director (such as mobile phone numbers, office phone numbers (if any), email addresses and fax numbers (if any)) to each of the authorized representatives and the Stock Exchange;

(c) we confirm and will ensure that all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

(d) we have appointed Maxa Capital Limited as our compliance adviser upon [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. Our compliance adviser, who will serve as the additional channel of communication with the Stock Exchange when the authorized representatives are not available and will have access at all times to our authorized representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules; and

(e) meetings between the Stock Exchange and our Directors can be arranged through our authorized representatives or our compliance adviser, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

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

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

(d) professional qualifications in other jurisdictions.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Mr. ZHENG Zhong (鄭重) ("**Mr. Zheng**"), our vice president and Board secretary, as one of our joint company secretaries. He has considerable experience in the legal profession but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. POON Ping Yeung (潘秉揚) ("**Mr. Poon**"), an associate member (a holder of practitioner's endorsement) of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Zheng for an initial period of three years from the [**REDACTED**] to enable Mr. Zheng to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Mr. Poon's professional qualification and experience, he will be able to explain to both Mr. Zheng and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Mr. Poon will also assist Mr. Zheng in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Poon is expected to work closely with Mr. Zheng and will maintain regular contact with Mr. Zheng, our Directors and the senior management of our Company. In addition, Mr. Zheng will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. He will also be assisted by our compliance adviser and our legal advisers as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Mr. Zheng does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Zheng may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [**REDACTED**] on the conditions that (a) Mr. Zheng must be assisted by Mr. Poon, who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver shall be valid for a period of three years from the [**REDACTED**] and will be revoked immediately if and when Mr. Poon ceases to provide such assistance to Mr. Zheng as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Mr. Zheng will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange to enable it to assess whether Mr. Zheng, having benefited from the assistance of Mr. Poon for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE PRE-[REDACTED] SHARE OPTION SCHEME

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribe certain disclosure requirements in relation to the share options granted by our Company (the "**Share Option Disclosure Requirements**"):

(a) Rule 17.02(1)(b) of the Listing Rules stipulates that all material terms of a scheme adopted by our Company prior to the [**REDACTED**] must be clearly set out in the document, and our Company is also required to disclose in the document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon [**REDACTED**] as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards;

(b) Paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in the document particulars of any capital of any member of our Group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and

(c) Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to set out in the document, among other things, details of the number, description and amount of any shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with the certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given.

As of Latest Practicable Date, our Company has granted options under the Pre-[**REDACTED**] Share Option Scheme to 155 grantees, including Directors, other connected persons of our Company, senior management of our Company and other employees of our Group, to subscribe for an aggregate of 5,267,800 Domestic Shares, representing approximately [**REDACTED**]% of the total issued share capital of our Company immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised), on the terms as set out in the paragraph headed "Further Information about our Directors, Supervisors and Substantial Shareholders — 6. Pre-[**REDACTED**] Share Option Scheme" in Appendix VI to this document.

Our Company has applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules, and (ii) to the SFC for a certificate of exemption under section 342A of the

Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the ground that strict compliance with the Share Option Disclosure Requirements would be unduly burdensome for our Company and the waiver and the exemption would not prejudice the interest of the [**REDACTED**] for the following reasons:

(a) given that 155 grantees are involved, strict compliance with the Share Option Disclosure Requirements in setting out full details of all the grantees under the Pre-[**REDACTED**] Share Option Scheme in this document would be costly and unduly burdensome for our Company in light of a significant increase in cost and time for information compilation and document preparation;

(b) as of the Latest Practicable Date, save for ten grantees who are Directors or other connected persons of our Company and four grantees who are senior management of our Company, the remaining 141 grantees are employees of our Group. Strict compliance with the applicable Share Option Disclosure Requirements to disclose names, addresses and entitlements on an individual basis in this document will require additional pages of disclosures that do not provide any material information to the [**REDACTED**];

(c) the grant and exercise in full of the options under the Pre-[**REDACTED**] Share Option Scheme will not cause any material adverse impact on the financial position of our Company;

(d) lack of full compliance with the above disclosure requirements would not prevent our Company from providing its potential [**REDACTED**] with information for them to make an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

(e) material information relating to the options under the Pre-[**REDACTED**] Share Option Scheme will be disclosed in this document, including the total number of Shares subject to the Pre-[**REDACTED**] Share Option Scheme, the exercise price per Share, the potential dilution effect on shareholding, and impact on earnings per Share upon full exercise of the options granted under the Pre-[**REDACTED**] Share Option Scheme. Our Directors consider that the information that is reasonably necessary for the potential [**REDACTED**] to make an informed assessment of our Company in their [**REDACTED**] decision making process has been included in this document.

The Stock Exchange [has granted] us a waiver from strict compliance with the relevant requirements under the Listing Rules on the conditions that:

(a) full details of the options under the Pre-[**REDACTED**] Share Option Scheme granted to each of the Directors, connected persons of our Company and members of senior management of our Company will be disclosed in the paragraph headed "Further Information about our Directors, Supervisors and Substantial Shareholders — 6. Pre-[**REDACTED**] Share Option Scheme" in Appendix VI to this document on an individual basis as required under the applicable Share Option Disclosure Requirements;

(b) for the remaining grantees, disclosures will be made, on an aggregate basis, of (i) the aggregate number of grantees and the number of Domestic Shares underlying the options granted to them under the Pre-[**REDACTED**] Share Option Scheme, (ii) the consideration paid for the grant of the options under the Pre-[**REDACTED**] Share Option Scheme (if any), and (iii) the exercise period and the exercise price for the options granted under the Pre-[**REDACTED**] Share Option Scheme;

(c) there will be disclosures in the paragraph head "Further Information about our Directors, Supervisors and Substantial Shareholders — 6. Pre-[**REDACTED**] Share Option Scheme" in Appendix VI to this document for the aggregate number of Domestic Shares underlying the options under the Pre-[**REDACTED**] Share Option Scheme and the percentage of the total issued share capital of our Company represented by such number of Domestic Shares;

(d) the dilutive effect and impact on earnings per Share upon full exercise of the options under the Pre-[**REDACTED**] Share Option Scheme will be disclosed in the paragraph headed "Further Information about our Directors, Supervisors and Substantial Shareholders — 6. Pre-[**REDACTED**] Share Option Scheme" in Appendix VI to this document;

(e) a summary of the principal terms of the Pre-[**REDACTED**] Share Option Scheme will be disclosed in the paragraph headed "Further Information about our Directors, Supervisors and Substantial Shareholders — 6. Pre-[**REDACTED**] Share Option Scheme" in Appendix VI to this document;

(f) the particulars of the waiver and the exemption will be disclosed in this document;

(g) a full list of all the grantees under the Pre-[**REDACTED**] Share Option Scheme (including those persons whose details have already been disclosed in this document), containing all the particulars as required under the applicable Share Option Disclosure Requirements, will be made available for public inspection in accordance with the paragraph headed "Document Available for Inspection" in Appendix VII to this document; and

(h) a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance will be granted.

The SFC [has granted] us a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(a) full details of the options under the Pre-[**REDACTED**] Share Option Scheme granted to each of the Directors, connected persons of our Company and members of senior management of our Company will be disclosed in the paragraph headed "Further Information about our Directors, Supervisors and Substantial Shareholders — 6. Pre-[**REDACTED**] Share Option Scheme" in Appendix VI to this document on an individual basis as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) for the remaining grantees, disclosures will be made, on an aggregate basis, of (i) the aggregate number of grantees and the number of Domestic Shares underlying the options granted to them under the Pre-[**REDACTED**] Share Option Scheme, (ii) the consideration paid for the grant of the options under the Pre-[**REDACTED**] Share Option Scheme (if any), and (iii) the exercise period and the exercise price for the options granted under the Pre-[**REDACTED**] Share Option Scheme;

(c) a full list of all the grantees under the Pre-[**REDACTED**] Share Option Scheme (including those persons whose details have already been disclosed in this document), containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection in accordance with the paragraph headed "Document Available for Inspection" in Appendix VII to this document; and

(d) the particulars of the exemption will be disclosed in this document and this document will be issued on or before [**REDACTED**].

For further details of the Pre-[**REDACTED**] Share Option Scheme, see "Further Information about our Directors, Supervisors and Substantial Shareholders — 6. Pre-[**REDACTED**] Share Option Scheme" in Appendix VI to this document.

WAIVER IN RESPECT OF POST-TRACK RECORD PERIOD ACQUISITIONS

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants' report to be included in a listing document is required to include the income statements and balance sheet of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of the listing document or in respect of each of the financial years since commencement of such business or the incorporation or other establishment of such subsidiary (as the case may be) if this occurred less than three years prior to such issue or such shorter period as may be acceptable to the Stock Exchange. Pursuant to Note 4 to Rule 4.04 of the Listing Rules, the Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions as set out thereunder.

The Post-Track Record Period Acquisitions

The Jiaqing Industrial Acquisition

On December 31, 2023, our Company entered into an equity transfer agreement with each of Qingche Shulu Automotive Operations (Shanghai) Co., Ltd. (氫車熟路汽車運營(上海)有限公司) ("**Qingche Shulu**") and Broad-ocean Motor New Energy (Zhongshan) Investment Co., Ltd. (大洋電機新能源(中山)投資有限公司) ("**Broad-ocean Motor**"), pursuant to which our Company agreed to acquire (i) 51% equity interest in Jiaqing (Shanghai) Industrial Co., Ltd. (嘉氫(上海)實業有限公司) ("**Jiaqing Industrial**") from Qingche Shulu at a consideration of RMB4,590,000 and (ii) 19% equity interest in Jiaqing Industrial from Broad-ocean Motor at a consideration of RMB1,710,000 (the "**Jiaqing Industrial Acquisition**"). The respective considerations were determined after arm's length negotiation with reference to, among others, Jiaqing Industrial's valuation as of August 31, 2023 as appraised by an independent valuer. As of the Latest Practicable Date, the respective considerations for the aforementioned equity transfers were settled in full by our internal funds, and we were in course of filing the change of shareholder registration with the local industrial and commercial administration.

Immediately before the Jiaqing Industrial Acquisition, our Company held 30% equity interest in Jiaqing Industrial. Immediately upon completion of the Jiaqing Industrial Acquisition, our Company would hold 100% equity interest in Jiaqing Industrial, and Jiaqing Industrial would become a wholly-owned subsidiary of our Company.

Jiaqing Industrial is a company established in the PRC on October 20, 2017, and is principally engaged in construction and operation of hydrogen refueling stations. According to the unaudited financial information of Jiaqing Industrial, its total assets amounted to approximately RMB7,556,487 as of December 31, 2023, its total revenue amounted to approximately RMB8,650,000 for the year ended December 31, 2023, its gross loss amounted to approximately RMB697,395 for the year ended December 31, 2023, and its net loss before taxation amounted to approximately RMB456,863 for the year ended December 31, 2023.

The investment in Jiaqing Industrial has been in line with our investment policy to make strategic equity investments in companies that are synergistic to our business, having considered the core competitiveness, strategic value and growth potential of Jiaqing Industrial as an operator of hydrogen refueling which forms an important part in the hydrogen industry. We believe that the Jiaqing Industrial Acquisition would further enhance our overall strategic planning layout in the hydrogen industry, with synergies in terms of resource sharing and matching for our fuel cell products and hydrogen production equipment products.

To the best of the information, knowledge and belief of our Directors having made all reasonable enquiries, Qingche Shulu, Broad-ocean Motor and their respective ultimate beneficial owners are Independent Third Parties.

The Guangdong Hanhe Acquisition

On February 2, 2024, our non-wholly owned subsidiary, Guangdong Discovery Motors Co., Ltd. (廣東探索汽車有限公司) ("**Discovery Motors**"), entered into a capital increase agreement with Guangdong Hanhe Automobile Co., Ltd. (廣東漢合汽車有限公司) ("**Guangdong Hanhe**") and two other existing shareholders of Guangdong Hanhe, namely, Guangdong Jindao Technology Co., Ltd. (廣東金道科技有限公司) and Zhejiang Leyi Holding Group Co., Ltd. (浙江樂儀控股集團有限公司), pursuant to which the registered capital of Guangdong Hanhe increased from RMB50,000,000 to RMB68,000,000, and Discovery Motors agreed to subscribe for the increased registered capital of Guangdong Hanhe of RMB18,000,000 at par value (the "**Guangdong Hanhe Acquisition**", together with the Jiaqing Industrial Acquisition, the "**Post-Track Record Period Acquisitions**"). The consideration was determined after arm's length negotiation with reference to, among others, Guangdong Hanhe's valuation as of December 31, 2023 as appraised by an independent valuer. The capital increase was completed on February 6, 2024.

Immediately before the Guangdong Hanhe Acquisition, our Group held 30% equity interest in Guangdong Hanhe. Immediately after the Guangdong Hanhe Acquisition, our Group would hold approximately 48.53% equity interest in Guangdong Hanhe.

Guangdong Hanhe is a company established in the PRC on May 15, 2020, and is principally engaged in manufacturing of automotive vehicles and intelligent onboard equipment. As of the Latest Practicable Date, Guangdong Hanhe had not commenced any business operation. According to the unaudited financial information of Guangdong Hanhe, its total assets amounted to approximately RMB27,166,043 as of December 31, 2023, it recorded zero revenue and zero gross profit for the year ended December 31, 2023, and its net loss before taxation amounted to approximately RMB2,987,902 for the year ended December 31, 2023.

The investment in Guangdong Hanhe has been in line with our investment policy to make strategic equity investments in companies that are synergistic to our business, having considered the core competitiveness, strategic value and growth potential of Guangdong Hanhe as a market player in the hydrogen energy industry. We believe that the Guangdong Hanhe Acquisition would bring further business synergies through the network in the hydrogen energy industry.

To the best of the information, knowledge and belief of our Directors having made all reasonable enquiries, Guangdong Hanhe, Guangdong Jindao Technology Co., Ltd., Zhejiang Leyi Holding Group Co., Ltd. and their respective ultimate beneficial owners (other than our Group) are Independent Third Parties.

Waiver in respect of Post-Track Record Period Acquisitions

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, we are required to present in this document the financial information of Jiaqing Industrial and Guangdong Hanhe during the Track Record Period. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules on the following bases:

(a) The requested waiver would not prejudice the interests of the **[REDACTED]** *to our Company*

(i) The scale of the respective business operated by Jiaqing Industrial and Guangdong Hanhe, as compared to that of the Group, is not material. For illustration purposes only, applying the relevant size tests under Rule 14.07 of the Listing Rules by using the unaudited financial information of Jiaqing Industrial and Guangdong Hanhe in 2023, all applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) are less than 5%.

(ii) Upon completion of the Jiaqing Industrial Acquisition, although the financials of Jiaqing Industrial will be consolidated into the financials of our Group, our Company is of the view that Jiaqing Industrial would not constitute a significant subsidiary of our Company nor significantly affect the financial position of our Group as a whole.

(iii) Based on the equity interest in Guangdong Hanhe held by our Group, our Group has not been and will not be able to exercise control over Guangdong Hanhe at its board or shareholders' level. The equity interest in Guangdong Hanhe held by our Group has been and would continue to be accounted for as an investment in an associate and the financials of Guangdong Hanhe will not be consolidated into the financials of our Group.

(iv) The Post-Track Record Period Acquisitions will not result in any material change to the financial position of our Group since the end of the Track Record Period, and all information that is reasonably necessary for the potential [**REDACTED**] to make an informed assessment of our Company's activities or financial position has been included in this document.

As such, our Company considers that a waiver from compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the [**REDACTED**].

(b) It would be impracticable and unduly burdensome to reproduce historical financial information for strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules

(i) Each of Jiaqing Industrial and Guangdong Hanhe does not have historical financial information which is readily available for disclosures in this document in accordance with the Listing Rules. It will require considerable time and resources for our Company and our reporting accountants to fully familiarize with the respective accounting policies of Jiaqing Industrial and Guangdong Hanhe and to gather and compile the necessary financial information and supporting documents for disclosures in the [**REDACTED**] of our Company. As such, it would be impracticable within the tight timeframe between the completion of the Post-Track Record Period Acquisitions and the [**REDACTED**] to disclose the audited financial information of Jiaqing Industrial and Guangdong Hanhe as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.

(ii) Having considered that the Post-Track Record Period Acquisitions are immaterial and do not expect to have any material effect on the financial position of our Group as a whole, it would not be meaningful and would be unduly burdensome for our Company to prepare and include the financial information of Jiaqing Industrial and Guangdong Hanhe during the Track Record Period in the [**REDACTED**] of our Company.

(c) Alternative information has been provided in this document

(i) Our Company has provided in this section alternative information in connection with the Post-Track Record Period Acquisitions that would be required for a discloseable transaction under Chapter 14 of the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. LIN Qi (林琦)	Room 601 No. 188, Lane 99 Wanding Road Minhang District Shanghai PRC	Chinese
Dr. HU Zhe (胡哲)	Room 702 No. 2, Lane 388 Moyu Road, Anting Town Jiading District Shanghai PRC	Chinese
Ms. MA Audrey Jing Nan (馬晶楠)	Room 202 No. 22, Lane 18 Shenzheng Road Minhang District Shanghai PRC	Canadian
Dr. ZHAI Shuang (翟雙)	Room 605 No. 24, Lane 12 Minzhi Road Yangpu District Shanghai PRC	Chinese
Mr. ZHAO Yongsheng (趙泳生)	Room 301 No. 111, Lane 2078 Anzhi Road Jiading District Shanghai PRC	Chinese
Non-executive Director		
Mr. LIU Huiyou (劉會友)	Room 1101 Block 2, Building 2, Court 5 Guangtai West Road Chaoyang District Beijing PRC	Chinese

Independent non-executive Directors

Mr. LI Wei (李偉)	Room 12F Block 3, Building 6 Yuandayuan Haidian District Beijing PRC	Chinese
Dr. QIAN Meifen (錢美芬)	Room 1002 Block 1, Building 27 Zijinxiyuan Xihu District Hangzhou Zhejiang PRC	Chinese
Mr. CHEN Fei (陳飛)	Flat F, 15/F, Tower 10 Park Avenue 18 Hoi Ting Road Tai Kok Tsui Kowloon Hong Kong	Chinese (Hong Kong)

SUPERVISORS

Name	Address	Nationality
Mr. WU Yang (武洋)	No. 121, Zhongshan Yi Road West District Zhongshan Guangdong PRC	Chinese
Mr. ZHOU Wei (周瑋)	Ministry of Electronics No. 27 Wanshou Road Haidian District Beijing PRC	Chinese

Mr. JI Yizhi (季一志)	Room 101, No. 30 Yangtze River International Garden New District Wuxi Jiangsu PRC	Chinese
Mr. WANG Chuqi (汪楚棋)	Room 502 Building 1, No. 17 Diecaiyuan Xiwang Road Yuhang District Hangzhou Zhejiang PRC	Chinese
Mr. SUN Bei (孫北)	Room 1301 No. 74, Lane 2250 Dongjing Road Pudong New Area Shanghai PRC	Chinese

For details with respect to our Directors and Supervisors, see "Directors, Supervisors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor, [REDACTED] and [REDACTED]	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbor View Street Central Hong Kong

[REDACTED]

Financial Adviser to our Company(Note)	**BNP Paribas Securities (Asia) Limited** 60/F. and 63/F., Two International Finance Centre 8 Finance Street Central Hong Kong
Legal Advisers to our Company	*As to Hong Kong and U.S. laws:* **O'Melveny & Myers** 31/F, AIA Central 1 Connaught Road Central Hong Kong *As to PRC laws:* **Tian Yuan Law Firm** Suite 509, Tower A, Corporate Square 35 Financial Street Xicheng District Beijing PRC

Note: For further details, see "Other Information — 13. Financial Adviser" in Appendix VI to this document.

Legal Advisers to the Sole Sponsor [REDACTED]	*As to Hong Kong and U.S. laws:* **Baker & McKenzie** 14/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong *As to PRC laws:* **Commerce & Finance Law Offices** 12-14th Floor, China World Office 2 No. 1 Jianguomenwai Avenue Chaoyang District Beijing PRC
Auditors and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504, Wheelock Square 1717 Nanjing West Road Shanghai PRC
Compliance Adviser	**Maxa Capital Limited** Unit 2602, 26/F, Golden Centre 188 Des Voeux Road Central Sheung Wan Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	Room 1004, 1/F, Unit 1 1555 Jingyuan Road Jiading District Shanghai PRC
Principal Place of Business in Hong Kong	19/F, Golden Centre 188 Des Voeux Road Central Hong Kong
Company's Website	**www.refire.com** *(Information contained on this website does not form part of this document)*
Joint Company Secretaries	**Mr. ZHENG Zhong (鄭重)** No. 97, Lane 651 Donghuan Road Jiading District Shanghai PRC **Mr. POON Ping Yeung (潘秉揚)** 19/F, Golden Centre 188 Des Voeux Road Central Hong Kong
Authorized Representatives	**Mr. LIN Qi (林琦)** Room 601 No. 188, Lane 99 Wanding Road Minhang District Shanghai PRC **Mr. POON Ping Yeung (潘秉揚)** 19/F, Golden Centre 188 Des Voeux Road Central Hong Kong

Audit Committee	Mr. CHEN Fei (陳飛) *(Chairperson)* Dr. QIAN Meifen (錢美芬) Mr. LI Wei (李偉)
Remuneration and Appraisal Committee	Mr. LI Wei (李偉) *(Chairperson)* Mr. LIU Huiyou (劉會友) Dr. QIAN Meifen (錢美芬)
Nomination Committee	Dr. QIAN Meifen (錢美芬) *(Chairperson)* Mr. LI Wei (李偉) Mr. LIN Qi (林琦)
Strategy Committee	Mr. LIN Qi (林琦) *(Chairperson)* Dr. HU Zhe (胡哲) Mr. ZHAO Yongsheng (趙泳生) Mr. LIU Huiyou (劉會友) Mr. CHEN Fei (陳飛)

[**REDACTED**]

Principal Bankers	**China Construction Bank Corporation** **Shanghai Jiangqiao Subbranch** No. 138, Jiayi Road Jiangqiao Town Jiading District Shanghai PRC **China Merchants Bank Co., Ltd.** **Shanghai Branch** No. 161, Lujiazui East Road Pudong New Area Shanghai PRC **Bank of Communications Co., Ltd.** **Shanghai Yangpu Subbranch** No. 1317, Changyang Road Yangpu District Shanghai PRC

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by us, the Sole Sponsor,* [**REDACTED**], *any of their respective directors and advisers or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the global and China hydrogen fuel cell industry. The report prepared by Frost & Sullivan for us is referred to in this document as the Frost & Sullivan Report. A total fee of RMB550,000 shall be paid to Frost & Sullivan for the preparation of the report, which we believe reflects market rates for reports of this type.

Frost & Sullivan is a global consulting company founded in 1961 in New York and has over 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists.

RESEARCH METHODOLOGY

The Frost & Sullivan Report was prepared through both primary and secondary research obtained from various sources using intelligence collection methodologies. Primary research involved discussing the status of the industry with certain leading industry participants across the industry value chain and conducting interviews with relevant parties to obtain objective, factual data and prospective predictions. Secondary research involved information integration of data and publication from publicly available sources, including official data and announcements from government agencies, company reports, independent research reports and data based on Frost & Sullivan's own data base.

Basis and assumptions

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the social, economic and political environment in the world and China is likely to remain stable in the forecast period; and (ii) industry key drivers are likely to drive the growth of the Global and Chinese hydrogen fuel cell industry in the forecast period. All statistics are based on the information available as at the date of the Frost & Sullivan Report, with the potential impact of the COVID-19 pandemic taken into account.

OVERVIEW OF THE HYDROGEN INDUSTRY

Analysis of the Advantages of Hydrogen Energy

Hydrogen energy is considered to be one of the cleanest, most efficient, and renewable energy sources. As an energy medium, it has the advantages of being able to have zero emissions during the energy conversion process, high efficiency, high energy density and storable on large scale, and therefore has gained more and more attention and applications in the energy field. Meanwhile, hydrogen energy is a high-quality energy source that is easy to produce and widely used. The development of hydrogen energy is of great significance to ensuring national energy security, optimizing the energy structure, promoting clean energy transformation and achieving China's goal of "carbon peaking by 2030 and carbon neutrality by 2060" in the future.

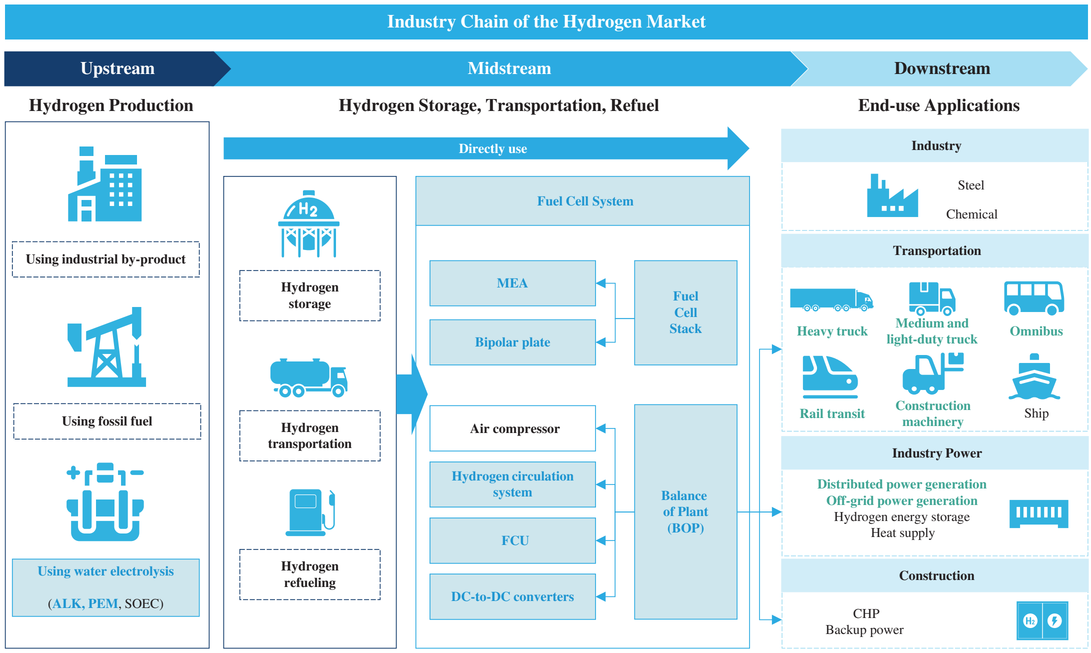
Hydrogen energy boasts several advantages compared to other energy medium, including:

- Hydrogen is extremely abundant. This abundance provides us with a wide range of possibilities and opportunities, making it possible to access hydrogen energy resources without the need for geographic restrictions.
- The hydrogen production and utilization from renewable energy is eco-friendly. Firstly, significant quantities of renewable energy sources, such as solar and wind energy, can be effectively used for hydrogen production. The utilization of these energy sources not only serves to mitigate greenhouse gas emissions but also plays a significant role in preserving the integrity of the ecological environment.
- High energy density is also one of the advantages of hydrogen. Diesel has an energy density of 45.5 megajoules per kilogram (MJ/kg), slightly lower than gasoline, which has an energy density of 45.8 MJ/kg. By contrast, hydrogen has an energy density of approximately 120 MJ/kg, almost three times of diesel or gasoline. 1 kg of hydrogen, used in a fuel cell to power an electric motor, contains approximately the same energy as a gallon of diesel.
- Hydrogen can be used in a wide range of applications. In the field of transportation, fuel cell electric vehicle ("**FCEV**") has great business potential. In industrial production, hydrogen can be used in industries such as industrial gas, synthetic ammonia and coke, which has a huge economic value. In the field of power generation and storage, the nature of large-scale, long-period energy storage of hydrogen provides a new path to address the imbalance between power supply and demand. The fuel cell power generation solution has strong competitiveness in the field of future stationary power supply. In addition, because hydrogen fuel cells can be grid-independent, they also serve as an well-recognized option to offer secure power supply for critical load functions such as data centers, telecommunications towers, hospitals and emergency response systems.
- Storable on large scale of hydrogen energy is an intrinsic part of complete energy chains, starting from energy generation to end-use. Hydrogen can be stored in above-ground containments on a large scale. For example, hydrogen produced from renewable energy can be stored for a long period and utilized or absorbed in remote locations. The possibility of scalable storage for long periods of hydrogen power provides opportunities for more convenient usage.

To fully exploit the advantage of hydrogen energy and develop the hydrogen industry, nations around the world have implemented favorable policies and regulations to standardize and support the development of hydrogen industry. Between 2016 and 2023, East Asian countries such as China, Japan, and Korea, European countries including Germany and France, Oceania countries, primarily Australia, North American countries, i.e., United States and Canada, and Middle Eastern countries such as United Arab Emirates have respectively implemented favorable policies to support the development of their hydrogen industry. In particular, China has issued a series of policies for the development of hydrogen industry. In March 2022, China issued the Medium and Long-term Plan for Hydrogen Industry (2021-2035), analyzing the current development situation of China's hydrogen industry and clarifying the strategic positioning, overall requirements, and development goals of the industry. In June 2022, China issued the 14th Five-Year Plan for the Development of Renewable Energy, promoting hydrogen production from renewable energy and promotes large-scale utilization of hydrogen produced from renewable sources. In June 2023, China issued the Blue Book on the Development of New Power Systems, which stated that the government encourages breakthroughs in key technologies applicable to renewable energy electrolysis for hydrogen production, including proton exchange membrane (PEM) and high-temperature solid oxide electrolysis. Efforts are underway to conduct research and development on critical technologies in hydrogen storage, transportation, and refueling, as well as in fuel cell equipment and system integration.

Industry Chain of the Hydrogen Market

The diagram below illustrates the industry chain of the hydrogen market:



Notes:

1. The blue-colored text represents items fall within our Group's business scope.
2. The green-colored text represents downstream applications of our Group's products.

Source: Frost & Sullivan

Upstream: hydrogen production

Based on preparation methods, hydrogen can be categorized as: (i) hydrogen produced from traditional sources (such as natural gas or coal), (ii) hydrogen produced by combining traditional sources with CCUS (Carbon Capture, Utilization, and Storage) technology, and (iii) hydrogen produced from renewable energy sources, such as water decomposition by electrolysis. The hydrogen generated through our electrolysis-based hydrogen production systems is classified as hydrogen produced from renewable energy sources.

Hydrogen produced through traditional methods currently constitutes the predominant form of hydrogen globally, accounting for approximately 95.4% of the total, measured by the sales volume of hydrogen in the global market in 2022. Nonetheless, hydrogen produced from renewable energy sources presents numerous advantages, particularly in terms of low carbon emissions and environmental sustainability. As technology progresses, the production costs of hydrogen produced from renewable energy sources are expected to decrease in the future, making it a promising growth area for the hydrogen market. For details, see "— Overview of the Hydrogen Production Industry — Definition and Methods of Hydrogen Production" in this section of this document.

Midstream: hydrogen storage, transportation and refueling

- ***Storage:*** there are three main types of hydrogen storage methods: gas, solid, and liquid. Currently, high-pressure compression is the predominant gas storage method, offering advantages such as rapid filling and discharging, straightforward container structure, and cost-effectiveness. Solid hydrogen storage is in the early stages of commercialization, while liquid hydrogen storage has not gained widespread usage in China.

- ***Transportation:*** the transportation of hydrogen varies based on storage methods, including the transportation in gas, solid, and liquid forms. Currently, the primary methods of long-distance distribution for gas hydrogen involves using long-haul trailers or pipelines. However, pipeline transportation demands significant upfront investment for construction. Liquid hydrogen can be conveyed using specialized tanks installed in trucks or ships. This method enhances transport efficiency and augments the supply capacity of hydrogen refueling stations. Solid-state hydrogen storage involves using materials to physically and chemically absorb hydrogen, storing it within solid substances. An example is magnesium-based solid-state storage, where hydrogen is stored in the form of magnesium alloy MgH_2 (magnesium hydride).
- ***Refueling:*** Among the emerging downstream applications of hydrogen, fuel cell vehicles represent the largest segment with the great growth potential. Therefore, hydrogen refueling stations have become crucial infrastructural facilities for promoting the development of the hydrogen industry.

Midstream to downstream: hydrogen fuel cell system

The hydrogen fuel cell system serves as a significant medium for the large-scale adoption of hydrogen, connecting the midstream and the downstream of the hydrogen market. For details, see "— Overview of the Hydrogen Fuel Cell Industry" of this section in this document.

Downstream: end-use applications

The end-use applications of hydrogen can be divided into two approaches. One involves applications of hydrogen through fuel cell systems in various industries, such as transportation, power generation, iron and steel, chemical and construction industries. The other category involves the direct use of hydrogen as an industrial raw material without going through hydrogen fuel cell systems. In particular, with application of hydrogen-powered fuel cell systems to undertake end-use applications, which emits only water (H_2O) and warm air, without any of harmful substances emitted from gasoline and diesel vehicles, relevant industries may effectively reduce their carbon emission footprint associated therein.

Preferential Policies and Regulations

Overseas policies

Region	Released date	Policies	Comments
East Asia . .	Jun. 2023	Japan: Hydrogen Basic Strategy	The government of Japan plans to contribute upfront investments worth 20 trillion yen in order to attract the public and private sectors to Green Transformation initiatives-related investments and achieve combined investments of 150 trillion yen or more over the next decade. Japan plans to reduce hydrogen supply cost, to 30 yen/Nm^3 by 2030 and to 20 yen/Nm^3 by 2050; and expand the number of water electrolysis equipment with Japan-made parts in them, to approximately 15GW globally by 2030.
	Nov. 2021	Korea: Basic Plan for the Implementation of Hydrogen Economy	The Korean government sets a goal to produce 27.9 million tons of low-carbon hydrogen by 2050. Hydrogen is expected to be the largest source of energy in Korea in 2050 supplying 33% of energy consumption and 24% of electricity generation in Korea.

Region	Released date	Policies	Comments
Oceania	Jul. 2023	Australia: Hydrogen Headstart	The objective of this plan is to expedite the growth of Australia's hydrogen industry, spur the development of clean energy sectors, and facilitate Australia's integration into emerging global hydrogen supply chains. This initiative aims to harness the substantial employment and investment opportunities presented by the hydrogen sector.
North America	Jun. 2023	United States: U.S. National Clean Hydrogen Strategy and Roadmap	This policy explores opportunities for low-carbon hydrogen to contribute to national decarbonization goals across multiple sectors of the U.S. economy. It provides a snapshot of hydrogen production, transport, storage, and use in the U.S. and presents a strategic framework for achieving large-scale production and use of clean hydrogen, examining scenarios for 2030, 2040, and 2050.
Europe	Dec. 2023	France: National Hydrogen Strategy	By 2030, France plans to achieve 6.5GW of low-carbon hydrogen capacity, reaching 10GW by 2035. This target will be accomplished through the country's low-carbon power mix, including nuclear or renewable power, while adhering to the principle of technological neutrality of hydrogen energy sources. From January 2023, renewable hydrogen is eligible for this program. Starting January 2024, low-carbon hydrogen is also eligible, with a subsidy of up to 4.7 euros per kilogram.
	Jul. 2023	Germany: the National Hydrogen Strategy	Germany has revised its 2030 capacity goal for domestic hydrogen production through water electrolysis, increasing it from 5GW to 10GW. The country anticipates that hydrogen imports will constitute 50-70% of the total hydrogen supply by 2030. Furthermore, Germany plans to enhance international collaboration and implement a dedicated strategy for hydrogen imports.
Middle East	Nov. 2023	United Arab Emirates (UAE): National Hydrogen Strategy	The UAE hydrogen production capacity is targeted to reach 1.4 million tons/year by 2031, including 1 million tons of hydrogen produced from renewable sources and 400,000 tons of hydrogen possessed with CCUS. The UAE government plans to set up Hydrogen Oasis to promote the development of the UAE's hydrogen industry chain in terms of policies, platforms and talents.

China national-level policies

Release Date	Issued by	Policies	Comments
Dec. 2023	National Development and Reform Commission	Guiding Catalogue for Industrial Structure Adjustment (2024)	This catalogue is an important guide for all levels of government in China to allocate resources and guide investment. This catalogue is divided into three categories: encouragement, restriction and elimination. Under this catalogue, various operations or items in relation to the hydrogen industry, including hydrogen storage, applications of hydrogen technology, hydrogen production through renewable methods, hydrogen fuel engines, etc., are categorized under the encouraged category of industries.
Jun. 2023	National Energy Administration	The Blue Book on the Development of New Power Systems	The government encourages breakthroughs in key technologies applicable to renewable energy electrolysis for hydrogen production, including proton exchange membrane (PEM) and high temperature solid oxide electrolysis. Efforts are underway to conduct research and development on critical technologies in hydrogen storage, transportation, and refueling, as well as in fuel cell equipment and system integration. By the year of 2030 the proportion of non-fossil energy consumption is targeted to reach 25%.
Mar. 2022	National Development and Reform Commission	The Medium and Long-term Plan for Hydrogen Industry (2021-2035)	This plan analyses the current development situation of China's hydrogen industry and clarifies the strategic positioning, overall requirements, and development goals of the industry. This plan proposes that by 2025 (i) the fleet of fuel cell vehicles is expected to reach approximately 50,000, with the deployment and construction of a number of hydrogen refueling stations; (ii) the target of hydrogen production from renewable energy will reach 100,000 to 200,000 tons per year, becoming a significant component of the newly added hydrogen consumption, reducing carbon dioxide emissions by 1 to 2 million tons per year.
Jan. 2022	National Development and Reform Commission, National Energy Administration	The 14th Five-Year Plan for Modern Energy System	Throughout the 14th Five-Year Plan period, there is a specific focus on achieving an annual average growth in R&D funding for energy of over 7%. It is anticipated that there will be approximately 50 breakthroughs in key technology areas, aligning with the overarching objective of reaching a non-fossil energy consumption share of 25% by 2030.

Release Date	Issued by	Policies	Comments
Nov. 2021	National Energy Administration, Ministry of Science and Technology	The 14th Five-Year Plan (FYP) on Scientific and Technological Innovation in the Energy Sector	This plan includes targets such as (i) conduct research on critical technologies for integrating, structurally designing, and precision manufacturing high-performance, long-lasting proton exchange membrane fuel cell (PEMFC) stacks, (ii) achieve breakthroughs in key solid oxide fuel cell (SOFC) technologies, master system integration optimization design, and understand operational characteristics and load response patterns, (iii) enhance critical technologies such as stack stacking and power amplification for molten carbonate fuel cells (MCFC) and acquire expertise in integrated design for molten carbonate fuel cells ranging from hundred-kilowatt to megawatt levels, and (iv) demonstrate the application of stationary fuel cell power generation and distributed energy supply in various scenarios.
Oct. 2021	State Council	Action Plan for Upgrading Carbon Dioxide Peaking Before 2030	This action plan focuses on the research and development of technical standards for hydrogen production, storage, transportation, refueling, and diversified applications of hydrogen energy, to support the development of the entire industrial chain. This action plan proposes that (i) the proportion of renewable energy in newly constructed channels shall, in principle, not be less than 50%; (ii) by 2030, the proportion of newly added vehicles powered by new energy and clean energy is expected to reach around 40%; (iii) the carbon emission intensity per unit of turnover for operational vehicles is targeted to decrease by approximately 9.5% compared to the levels in 2020; and (iv) the comprehensive energy consumption per unit of turnover for the national railway is aimed to decrease by around 10% from the levels in 2020.

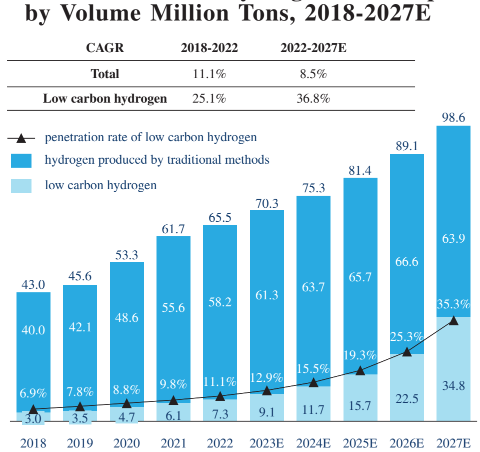
Release Date	Issued by	Policies	Comments
Oct. 2021 . .	National Development and Reform Commission, National Energy Administration, MOF, Ministry of Natural Resources, Ministry of Ecology and Environment, Ministry of Housing and Urban-Rural Development, Ministry of Agriculture and Rural Affairs, China Meteorological Administration, National Forestry and Grassland Administration	The 14th Five-Year Plan for the Development of Renewable Energy	This plan (i) promotes hydrogen production from renewable energy and promotes large-scale utilization of hydrogen, and (ii) aims to achieve a proportion of new energy-electricity consumption exceeding 70%.

China local level policies

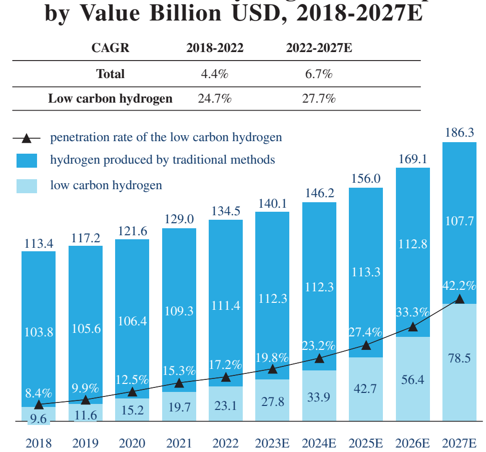
Regional governments across China have introduced various policies to facilitate the implementation of national-level policies aimed at developing the hydrogen industry. In 2023, more than 30 provinces, autonomous regions and municipalities in China issued over 200 local policies related to hydrogen energy. For example, in June 2023, Hebei Province issued the Measures of Hydrogen Industry Safety Management in Hebei Province, establishing regulations for the safe management of hydrogen production, transportation, refueling, and utilization within the province. In September 2023, Shandong Province implemented the Notice on the Pilot Demonstration and Construction of Energy Green and Low Carbon Transition, encouraging the growth of wind power, photovoltaic power generation, and nuclear energy for hydrogen production.

Market Size of Global and China Hydrogen Consumption

Market Size of Global Hydrogen Consumption, by Volume Million Tons, 2018-2027E



Market Size of Global Hydrogen Consumption[(2)], by Value Billion USD, 2018-2027E



Notes:

(1) The low-carbon hydrogen refers to hydrogen produced from renewable energy sources and hydrogen processed by CCUS technology.

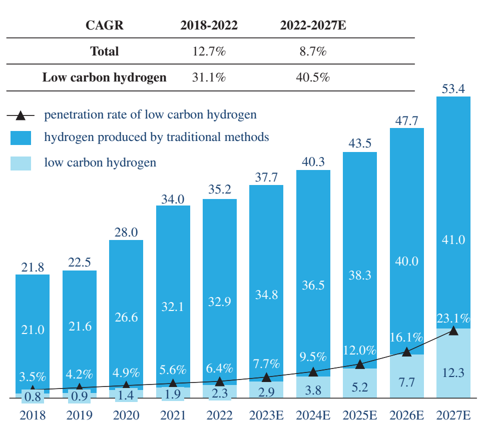
(2) The market size of global hydrogen consumption, by value, refers to the corresponding output value in various fields of global hydrogen consumption.

Source: Frost & Sullivan

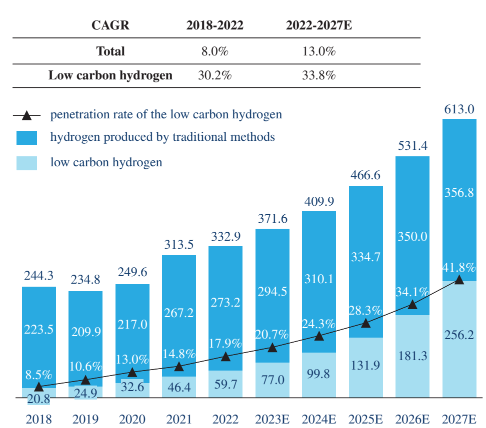
The market size of global hydrogen consumption is substantial, and increased from 43.0 million tons in 2018 to 65.5 million tons in 2022. The market size of global hydrogen consumption is expected to reach 98.6 million tons in 2027. From the supply side, as technology advances, the cost of hydrogen production, storage, and transportation will reduce in the future. From the downstream demand side, the production, storage, and transportation costs for hydrogen are decreasing with technological advancements, stimulating the demand for hydrogen. Therefore, hydrogen will remain in strong demand in the future. In particular, low-carbon hydrogen will be the trend in the context of carbon reduction. The penetration of low-carbon hydrogen will experience a great increase and the low-carbon hydrogen consumption volume will increase from 7.3 million tons in 2022 to 34.8 million tons in 2027, with a CAGR of 36.8%.

The market size of global hydrogen consumption measured by value is also substantial, increased from USD113.4 billion in 2018 to USD134.5 billion in 2022. The market size of global hydrogen consumption measured by value is expected to reach USD186.3 billion in 2027. The low-carbon hydrogen consumption measured by value will increase from USD23.1 billion in 2022 to USD78.5 billion in 2027, with a CAGR of 27.7%.

Market Size of China's Hydrogen Consumption, by Volume Million Tons, 2018-2027E(2)



Market Size of China's Hydrogen Consumption, by Value Billion RMB, 2018-2027E(3)



Notes:

(1) The low-carbon hydrogen refers to hydrogen produced from renewable energy sources and hydrogen processed by CCUS technology.

(2) The market size of China's hydrogen consumption, by volume, refers to the apparent consumption volume of hydrogen in China. (apparent consumption = current year imports - current year exports + current year production)

(3) The market size of China's hydrogen consumption, by value, refers to the corresponding output value in various fields of hydrogen consumption in China.

Source: Frost & Sullivan

The market size of China's hydrogen consumption measured by volume is substantial. In 2022, China holds approximately a 53.7% share of the global hydrogen consumption market in terms of consumption volume. The market size of China's hydrogen consumption measured by volume increased from 21.8 million tons in 2018 to 35.2 million tons in 2022 with a CAGR of 12.7%. Since 2018, China's hydrogen consumption has been driven by technological developments in the downstream petrochemical and metallurgical industries. The utilization of hydrogen as the reducing agent in the metallurgical industry has gradually become more prevalent. It is expected that the hydrogen market measured by production volume in China will reach 53.4 million tons in 2027 with a CAGR of 8.7%. In the future, low carbon hydrogen will be the trend and experience fast growth, with the consumption volume of which increasing from 2.3 million tons to 12.3 million tons with a CAGR of 40.5%.

The market size of China's hydrogen consumption measured by value is also substantial. In 2022, China holds approximately a 35.4% share of the global hydrogen consumption market in terms of consumption value. The market size of China's hydrogen consumption measure by value increased from RMB244.3 billion in 2018 to RMB332.9 billion in 2022. The market size of China's hydrogen consumption measured by value is expected to reach RMB613.0 billion in 2027. The low-carbon hydrogen consumption in China measured by value will increase from RMB59.7 billion in 2022 to RMB256.2 billion in 2027, with a CAGR of 33.8%.

Market Driver of China's Hydrogen Industry

The development of the hydrogen industry is a crucial pathway to ensure China's energy security

Energy is vital to a nation's economy. From the perspective of energy structure, China has a high external dependence on energy sources such as crude oil and natural gas, making energy transition imperative. In addition, China is a high carbon emission country. In the context of China's commitment to achieving peaking carbon emissions by 2030 and achieving carbon neutrality by 2060, hydrogen energy, as a green energy source, holds strategic significance in China's development. Hydrogen can replace some traditional energy sources in industries, construction, transportation, and other sectors, promoting the overall development and transformation of high carbon-emitting industries towards low-carbon paths. Therefore, accelerating the development of the hydrogen industry is a crucial pathway to achieve carbon peaking and carbon neutrality goals, as well as to ensure China's energy security.

The sustainable development of renewable energy generation stimulates the demand for the hydrogen industry

Driven by the combined forces of dual carbon targets and technological advancements, the costs associated with renewable energy generation are consistently decreasing, highlighting its economic viability. Consequently, in recent years, the installed capacity of renewable energy has been steadily increasing. Due to the fluctuating and intermittent nature of renewable energy sources such as wind and solar power, as well as factors like the distance between generation and consumption locations, power grids face a series of technical and economic challenges in accommodating these energy sources. The rapid development of renewable energy generation has stimulated the demand for grid integration. Hydrogen energy, being a relatively scarce form of long-duration energy storage, can assist in the large-scale integration of such renewable energy sources, enabling grid-scale peak shaving and cross-seasonal, cross-regional energy storage. For example, during periods of low electricity demand, abundant wind and solar power can be utilized for electrolysis to produce hydrogen, storing the energy in the form of hydrogen. During peak demand, the stored hydrogen can be used for power generation through hydrogen fuel cells, achieving peak load balancing through the "electricity-hydrogen-electricity" conversion. Therefore, with the continuous development of renewable energy generation, hydrogen energy, as an effective grid integration solution, is poised for rapid growth.

More favorable policies to support the growth of the industry

In response to the escalating challenge of the climate crisis, China is actively pursuing its commitment to carbon neutrality. Hydrogen energy stands as a vital element in the prospective national energy system, representing a strategic emerging industry and a key tool for China to realize its carbon neutrality objectives. In recent years, a comprehensive array of support policies for the hydrogen industry has been implemented at the national, provincial, and municipal levels, forming a well-rounded policy support system. For details, see "— Overview of the Hydrogen Industry — Preferential Policies and Regulations" under this section of this document.

Hydrogen production, storage and transportation costs are decreasing with the development of technology

A significant impediment to the development of a hydrogen industry was the high production and utilization cost of hydrogen produced from renewable energy sources. However, as various technologies continue to advance in the future, corresponding costs are expected to decrease. As the costs of producing hydrogen from renewable energy sources decrease, the hydrogen industry will see efficient growth.

In addition, there is a geological mismatch between the supply and demand of hydrogen energy in China. While the demand of hydrogen resources is much higher in the eastern and southern area of China, the supply of China's hydrogen resources is mostly located in the western and northern region in China. Therefore, efficient and low-price hydrogen storage and transportation technology is the necessary guarantee for the development of the hydrogen industry. Currently, ambient temperature high pressure hydrogen gas storage is China's most mature hydrogen storage technology. In the future, low temperature liquid hydrogen storage, organic liquid hydrogen storage, and solid hydrogen storage will continue to develop, aiming to achieve low-cost and efficient hydrogen storage. In terms of transportation, the currently technically mature and economically feasible transportation method is primarily gaseous hydrogen transport. With the expansion of the hydrogen industry, the cost of hydrogen transport will keep reducing.

Future Trend Analysis of China's Hydrogen Industry

Transition from policy-driven to market-driven

The hydrogen industry in China is transitioning from being primarily influenced by policies to being more market-driven. Recent technological advancements along the industry chain have led to a gradual reduction in the cost of hydrogen production. The hydrogen industry's reliance on policies is expected to decrease as technological progress and market competition become the driving forces behind its development. On the production side, the decreasing cost of hydrogen production is influenced by the lower cost of industrial by-product hydrogen and the downward trend in wind and solar electricity prices. Breakthroughs in pipeline and liquid hydrogen transport have addressed large-scale transportation challenges, reducing the overall transportation cost of hydrogen. Additionally, the localization and scale production of core equipment are contributing to a decrease in refueling costs. As the different segments of the industry chain progress together, the economic viability of hydrogen is becoming increasingly apparent, marking a shift from policy-driven to market-driven development.

The cost of producing hydrogen from renewable energy sources is expected to decline while its penetration rate will increase

The main costs of producing hydrogen from renewable energy sources are electricity and equipment depreciation. Therefore, reducing electricity prices and electrolysis equipment costs are the two key factors for achieving the industrialization and scalable production of such hydrogen. In recent years, the cost of renewable energy generation has further decreased, and the large-scale and modular development of electrolysis cells has lowered their prices, contributing to the overall reduction of costs of producing hydrogen from renewable energy sources. With additional requirements for carbon reduction, the proportion of hydrogen produced from traditional methods is expected to decline continuously, and the penetration rate of hydrogen produced from renewable sources will continue to increase.

The integrated projects of "generating electricity through renewable energy sources – electrolysis – downstream consumption with hydrogen fuel cells" will be involved in the future trend

The future trend is also expected to involve integrated projects that combine renewable energy generation, electrolysis for hydrogen production, and downstream consumption in fuel cells. Common hydrogen application areas include regions with abundant renewable energy resources and high local demand for hydrogen. In such areas, hydrogen is produced through electrolysis using renewable energy, and the produced hydrogen is used for fuel cells in vehicles, providing a solution for local hydrogen-powered transportation. Alternatively, in areas with significant demand for large-scale, long-term flexible grid adjustments, hydrogen can be produced through electrolysis using renewable energy. When electricity is needed, hydrogen fuel cells can be used for distributed power generation. Leveraging the conversion technology of power-hydrogen-power, the advantages of hydrogen as a long-term and large-capacity energy storage can be harnessed. In addition, in the case of excess electrical energy, the surplus portion can be converted into hydrogen, and hydrogen can be further processed into ammonia and alcohol, providing expanded capacity for hydrogen consumption. In the future, the development of the "electricity-hydrogen-ammonia alcohol" is also expected to be involved in the future trend.

Overview of the Hydrogen Fuel Cell Industry

Definition and the structure of Proton-exchange Membrane Fuel Cells (PEMFC)

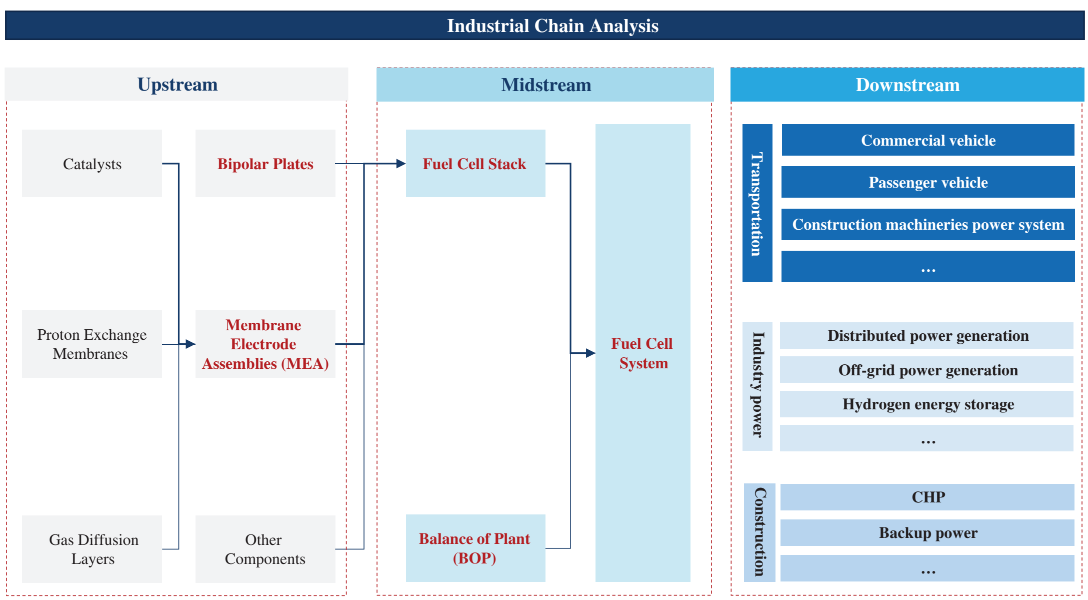
A hydrogen fuel cell is a power generation device that directly converts its chemical energy into electrical energy through the reaction of hydrogen and oxygen. Because hydrogen energy has the advantages of high heating value and zero carbon emission, hydrogen fuel cells can be used as an ideal power generation device. Based on the different internal electrolytes of the membrane electrode assembly, there are various types of hydrogen fuel cells. Here we will focus on PEMFC and the hydrogen fuel cells mentioned in this section refers to PEMFC only.

A PEMFC mainly comprises fuel cell stack and balance of plant (BOP). The fuel cell stack is the key component of the hydrogen fuel cell system, responsible for the managing and controlling the reaction site of converting chemical energy into electrical energy. It comprises bipolar plates, membrane electrode assemblies (MEAs) and other components, such as gasket. BOP, referring to the modules and components of a fuel cell system excluding the fuel cell stack, mainly includes the air compressor and hydrogen circulation system.

The Industrial Chain Analysis

Hydrogen fuel cell industry players can be categorized into following three sectors based on their business operations within the industry value chain:

- **Upstream.** The upstream of the fuel cell industry are manufacturers of key components of the fuel cell system. The key components mainly include MEA, bipolar plates, proton exchange membranes (PEM), catalyst and gas diffusion layers.
- **Midstream.** The midstream players are system integrators, responsible for the research, development and integration of the key components and systems and selling fuel cell systems to the downstream enterprises.
- **Downstream.** The downstream application mainly focuses on the fields of FCEV, ships, aviation, and stationary power.



Note: products circled in red are those produced by our Group.

Source: Frost & Sullivan

Upstream Analysis

The key components of the fuel cell industry mainly include MEA, bipolar plates, PEM, catalysts and gas diffusion layers.

- **MEA** . . . . Membrane electrode assemblies (MEAs) are the core site responsible for providing the conversion reaction of fuel chemical energy to electrical energy, which determines the power density, and service life of the overall hydrogen fuel cell.

For its proper functioning, MEA depends on key components, including PEM, catalyst, and gas diffusion layer (GDL). PEM serves as the core material in the MEA, functioning to supply ion channels for protons and isolate the reacting gases at the cathode and anode. The catalyst functions by decomposing hydrogen and oxygen in the electrochemical reaction, thereby generating an electric current. GDL supports the membrane electrode assemblies, collects electric current, conducting gas, and manages the reaction water (gas) and heat.

- **Bipolar Plate** . . . Bipolar plate is a key component of the fuel cell. The main role is to support the MEA, uniformly distribute hydrogen, oxygen, and coolant fluid. It also helps separate hydrogen and oxygen, collect electrons, and conduct heat. Categorized by material types, bipolar plates are classified into three categories: graphite bipolar plates, metal bipolar plates, and composite bipolar plates. The performance of the bipolar plate significantly influences the dimensions, power output, and lifespan of the fuel cell stack. Under the same conditions, the service life of metal bipolar plates is less than half of graphite bipolar plates. In addition, graphite bipolar plates have long service life, stable performance, and good performance, but the cost is higher and the size is larger.

Midstream Analysis

The midstream players are system integrators, which can be categorized into following two groups:

- Companies that have their origins in the fuel cell system, where the leading industry players include us. These companies have been focusing on system integration technology in the early stage of their business, purchasing key components from upstream suppliers and assembling them into fuel cell systems for sale to downstream market players. Driven by the rapid development of the market, midstream traditional integration players have begun to lay out the hydrogen fuel cell as the core technology, and extend to the upstream manufacturing of key components, and downstream operation and service. Some of the top players, such as us, have already possessed the ability to independently produce core modules, such as fuel cell stacks, by actively developing their own fuel cell stack technology. Among such top players, we have obtained the ability to independently produce key components of fuel cell stacks including MEA, bipolar plates, and hydrogen recycling system.
- Cross-industry players, such as some of the large domestic automotive enterprises are actively engaged in research and development, achieving localization of the fuel cell system engine and the entire fuel cell vehicles.

Downstream Analysis

As a completely clean and non-polluting energy solution, hydrogen fuel cell has abundant downstream application scenarios in the context of carbon neutrality. The primary application of hydrogen fuel cells in China is currently in the field of FCEV. FCEVs are extensively utilized in large commercial vehicles, including freight-heavy trucks and buses, being significant sources of carbon emissions in today's society. Additionally, fuel cells are progressively finding applications in other transportation sectors such as ships, rail vehicles, and aviation.

Hydrogen fuel cell applications cover a wide range of transportation vehicles, providing a powerful carbon reduction and zero-carbon solution for the world. In addition, in view of the excellent power storage performance of hydrogen fuel cells, stationary power supply, and portable power supply are also highly potential application scenarios in the future.

The scenarios below are listed in accordance with the level of commercialization.

- **Commercial Vehicle** . . The main application scenario of domestic fuel cell systems is commercial vehicles. FCEV boasts powerful performance, with significantly longer operational time and mileage compared to electric cars, along with enhanced safety features. Currently, the main demonstration applications of fuel cell commercial vehicles are concentrated in the fields of logistics, buses, etc. Benefiting from industrial subsidies and national support policies, China has taken a leading position in the implementation of hydrogen fuel cells within commercial vehicles, notably in buses and logistics, outpacing other application scenarios. Furthermore, in regions with low-price hydrogen, the scalability of hydrogen-heavy trucks has increased. It is expected that by 2027, heavy-duty trucks integrating hydrogen fuel cells will reach cost parity.

- **Stationary Power** . . . . Stationary power includes all fuel cells operating in a fixed position as the main power source (power station), standby power source or cogeneration, such as distributed power generation and waste heat supply, etc. They are mainly used for commercial, industrial and residential power generation. With growing emphasis on hydrogen energy from both the government and the market, stationary power demonstration projects based on hydrogen fuel cell technology will continue to grow.

- **Construction Machinery** . . . . Construction machinery, such as forklifts, cranes, mining trucks, and concrete mixers, also serve as important downstream applications for fuel cell systems. For example, hydrogen fuel cell forklifts is primarily utilized in efficiently handling materials over short distances in both indoor and outdoor fixed locations, typically within a 1-kilometer radius. Positioned within the framework of the "dual carbon" initiative, hydrogen fuel cell forklifts emerge as an attractive alternative to internal combustion forklifts. They offer compelling advantages, including zero pollution emissions, environmental sustainability, swift refueling, resilience in low temperatures, robust power, and consistent output. As technology matures and costs decline, such applications become a preferable choice, particularly in demanding operational scenarios involving heavy loads, low temperatures, and extended durations.

- **Passenger Vehicle** . . . . Given their advantageous position in driving technological advancements and a larger user base, passenger vehicles are able to provide sustained and robust momentum for the long-term development of fuel cell vehicles. The early demonstration and operation of commercial vehicles will catalyze a pioneering effect, fostering collaborative progress across the entire fuel cell industry chain and yielding favorable factors such as cost reduction. In recent years, propelled by policy initiatives and other favorable conditions, China's market for fuel cell passenger cars has begun to take shape.

- **Ship** . . . . Utilizing hydrogen fuel cell technology in ships not only achieves high energy efficiency and zero emissions but also enhances the overall comfort of vessels, presenting an ideal green propulsion system for maritime transport. As of October 2023, China's first hydrogen fuel cell-powered demonstration ship, the "Three Gorges Hydrogen Boat 1" completed its maiden voyage.

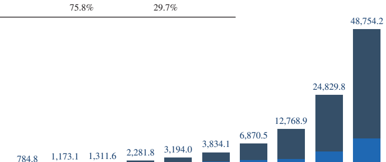
- **Rail Transit** . . . . The hydrogen fuel cell power system enables trains to operate independently of the overhead line traction power system, reducing infrastructure investments. Additionally, it offers advantages such as low noise, minimal pollution, and a long lifespan.

- **Aviation** . . . . The application of fuel cells in aviation primarily concentrates on drones and aviation vehicles. Hydrogen, used as a fuel, enhances the net thrust output of the engine and reduces the fuel consumption rates. The integration of a fuel radiator enhances engine performance, highlighting substantial potential for hydrogen fuel cells in the aviation industry.

Global and China's Market Size of Hydrogen Fuel Cell Systems

Market Size of Global Hydrogen Fuel Cell Industry, by Sales Volume MW, 2018-2027E

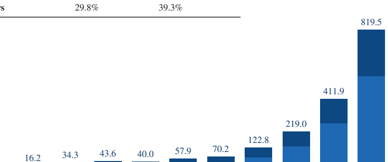
CAGR	2018-2022	2022-2027E
Total	42.0%	72.5%
Transportation	42.4%	68.1%
Stationary Power	40.7%	84.0%
Others	75.8%	29.7%



	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Total	784.8	1,173.1	1,311.6	2,281.8	3,194.0	3,834.1	6,870.5	12,768.9	24,829.8	48,754.2
Transportation	585.0	921.0	1,012.0	1,965.0	2,406.9	2,798.4	4,910.9	8,830.0	16,792.9	32,302.2
Stationary Power	198.9	247.5	292.5	313.2	778.5	1,016.5	1,933.0	3,920.1	8,012.8	16,420.5
Others	0.9	4.6	7.1	3.6	8.6	19.2	26.7	18.8	24.2	31.6

Market Size of Global Hydrogen Fuel Cell Industry, by Sales Value 100 Million USD, 2018-2027E

CAGR	2018-2022	2022-2027E
Total	37.6%	69.9%
Transportation	24.6%	54.1%
Stationary Power	73.2%	84.0%
Others	29.8%	39.3%



	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Total	16.2	34.3	43.6	40.0	57.9	70.2	122.8	219.0	411.9	819.5
Transportation	13.1	17.5	19.9	25.5	31.5	35.6	57.5	87.9	145.0	274.3
Stationary Power	2.9	15.6	23.2	14.1	25.7	33.5	63.8	129.3	264.3	541.6
Others	0.2	1.2	0.4	0.4	0.7	1.1	1.5	1.8	2.6	3.7

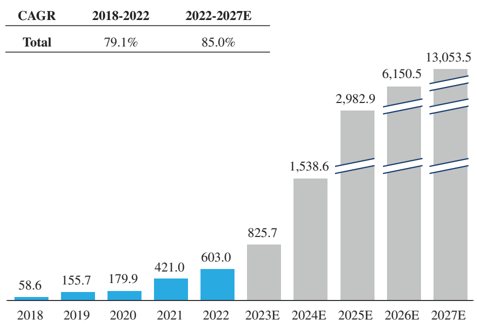
Note: stationary power refers to distributed generation, combined heat and power ("**CHP**"), and other stationary prime power.

Source: Frost & Sullivan

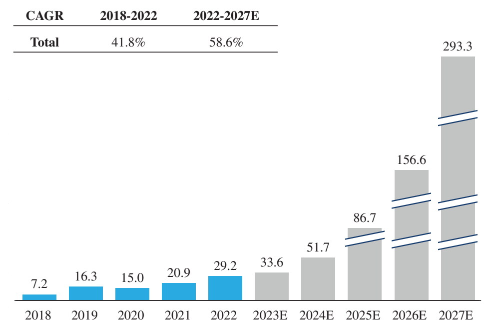
Globally, the hydrogen fuel cell sales volume has increased from 784.8MW in 2018 to 3,194.0 MW in 2022, growing at a CAGR of 42.0%. Now transportation and stationary power are the two largest segments in the downstream application scenarios of hydrogen fuel cells globally, accounting for 75.4% and 24.4% respectively in 2022. FCEV is the main driver, but as the hydrogen fuel cell market continues to develop, stationary power and other transportation sectors will gradually commercialized. According to forecasts, the global hydrogen fuel cell market will reach 48,754.2MW by 2027, with an expected CAGR of 72.5% from 2022 to 2027.

The market size of global hydrogen fuel cell industry measured by sales value has reached USD5.8 billion in 2022, growing at a CAGR of 37.6% since 2018. In 2022, transportation and stationary power are the two largest segments in the downstream applications of the hydrogen fuel cells globally, accounting for 54.4% and 44.4% respectively. It is expected that the global hydrogen fuel cell industry measured by sales value will reach USD82.0 billion in 2027.

Market Size of China's Hydrogen Fuel Cell Industry, by Sales Volume MW, 2018-2027E



Market Size of China's Hydrogen Fuel Cell Industry, by Sales Value 100 Million RMB, 2018-2027E



Source: Frost & Sullivan

In 2022, China holds approximately a 18.9% share of the global fuel cell system market in terms of sales volume. In the same year, the sales volume of China hydrogen fuel cell system has reached 603.0MW, with a CAGR of 79.1% from 2018 to 2022. As China's strategic approach to decarbonization is gradually landing, investment in hydrogen industry is increasing, and the hydrogen industry is moving towards commercialization. With the technology development and the scale effect, the cost of fuel cell systems will be reduced in the future, stimulating downstream demand. It is expected that the sales volume of the China fuel cell system will reach 13,053.5 MW in 2027.

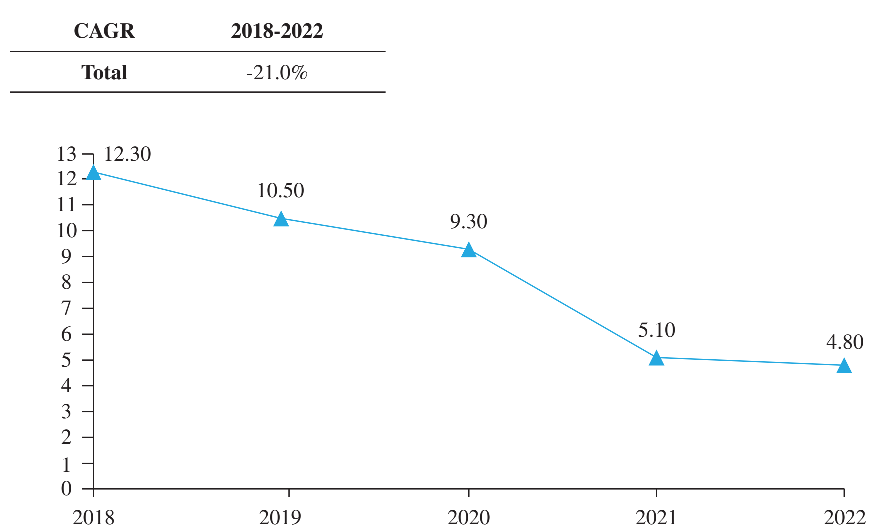
The market size of China's hydrogen fuel cell industry measured by sales value grew from RMB0.7 billion in 2018 to RMB2.9 billion in 2022, with a CAGR of 41.8%. It is expected that China's hydrogen fuel cell industry measured by sales value will reach RMB29.3 billion in 2027.

Price Analysis of Hydrogen Fuel Cell Systems in China

Price Analysis of Hydrogen Fuel Cell Systems

The price of hydrogen fuel cell systems decreased from RMB12.3 thousand/kW in 2018 to RMB4.8 thousand/kW in 2022, with a CAGR of -21.0%. This decline was primarily driven by the advancement of material technology and manufacturing process, the localization of key components and the emergence of economies of scale.

Average Price of Hydrogen Fuel Cell Systems in China, 2018-2022, Thousand RMB/kW

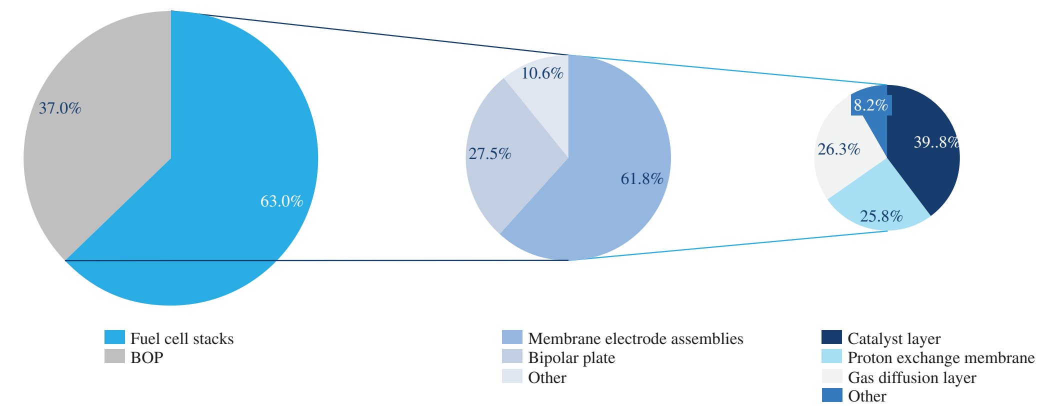


Source: Frost & Sullivan

Cost Structure and Analysis of Hydrogen Fuel Cell Cost Reduction Paths

Cost Structure of Hydrogen Fuel Cell System's Key Components

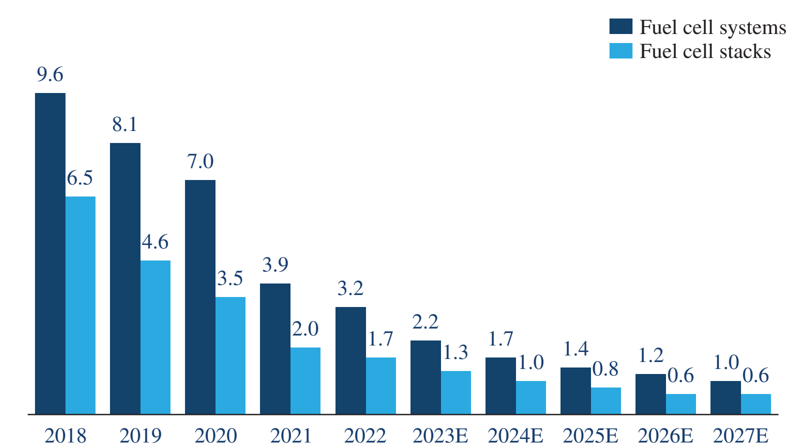
Cost Structure of Hydrogen Fuel Cell System's Key Components



Source: Frost & Sullivan

Taking the single stack assembly of a single hydrogen fuel cell system as an example, the fuel cell stack occupies about 63.0% of the cost of the fuel cell system and is the key component of the fuel cell system. Within the fuel cell stack, the bipolar plate accounts for about 27.5% of cost of the fuel cell stack, and the membrane electrode assemblies account for about 61.8% of cost of the fuel cell stack. In the structure of membrane electrode assemblies, the catalyst is the largest cost item, accounting for about 39.8% of the overall cost of membrane electrode assemblies.

Cost Analysis of Fuel Cell System and Stacks in China
Thousand RMB/kW, 2018-2027E

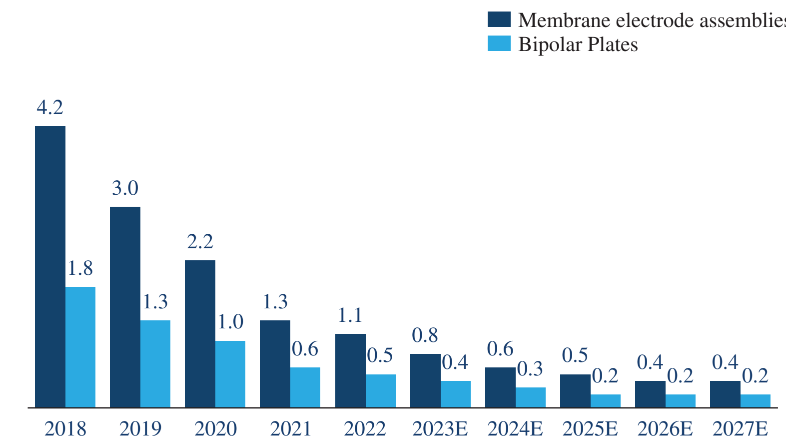


Source: Frost & Sullivan

The cost of fuel cell system has decreased from RMB9.6 thousand/kW to RMB3.2 thousand/kW from 2018 to 2022. It is expected that the cost of the fuel cell system will decrease to RMB1.0 thousand/kW by 2027. The cost reduction of fuel cell systems primarily stems from technological advancement, economies of scale, and the localization of key components.

The cost of the fuel cell stack has decreased from RMB6.5 thousand/kW to RMB1.7 thousand/kW from 2018 to 2022. It is expected that the cost of the fuel cell stack will decrease to RMB0.6 thousand/kW by 2027. The cost reduction stems from technological advancements, process innovations, and the domestication of critical components, such as MEA and bipolar plates. With the cost reduction of fuel cell system and fuel cell stack, the cost of hydrogen vehicles is expected to significantly decrease, thereby enhancing the commercialization rate of downstream applications for hydrogen energy.

Cost Analysis of Membrane Electrode Assemblies and Bipolar Plates in China
Thousand RMB/kW, 2018-2027E



Source: Frost & Sullivan

The cost of membrane electrode assemblies has decreased from RMB4.2 thousand/kW to RMB1.1 thousand/kW from 2018 to 2022. It is expected that the cost of membrane electrode assemblies will decrease to RMB0.4 thousand/kW by 2027. The membrane electrode assembly consists of PEM, catalyst, gas diffusion layer, and other important components.

The cost of bipolar plate has decreased from RMB1.8 thousand/kW to RMB0.5 thousand/kW from 2018 to 2022. It is expected that the cost of bipolar plates will decrease to RMB0.2 thousand/kW by 2027. At present, domestic bipolar plate enterprises are expanding their production in graphite bipolar plate, and the cost reduction brought by the scale effect will directly drive down the overall cost.

Analysis of Fuel Cell Cost Reduction Paths

- ***Technological Progress***

Two primary approaches may be pursued to achieve cost reduction. Firstly, companies could undertake a systematic optimization of system design to identify opportunities for cost reduction. This entails streamlining the system and reactor structure through the exploration of component reduction, with a specific focus on elements like diffusion layers. Secondly, cost reduction can be achieved by enhancing technical capabilities in critical materials and components. This involves advancing the localization of proton exchange membranes, reducing platinum loading in catalysts, and innovating catalyst structures to enhance catalytic activity. The concerted efforts in both of these directions have the potential to significantly decrease the overall costs associated with fuel cell systems.

- ***Localization***

With the formulation of China's policy on independent research and development of all fuel cell components, China's hydrogen fuel cell market has progressively attained full localization of crucial components, including membrane electrode assemblies and bipolar plates. Currently, the PEM, gas diffusion layer, and catalyst layer have undergone preliminary commercialization attempts. Further localization efforts will contribute to reducing the overall production costs.

- ***Scale Effect***

The cost of hydrogen fuel cell components can be mitigated through the large-scale production of various parts. In the initial development stages, companies experienced relatively high production costs. However, as these companies expanded their production volumes by commercializing their products over the years, the overall production costs have decreased. This scale production effect is particularly pronounced in critical components like membranes, bipolar plates, catalysts, and others.

Future Trend Analysis of China's Hydrogen Fuel Cell Industry

- ***As the power output meets the requirements of application scenarios such as heavy trucks, hydrogen fuel cell technology is directed towards achieving improved reliability, extended lifespan and reduced costs***

As heavy-duty trucks emerge as the future trend in the commercialization of FCEV, there is a notable shift towards prioritizing high-power hydrogen fuel cells in hydrogen fuel cell development. Since 2022, various hydrogen fuel cell companies have successively introduced hydrogen fuel cells with power outputs exceeding 200 kW. Technological advancements, process innovations, and the domestication of critical components are paving the way for cost reduction in hydrogen fuel cell production. Moreover, the utilization of advanced materials and improved production methods is anticipated to contribute to longer life and heightened reliability of hydrogen fuel cells.

- ***The application of hydrogen fuel cell systems in the stationary power generation will experience rapid growth***

In the future, transportation and stationary power generation will continue to be the two main applications for hydrogen fuel cell systems. As transportation undergoes widespread promotion, the technological maturity of hydrogen fuel cells is expected to experience significant advancement. Concurrently, hydrogen fuel cell stationary power generation is anticipated to find application in various scenarios based on distinct needs. Fields such as off-grid power generation, CHP, backup power, and others are experiencing rapid growth.

- ***Optimized costs drive the growth in demand***

With the advancement of material technology, manufacturing process, localization of key components, and scale effect, the cost of fuel cell systems will continue to show a downward trend in the future, and the procurement cost of fuel cell commercial vehicle manufacturers will be significantly reduced. Lower costs will accelerate the overall life cycle cost parity of downstream applications. Profit-driven hydrogen fuel vehicle operators will have a stronger willingness to purchase, and the demand side of hydrogen fuel cells will continue to grow.

Competitive Landscape of China's Hydrogen Fuel Cell Industry

From 2020 to 2022, the market size of hydrogen fuel cell system market in terms of power output of systems sold in China was approximately 1,049.2MW, of which the top five companies accounted for approximately 87.1% of the total market size. From 2020 to 2022, the total power output of hydrogen fuel cell systems sold by us was 320.7MW, with a market share of 26.6%, ranking the first in the industry. We also ranked the first in the hydrogen fuel cell system market in China, in terms of the total power output of sold hydrogen fuel cell systems that have been used for heavy-duty trucks in 2022, with a market share of 25.9%.

Ranking of top five fuel cell system providers in terms of total power output of fuel cell systems sold in China
MW, 2020-2022

Ranking	Company	Sales Volume	Market Share
1	Our Group	320.7	26.6%
2	Company A[1]	255.1	21.2%
3	Company B[2]	226.6	18.8%
4	Company C[3]	186.8[5]	15.5%
5	Company D[4]	~60.0	5.0%

Notes:

(1) Company A, established in Beijing in 2012, is a national high-tech enterprise that integrates the research, development, and industrialization of hydrogen energy and fuel cells. It is currently listed on the SEHK.

(2) Company B, established in 2015 and headquartered in Jiaxing, Zhengjiang province, focuses on the development of fuel cells and is currently listed on the SEHK.

(3) Company C, established in 2018 and headquartered in Shanghai, is a high-tech enterprise specializing in the research and development, design, manufacture, sales, and engineering services of fuel cell stacks, systems, and core components. It is currently in the process of applying for an A-share listing.

(4) Company D, established in Qingdao, Shandong province in 2020, has built three product series: fuel cell power systems, fuel cell stationary power generation, and electrolyzed water hydrogen production equipment. It is committed to providing a full range of hydrogen energy services.

(5) The sales volume of Company C is subject to the disclosure and updates in its A-share draft prospectus.

Source: Frost & Sullivan

Ranking of top five fuel cell system providers in terms of total power output of sold hydrogen fuel cell systems that have been used for heavy-duty trucks in China
MW, 2022

Ranking	Company	Power Output	Market Share
1	Our Group	96.0	25.9%
2	Company A	90.9	24.5%
3	Company B	82.3	22.2%
4	Company D	30.0	8.1%
5	Company E[(1)]	18.8	5.1%

Note:

(1) Company E, established in Shenzhen, Guangdong province in 1994, is primarily involved in the research, development, production, and sales of chemical power supply, new energy storage, power batteries, and fuel cells. It is currently listed on the Shenzhen Stock Exchange.

Source: Frost & Sullivan

Ranking of top five fuel cell system providers in terms of auto insurance volume of FCEV sold in China
Unit, 2022

Ranking	Company	Auto Insurance Volume	Market Share
1	Our Group	529	23.5%
2	Company B	508	22.5%
3	Company A	501	22.2%
4	Company E	142	6.3%
5	Company F[(1)]	114	5.1%

Notes:

(1) Company F, established in 2017 and based in Shenzhen, Guangdong province, focuses on the hydrogen fuel cell technology, and the development and production of internationally competitive hydrogen fuel cell systems, electric stacks, membrane electrode assemblies and other key components.

(2) In this ranking, the double-counting method is used to calculate the same model corresponding to multiple system manufacturers.

Source: Frost & Sullivan

Ranking of top five fuel cell system providers in terms of accumulated mileage of FCEV powered by fuel cell systems sold in China
Million Kilometers

Ranking	Company	Accumulated Mileage
1	Our Group	168
2	Company A	~120
3	Company B	~50
4	Company C	~40
5	Company D	~20

Note: The figure of accumulated mileage in the chart above is up to September 30, 2023.

Source: Frost & Sullivan

Favorable Policies for Hydrogen Fuel Cell Industry in China

The table below outlines the policies implemented by five fuel cell vehicle demonstration city clusters:

Demonstration city-clusters	Leading city	Cities involved	Policies and Launch time	Main points
Shanghai Demonstration City Cluster	Shanghai	• Jiangsu: Suzhou and Nantong • Zhejiang: Jiaxing • Shandong: Zibo • Ningxia: Ningdong Chemical Base • Inner Mongolia: Ordos	Notice on Carrying out Fuel Cell Vehicle Demonstration Applications <Dec. 2021>	• The price of hydrogen energy for automobiles is expected to undergo a substantial reduction, with the final selling price not surpassing RMB35/kg. The promotion scale for vehicles meeting the technical specifications is targeted to exceed 1,000 vehicles. Additionally, the plan includes the construction and operation of more than 15 hydrogen refueling stations.
Beijing-Tianjin-Hebei Demonstration City Cluster	Beijing	• Tianjin: Binhai New Area • Hebei: Tangshan and Baoding • Shandong: Binzhou and Zibo	Notice on Conducting Applications for the Beijing Fuel Cell Vehicle Demonstration and Application Project 2021-2022 <Apr. 2022>	• Hydrogen-powered vehicles need to achieve a mileage of over 7,500 kilometers in the first year and exceed 12,500 kilometers annually for the following three years. Additionally, the proportion of hydrogen-driven mileage within the demonstration city cluster should be above 80%.

Demonstration city-clusters	Leading city	Cities involved	Policies and Launch time	Main points
Guangdong Demonstration City Cluster	Foshan	• Guangdong: Guangzhou, Shenzhen, Zhuhai, Dongguan, Zhongshan, Yangjiang, Yunfu • Inner Mogolia: Baotou • Anhui: Lu'an • Shandong: Zibo • Fujian: Fuzhou	Action Plan for Accelerating the Construction of Fuel Cell Vehicle Demonstration City Clusters (2022-2025) <Aug. 2022>	• Support production of main components such as fuel cell stack, MEA, bipolar plates, PEM, catalyst, carbon paper, air compressor, and hydrogen circulation system. At the end of the demonstration period, the eight main components should be ranked in top five in China. • Realize the goal of promoting over 10,000 fuel cell vehicles, with an annual hydrogen supply capacity exceeding 100,000 tons. Establish more than 200 hydrogen refueling stations, and reduce the retail price of automotive hydrogen to below 30 RMB/kg.
Henan Demonstration City Cluster	Zhengzhou	• Henan: Xinxiang, Kaifeng, Anyang, Luoyang, Jiaozuo • Ningxia • Hebei: Zhangjiakou, Baoding, Xinji • Shandong: Yantai, Zibo, Weifang • Guangdong: Foshan • Shanghai: Jiading District, Fengxian District, Lingang section of Shanghai Pilot Free Trade Zone	Medium- and Long-Term Plan for the Development of Hydrogen Industry in Henan Province (2022-2035) <Aug. 2022>	• The application fields of hydrogen energy are expected to expand. By 2025, the promotion of more than 5,000 various types of FCEVs is anticipated, with the automotive hydrogen supply capacity expected to reach 30,000 tons/year. The terminal selling price of hydrogen is expected to be reduced to less than RMB30/kg, and the proportion of low-carbon hydrogen is expected to increase.
Hebei Demonstration City Cluster	Zhangjiakou	• Hebei: Tangshan, Baoding, Handan, Qinhuangdao, Dingzhou, Xinji, Xiong'an New Area • Hubei: Wuhan • Shanghai: Fengxian District • Henan: Zhengzhou • Shandong: Zibo, Liaocheng	Several Measures of Zhangjiakou to Support the Construction of Fuel Cell Vehicle Demonstration City <Jul. 2022>	• Support production of main components such as fuel cell stack, MEA, bipolar plates, PEM, catalyst, carbon paper, air compressor, and hydrogen circulation system. • Supporting enterprises engaging in transportation services with fuel cell vehicles, incentives will be provided for vehicles meeting the average hydrogen mileage condition per vehicle (≥7,500 kilometers per year, exceeding 30,000 kilometers in 4 years). For hydrogen fuel cell-powered small and large passenger vehicles, light and medium-duty trucks, and heavy-duty trucks, each vehicle will be eligible for an annual incentive of RMB20,000, RMB30,000, RMB30,000, and RMB50,000, respectively. A municipal financial allocation of 10 million RMB will be coordinated to establish a comprehensive supervision platform for fuel cell vehicles in urban clusters.

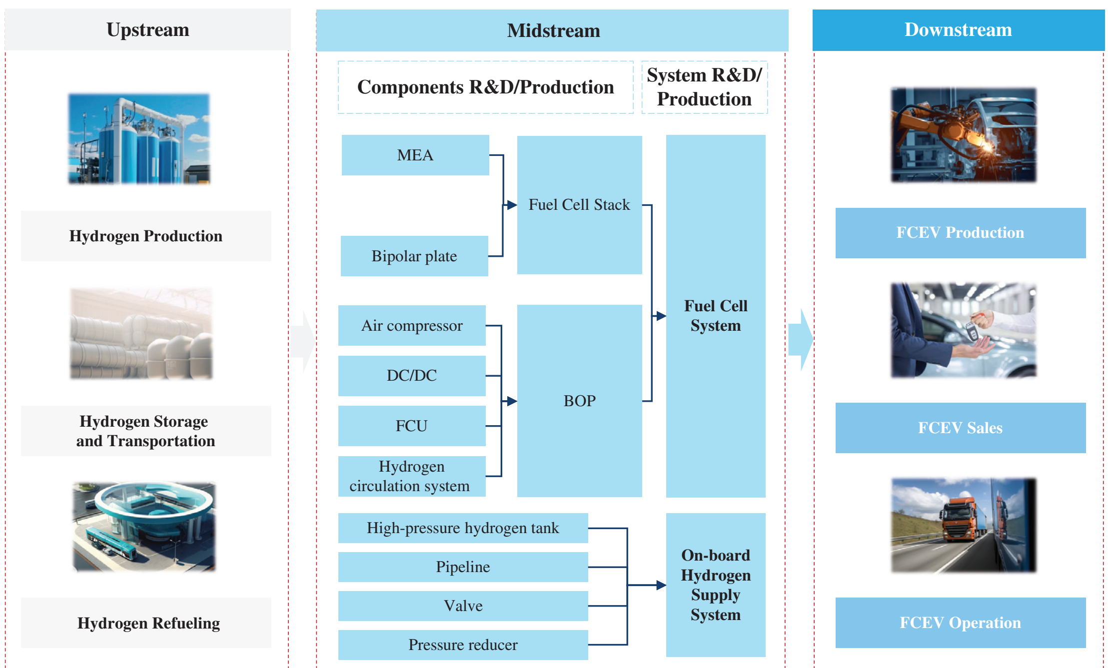
In addition to the above policies implemented in the demonstration application city clusters, many other provinces and cities have implemented incentive policies for hydrogen fuel cell industry in China. In 2023, nearly a hundred relevant policies were introduced in non-demonstration cities in China.

OVERVIEW OF THE FUEL CELL ELECTRIC VEHICLE INDUSTRY

Definition and Importance of Fuel Cell Electric Vehicle

FCEV is a non-polluting vehicle that generates electric power through the reaction between high pressure hydrogen stored in onboard hydrogen tanks and oxygen extracted from ambient air in a fuel cell system. Since the electric power required for FCEVs comes from the electrochemical reaction between hydrogen and oxygen, the by product of the energy generation process is only pure water, and ultra fine dust can be removed from the environment during operation, FCEVs are gaining significant attention as an ecologically friendly mode of transportation for the future.

Industry Chain of the FCEV Industry



Source: Frost & Sullivan

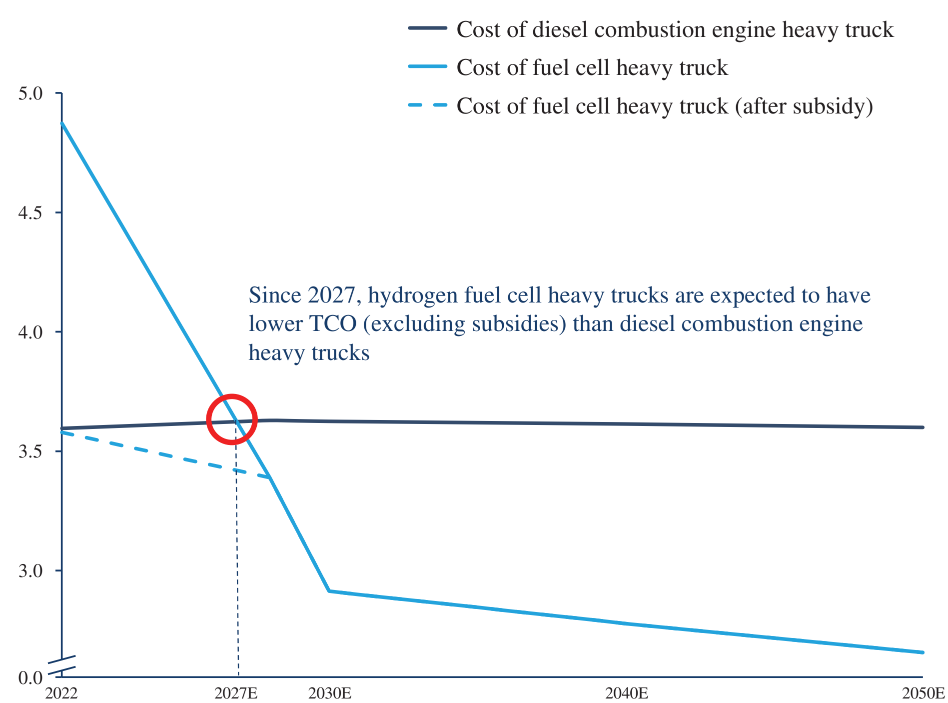
Analysis of the Advantages of Fuel Cell Electric Vehicle

Metric	Fuel cell electric vehicle	Electric vehicle	Fuel-driven vehicle
Mechanical system	Fuel cell systems	Lithium battery	Internal combustion engine
Filling material	Hydrogen	Electricity	Gasoline or diesel
Safety	Risks arise mainly from hydrogen storage and hydrogenation processes	Risks mainly come from the battery system, where it is difficult to balance high-quality power density with safety	Not applicable
Low-temperature performance	-30°C low ambient temperature self-activation -40°C low-temperature storage	Conventional lithium batteries cannot be recharged in low ambient temperatures below -20°C and can lose up to approximately 30% of their range	Below -18°C require high-performance engine lubricants, inlet cryogenic preheaters, and high-energy auxiliary machinery

Metric	Fuel cell electric vehicle	Electric vehicle	Fuel-driven vehicle
Environmental protection	Reduce or zero carbon emissions	Pollution partially transferred upstream	Emissions of greenhouse gases such as CO_2, CO, SO_2, etc.
Mileage	Relatively long, 400-800 kilometers	Limited, 200-400 kilometers	Relatively long, approximately 500 km
Energy conversion rate	40-60%	Not applicable	30-40%
Infrastructure for refilling/charging services	Hydrogen station, filling time: 3-15min	Charging port, filling time: 30 min to 8 hours on average	The gas station, filling time: 5-10min
Field of application	Medium and long-distance, heavy transportation	Short- and medium-distance transportation	Universally applicable
Fuel energy density	~12kWh/kg	~0.2Wh/kg	Not applicable
Load Capacity	Lightweight, small battery to vehicle weight, high cargo capacity per unit	Heavy, batteries account for a large portion of the vehicle's weight, low cargo capacity per unit	Not applicable
Noise generation	The simple power structure, close to noiseless	Generate noise, but less than conventional fuel-driven vehicles	Loud noise

Advantages of Fuel Cell Heavy Truck

Total Cost of Ownership (TCO) of China Heavy Truck, by Value, by Type
Million RMB, 2022, 2027E, 2030E, 2040E, 2050E



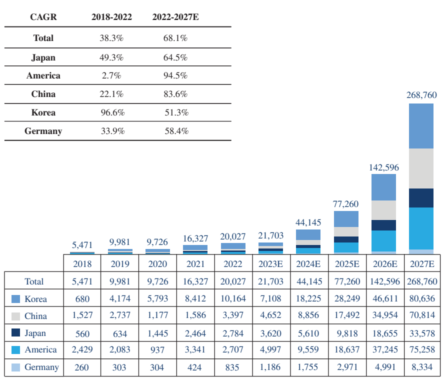
Source: Frost & Sullivan

Both fuel cell heavy trucks and electric heavy trucks are alternatives to diesel combustion engine heavy truck. However, electric heavy trucks encounter difficulties competing with traditional diesel combustion engine heavy truck and fuel cell heavy trucks in areas such as range, overall vehicle load capacity, and cargo space, particularly in long-distance heavy-load scenarios. Moreover, their performance is significantly affected in low-temperature conditions, rendering them unsuitable for long-distance heavy-load freight transport. As a result, when comparing the TCO for heavy trucks, we focus solely on diesel combustion heavy trucks and fuel cell heavy trucks. If fuel cell heavy trucks demonstrate a favorable TCO, it becomes feasible to replace diesel combustion engine-heavy trucks on a scalable basis with fuel cell heavy trucks.

In 2022, the total cost of ownership for hydrogen fuel cell heavy-duty trucks, post government subsidy, was lower than that of traditional energy heavy-duty trucks. Since 2027, hydrogen fuel cell heavy trucks are expected to have lower TCO (excluding subsidies) than diesel combustion engine heavy trucks. Looking ahead to 2050, a significant reduction in the cost of hydrogen fuel cell heavy-duty trucks is expected due to the scale effect and advancements in hydrogen fuel cell system technology. The life cycle cost is expected to decrease to RMB2.66 million.

Market Size of Fuel Cell Electric Vehicles

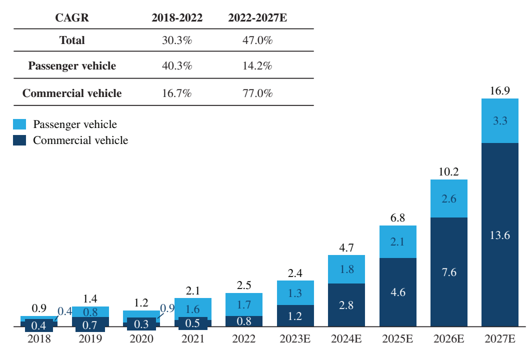
Market Size of Global Fuel Cell Electric Vehicle, by Sales Volume, by Country Unit, 2018-2027E



CAGR	2018-2022	2022-2027E
Total	38.3%	68.1%
Japan	49.3%	64.5%
America	2.7%	94.5%
China	22.1%	83.6%
Korea	96.6%	51.3%
Germany	33.9%	58.4%

	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Total	5,471	9,981	9,726	16,327	20,027	21,703	44,145	77,260	142,596	268,760
Korea	680	4,174	5,793	8,412	10,164	7,108	18,225	28,249	46,611	80,636
China	1,527	2,737	1,177	1,586	3,397	4,652	8,856	17,492	34,954	70,814
Japan	560	634	1,445	2,464	2,784	3,620	5,610	9,818	18,655	33,578
America	2,429	2,083	937	3,341	2,707	4,997	9,559	18,637	37,245	75,258
Germany	260	303	304	424	835	1,186	1,755	2,971	4,991	8,334

Market Size of Global Fuel Cell Electric Vehicle, by Sales Value, by Type Billion USD, 2018-2027E



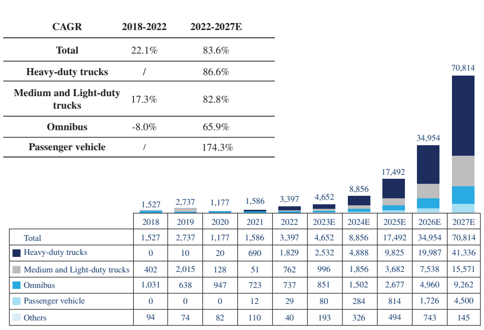
CAGR	2018-2022	2022-2027E
Total	30.3%	47.0%
Passenger vehicle	40.3%	14.2%
Commercial vehicle	16.7%	77.0%

Source: Frost & Sullivan

Global fuel cell vehicle sales reached 20,027 units in 2022. From 5,471 units in 2018 to 2022 scale, the industry as a whole has grown rapidly, with a CAGR of 38.3%. In addition, with the further increase in investment in the hydrogen fuel vehicle industry in various countries, the overall global fuel cell vehicle market size is expected to reach 268,760 units by 2027, with a CAGR of 68.1%, forming a trend of gradually replacing fossil fuel vehicles.

The global fuel cell vehicle market size reached USD2.5 billion in 2022, and the global fuel cell vehicle market has grown at a CAGR of 30.3% since it developed at USD0.9 billion in 2018. With the active deployment of countries for the clean energy vehicle market, the fuel cell vehicle market is expected to reach a size of USD16.9 billion by 2027, with an overall CAGR of up to 47.0%.

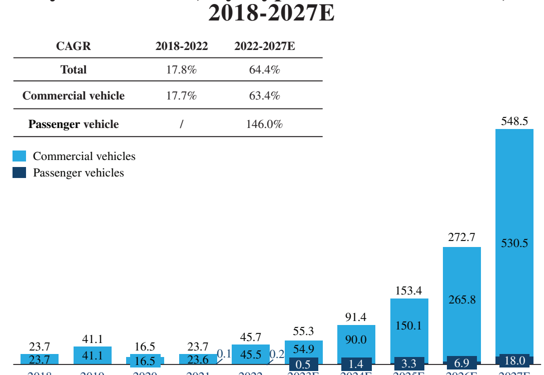
Market Size of China Fuel Cell Electric Vehicle, by Sales Volume, by Type Unit, 2018-2027E



CAGR	2018-2022	2022-2027E
Total	22.1%	83.6%
Heavy-duty trucks	/	86.6%
Medium and Light-duty trucks	17.3%	82.8%
Omnibus	-8.0%	65.9%
Passenger vehicle	/	174.3%

	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Total	1,527	2,737	1,177	1,586	3,397	4,652	8,856	17,492	34,954	70,814
Heavy-duty trucks	0	10	20	690	1,829	2,532	4,888	9,825	19,987	41,336
Medium and Light-duty trucks	402	2,015	128	51	762	996	1,856	3,682	7,538	15,571
Omnibus	1,031	638	947	723	737	851	1,502	2,677	4,960	9,262
Passenger vehicle	0	0	0	12	29	80	284	814	1,726	4,500
Others	94	74	82	110	40	193	326	494	743	145

Market Size of China Fuel Cell Electric Vehicle, by Sales Value, by Type 100 Million RMB, 2018-2027E



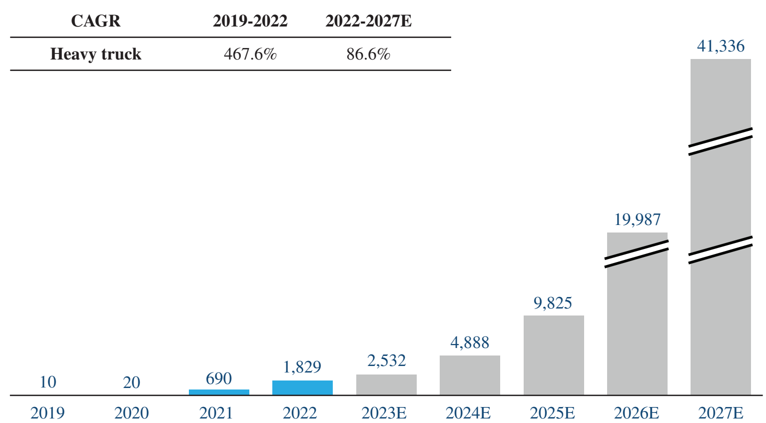
CAGR	2018-2022	2022-2027E
Total	17.8%	64.4%
Commercial vehicle	17.7%	63.4%
Passenger vehicle	/	146.0%

Source: Frost & Sullivan

In 2022, China holds approximately a 17.0% share of the global fuel cell electric vehicles market in terms of sales volume. From 2018 to 2022, the overall fuel cell vehicle market in China grew from 1,527 units in 2018 to 3,397 units in 2022, representing a CAGR of 22.1%. The government has vigorously promoted establishing hydrogen energy demonstration zones and cities since 2021. Therefore, driven by strong policy support, continuous breakthroughs in core tech, improved infrastructure, and a further reduction in production costs, with further acceleration of market development and the gradual popularization of passenger cars, the production of fuel cell vehicles will gradually form a scale effect. It is expected that China's fuel cell vehicle sales will increase to 70,814 units in 2027.

In 2022, China holds approximately a 26.5% share of the global fuel cell electric vehicle market in terms of sales value. China's fuel cell vehicle market size grew from RMB2.37 billion in 2018 to RMB4.57 billion in 2022, with a CAGR of 17.8%. The fuel cell vehicle market is expected to reach a size of RMB54.85 billion by 2027, with a CAGR of 64.4%.

Market Size of China Fuel Cell Heavy Truck, by Sales Volume Unit, 2019-2027E



Source: Frost & Sullivan

China's fuel cell heavy truck sales volume is 1,829 units in 2022 and is expected to be 41,336 units in 2027, with a CAGR as high as 86.6%. Combined with its rising penetration rate in the overall domestic automobile market, the fuel cell heavy truck market is growing rapidly, and the development strategy of fuel cells mainly applied to heavy-duty trucks is promising in the future, with good prospects.

Future Trends of China's Fuel Cell Electric Vehicle Industry

- ***The Promotion of Fuel Cell Electric Vehicle is Transitioning from Policy-driven to Market-driven***

In the short term, incentive policies play a crucial role in propelling the development of the fuel cell electric vehicle industry. However, in the medium to long term, the widespread adoption of fuel cell electric vehicles will gradually shift away from dependence on policy subsidies and expand from demonstration city clusters to non-demonstration cities. The extensive adoption of fuel cell electric vehicles depends largely on the Total Cost of Ownership (TCO). When the TCO of fuel cell electric vehicles becomes lower than that of traditional fuel vehicles, they become a viable alternative.

The TCO of fuel cell electric vehicles is primarily composed of purchase costs and energy usage costs. Advancements in fuel cell technology are continuously reducing the purchase price of fuel cell electric vehicles. In addition, progress in upstream production, storage, transportation and refueling, and technology is lowering the terminal price of hydrogen, consequently reducing the energy usage costs of these vehicles. Given these cost reduction factors, the current industry trend is to promote fuel cell electric vehicles in regions abundant in low-price hydrogen resources, with a primary focus on areas with rich industrial by-product hydrogen resources. Taking into account the current status of technological development, industrial by-product hydrogen represents a low-cost method of hydrogen production. Promoting fuel cell electric vehicles in these regions translates to lower energy consumption costs and a reduced TCO, making them more economically competitive compared to traditional fuel vehicles. For instance, in Shanxi province, where chemical enterprises such as coke plants, steel mills, and chlor-alkali plants are concentrated, there exists a robust industrial foundation for industrial by-product hydrogen. From the supply side, fuel cell electric vehicles in these regions provide businesses with lower transportation costs, and from the demand side, industries in low-price hydrogen regions, particularly chemical enterprises, exhibit a demand for long-distance transportation, precisely the downstream application area where fuel cell electric vehicles targeted to. In China, as of 2022, there are over one million heavy trucks utilized in bulk cargo transportation scenarios. Consequently, the future market for fuel cell electric vehicles will gradually expand into regions with low-price hydrogen, eventually replacing traditional fuel vehicles. Even in scenarios where future policy subsidies diminish, fuel cell electric vehicles continue to possess extensive application scenarios and can maintain a high growth rate.

- ***Diversification is expected to continue in FCEV application***

Following the commercial application in omnibuses and logistics, the future utilization of FCEV is anticipated to broaden into various fields. With ongoing technological advancements and cost reductions in hydrogen energy and fuel cell systems, the expansion is expected to encompass rail transportation and passenger vehicles on specific routes, intercity logistics, intercity passenger transportation, and other sectors. Taking into account the variations in the energy structure across different regions, FCEVs and electric vehicles are poised for long-term coexistence, complementing each other's market applications.

Since fuel cell electric vehicles and pure electric vehicles can form complementary energy sources between them, utilize their respective advantages in different scenarios, and avoid their shortcomings, it is expected that the coexistence mode will be maintained for a long period in the future.

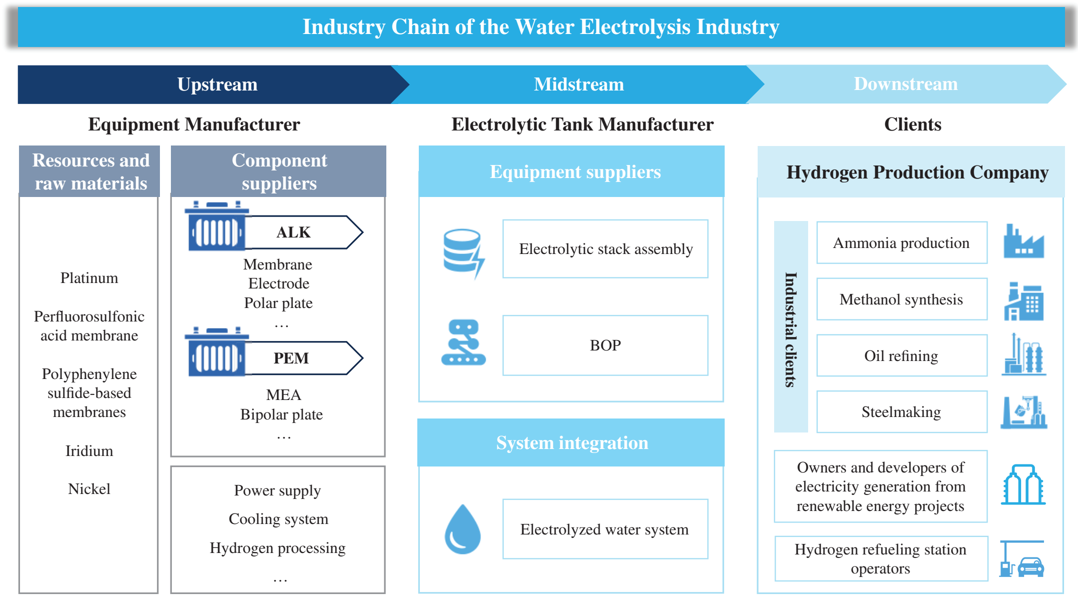
OVERVIEW OF THE HYDROGEN PRODUCTION INDUSTRY

Definition and Methods of Hydrogen Production

Based on preparation methods, hydrogen can be categorized as: (i) hydrogen produced from traditional sources (such as natural gas or coal), (ii) hydrogen produced by combining traditional sources with CCUS (Carbon Capture, Utilization, and Storage) technology, and (iii) hydrogen produced from renewable energy sources, such as water decomposition by electrolysis.

Currently, China has the world's highest hydrogen production, with more than 35 million tons of hydrogen production in 2022, representing 37% of the global hydrogen production volume in the same year. However, hydrogen preparation is still dominated by non-renewable hydrogen production methods from raw materials such as coal. Hydrogen produced from renewable energy sources presents numerous advantages, particularly in terms of low carbon emissions and its capacity for large-scale, long-term storage. In the future, as China's hydrogen production technology advances, the cost of producing hydrogen through renewable energy sources will continue to decrease, and the price of hydrogen energy is expected to be further optimized, accelerating the consumer penetration of hydrogen energy and improving China's energy structure. Hydrogen produced from renewable energy sources is primarily produced through the method of water electrolysis. As per the Hydrogen Energy Alliance's forecast, China is anticipated to contribute 15% of globally produced hydrogen from renewable sources by the year 2030.

Industry Chain Analysis of the Water Electrolysis Industry



Source: Frost & Sullivan

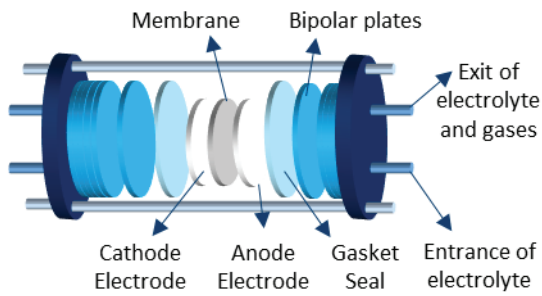
The main principle of hydrogen production by water electrolysis is that water molecules are dissociated under the action of direct current to produce oxygen and hydrogen, which are precipitated from the anode and cathode of the electrolyze respectively. Depending on the diaphragm material of the electrolyze, it can be categorized into Alkaline Water Electrolysis (ALK), Proton Exchange Membrane (PEM) Water Electrolysis, High Temperature Solid Oxide Electrolysis (SOEC) and anion exchange membranes (AEM).

Currently, ALK and PEM are the primary methods for producing hydrogen through water electrolysis. ALK's materials and components involve relatively lower research and development complexities, leading to cost-effective manufacturing and early commercial adoption. On the other hand, PEM, while posing greater technical challenges, offers faster response times and adaptability to fluctuating power sources. Given the increasing use of renewable energy, PEM has become a mainstream choice for electrolytic hydrogen production. Other technologies, such as SOEC and AEM, face higher technical complexities and are in the early stages of commercialization. In the future, as technology advances, SOEC and AEM may gain a larger market share in the hydrogen production industry.

Operating Principle of ALK

ALK is the most mature water electrolysis technology. The basic principle: KoH and other alkaline aqueous solution works as the electrolyte, and non-woven fabrics (fluorine-containing or fluorine-chlorine polymers) works as a diaphragm. Under the action of direct current, the water electrolysis generates hydrogen and oxygen, which is precipitated in the cathode and anode of the electrolytic cell. The system of ALK equipment is relatively complex, mainly including an electrolysis tank, pressure regulating valve, lye filter, lye circulating pump, lye preparation and storage device, hydrogen purification device, gas detection device, and other modules. ALK hydrogen production technology is mature, but problems such as lye loss, corrosion, high energy consumption, taking more floor space, and so on exist.

Structure of an ALK Electrolyser



Source: Frost & Sullivan

Main Components of an ALK Electrolyser

Below are the main components of an ALK electrolyser:

- ***Electrodes***

  Electrodes act as the most important part in an ALK electrolyser, primarily because they determine current density and decides the ability of hydrogen production. The use of better materials in electrode production results in higher electric density, leading to increased hydrogen production volume. To ensure optimal performance, alkali-resistant and high-temperature-resistant materials with a large surface area are required.

- ***Membrane***

  Membrane prevents the mixture of hydrogen and oxygen in an ALK electrolyser. The stability of the membrane determines the service life of the ALK electrolyser. To ensure the performance of a membrane, it is required to prevent hydrogen and oxygen molecules from passing through the membrane but allow electrolyte ions to pass through. Therefore, the membrane should be made from materials resistant to corrosion in high concentrations of lye, possess good mechanical strength, and have high membrane porosity.

- ***Gasket seal***

  Gasket seal is designed for the purpose of realization of insulation between plates in an ALK electrolyser. Its performance impacts gas yield, stability and the service life of the plates and membrane.

- ***Polar plates and stage frame***

  Polar plates and stage frame supports electrodes and membrane, ensuring conductivity in an ALK electrolyser. Its performance depends on its resistance to corrosion in lye.

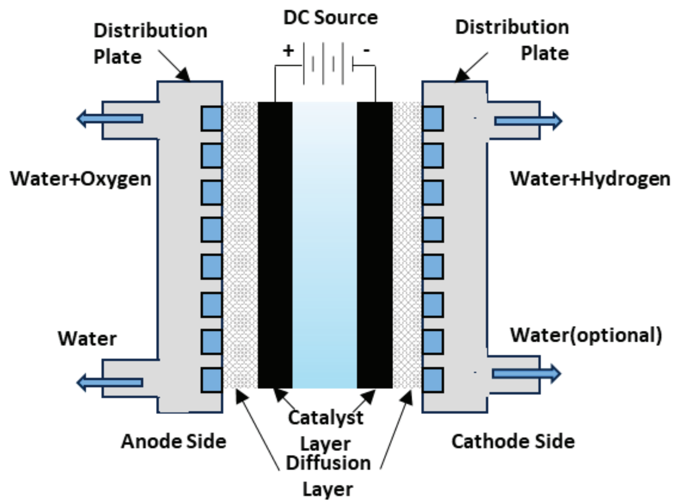
In addition, the hydrogen generation power supply in the hydrogen generation module changes the voltage level of the input electrical energy. Then the electric energy is transferred to the subsequent electrolyser to produce hydrogen. It is required to ensure the stable operation of the electrolyser. Therefore, the stable operation of the hydrogen production power supply is the key factor to ensure the high purity and high efficiency of hydrogen produced.

Other components involve control system, gas-liquid separation system, purification system, lye system, water supply system, cooling and drying system, affiliate system. Among fuel cell players, only a few have the ability to develop main components for ALK electrolyser, including but not limited to us.

Operating Principle of PEM

PEM is currently in the early stages of marketization, and its main components include a membrane with proton exchange capability and cathode and anode catalytic layers tightly connected to each side of the membrane. In contrast to ALK, PEM electrolysis uses a proton exchange membrane as the solid electrolyte instead of the diaphragm and alkaline electrolyte. Moreover, it utilizes pure water as the feedstock for hydrogen production, avoiding potential alkali contamination and corrosion issues. Fuel cell companies that expand their business scope to PEM electrolysers have certain advantages, because PEM electrolyser and fuel cell have similar structure, their main components such as membrane and catalyst have resemblance.

Structure of a PEM Electrolyser



Source: Frost & Sullivan

Main Components of PEM Electrolyser

The main components of a PEM electrolyser include membrane electrode assembly, bipolar plate, end plate, and power supplier. End plate stations components, guide electricity transformation and distributes water and air. Power suppliers convert AC power to a stable DC power source.

- **Membrane Electrode Assembly** . . A membrane electrode assembly (MEA) is an assembled stack of PEM, catalyst, and flat plate electrode used in fuel cells and electrolysers.

  (i) *Diffusion layer*: facilitate the transfer of gas and liquid;

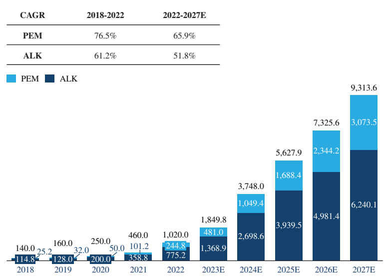
  (ii) *Catalyst layer*: the three-phase interface consisting of catalyst, the electron-conducting medium, and the proton-conducting medium. Catalyst is the core of the electrochemical reaction; and

  (iii) *Proton-exchange membrane*: as a solid electrolyte, perfluorosulfonic acid (PFSA) membranes are generally used to isolate the cathode and anode gases, prevent the transfer of electrons, and transfer protons. It is crucial to electrolyser since it could enhance current density.

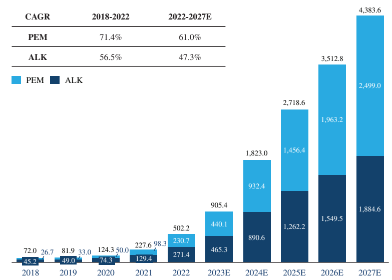
- **Bipolar plates** . . . . . A bipolar plate is a key component of proton exchange membrane with multifunction character. Serving as an integral component, it plays a crucial role in supporting both the membrane electrode assembly and the gas diffusion layer. Bipolar plates, positioned at the anode and cathode sides, converge hydrogen and oxygen, subsequently channeling both gases for output. Critical attributes for bipolar plates encompass high mechanical stability, chemical resilience, low hydrogen permeability, and heightened conductivity.

Global and China's Market Size of Electrolyser

Market Size of Global Electrolyser Industry, by Volume, by Type MW, 2018-2027E



Market Size of Global Electrolyser Industry, by Shipment Value, by Type Million USD, 2018-2027E



Source: Frost & Sullivan

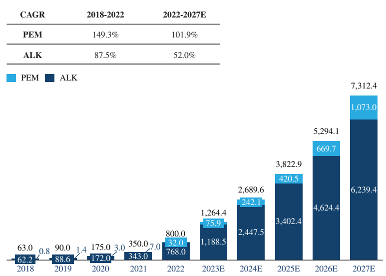
Benefiting from the significant expansion of downstream application scenarios of hydrogen, the hydrogen production industry kept growing. To achieve the carbon peaking and carbon neutrality goal, electrolysis hydrogen production will become the mainstream trend in the future. In 2022, the global electrolyser shipment volume has reached 1,020.0 MW with a CAGR of 64.3% from 2018 to 2022. In the future, as technology advances and supportive policies are landing, it is expected that the shipment volume will reach 9,313.6 MW, with a CAGR of 55.6% from 2022 to 2027.

PEM and ALK are two major hydrogen production methods. Each method has its own advantages. In 2022, ALK shipment volume reaches 775.2 MW while PEM shipment volume reaches 244.8 MW. Due to the technology complexity and the high cost, PEM shipment volume is lower than ALK. However, considering that PEM has the advantages of over current density and hydrogen purity, the market share of PEM will increase in the future. Meanwhile, PEM responds swiftly with a wide adjustment range, making it compatible with the passive characteristics of renewable energy electricity. It is expected that the shipment volume of PEM will increase from 244.8 MW to 3,073.5 MW at a CAGR of 65.9%. The shipment of ALK will increase from 775.2 MW to 6,240.1 MW at a CAGR of 51.8%.

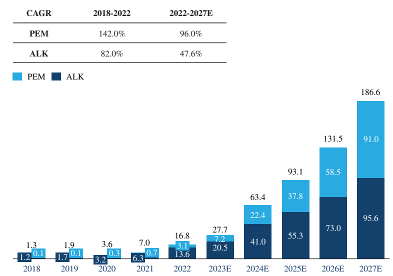
In 2022, the global Electrolyser market value has increased from USD72.0 million in 2018 to USD502.2 million in 2022 with a CAGR of 62.5%. In the future, as the hydrogen production industry develops and technology in relation to the producing hydrogen from renewable energy sources matures, the penetration rate of water electrolysis will increase. Therefore, in the future, the Electrolyser market will keep growing. It is expected that the market value will reach USD4,383.6 million in 2027.

PEM electrolyzers are more expensive than ALK electrolyzers. This is primarily attributed to PEM's dependence on precious metals such as iridium, platinum, titanium, etc., for electrodes and catalysts. The market size of PEM has increased from USD 26.7 million in 2018 to USD 271.4 million in 2022, reflecting a CAGR of 71.4%. In comparison, the market size of ALK has grown from USD 45.2 million to USD 271.4 million, showing a CAGR of 56.5%. Given that PEM holds competitive advantages over ALK, the penetration rate of PEM is expected to rise in the future. Projections indicate that the value of PEM will increase from USD 230.7 million to USD 2,499.0 million at a CAGR of 61.0%. Meanwhile, the shipment value of ALK is anticipated to increase from USD 271.4 million to USD 1,884.6 million at a CAGR of 47.3%.

Market Size of China Electrolyser Industry, by Shipment Volume, by Type MW, 2018-2027E



Market Size of China Electrolyser Industry, by Shipment Value, by Type 100 million RMB, 2018-2027E



Source: Frost & Sullivan

In 2022, China holds approximately a 78.4% share of the global electrolyser market in terms of shipment volume. In China, ALK is far more popular than PEM, because the technology of ALK is more mature than PEM. There are quite a few players in China dedicated to the ALK industry. In 2022, ALK shipment volume reaches 768.0 MW while PEM shipment volume reaches 32.0 MW. It is expected that in the future, domestic PEM technology will break through the technical bottleneck and thus, the shipment volume will experience an increase. Based on the forecast, the shipment volume of PEM will increase from 32.0 MW to 1,073.0 MW at a CAGR of 101.9% from 2022 to 2027. The shipment volume of ALK will increase from 768.0 MW to 6,239.4 MW at a CAGR of 52.0% from 2022 to 2027.

Due to the immaturity of the technology and the scarcity of raw material, such as ridium, platinum, titanium, PEM Electrolyser made in China is more expensive than in foreign countries. The shipment value of PEM has increased from RMB10 million to RMB310 million with a CAGR of 142.0% from 2018 to 2022. The shipment value of ALK has increased from RMB0.1 billion to RMB1.4 billion with a CAGR of 82.0% from 2018 to 2022.

In 2022, China holds approximately a 47.7% share of the global electrolyser market in terms of shipment value. It is expected that the shipment value of PEM will increase from RMB0.3 billion to RMB9.1 billion at a CAGR of 96.0% from 2022 to 2027. The shipment value of ALK will increase from RMB1.4 billion to RMB9.6 billion at a CAGR of 47.6% from 2022 to 2027.

Future Trend of China's Hydrogen Production Industry

- ***Emergence of Water Electrolysis Technology as the Long-Term Mainstream***

Water electrolysis hydrogen production technology has unparalleled superiority for several reasons. Firstly, it refrains from using fossil fuels and avoids the production of harmful gases. Secondly, the purity of the product gas is consistently high, typically exceeding 99.7%. Additionally, the technology has reached a mature stage, and both the process and equipment involved are simple. Moreover, there is a high level of automation, adopting micro-computer control to ensure stable and reliable operations. With the maturation of water electrolysis technology and its economic feasibility, it is expected to develop into the mainstream of hydrogen production technology in the long term. Furthermore, the utilization of small-size hydrogen production machines for domestic use, scientific research and healthcare areas is emerging as a new trend in hydrogen production industry.

- ***Development of Hydrogen Produced from Renewable Energy Sources***

Hydrogen produced from renewable energy sources represents the most favorable form of hydrogen production, especially considering its low-carbon footprint. However, it currently faces constraints posed by technological barriers and relatively high costs, and the realization of large-scale applications will require time. While the production of hydrogen from renewable energy sources demands relatively higher water resources, it's essential to note that hydrogen production from traditional methods also relies on water supplies. Technological advancements are expected to enhance the cost efficiency and resource conservation of such production, thereby making such hydrogen's advantages more apparent. The future of hydrogen production through renewable energy sources is anticipated to be one of the most effective approaches to increase the proportion of renewable energy applications and construct a clean, low-carbon, secure, and efficient energy system.

- ***Addressing Curtailment in Hydro, Wind, and PV Power Generation through Hydrogen Production using Renewable Energy***

China's hydropower, wind power, and photovoltaic power generation have characteristics such as randomness, volatility, and intermittency. Due to the difficulty in accurately predicting power generation, it can lead to a certain degree of energy waste. Hydrogen storage can enable the smooth operation of the power system through the mutual conversion between hydrogen energy and electrical energy. When there is surplus electricity, excess energy can be stored through hydrogen production using water electrolysis technology. When electricity output is insufficient, the stored hydrogen can be utilized in fuel cells to generate power and feed back into the grid system. This effectively addresses the challenges of renewable energy integration and grid stability, enhancing the efficiency of the transmission network and energy utilization.

This section sets out a summary of the most significant aspects of laws and regulations in the PRC which are material to our business operations.

REGULATIONS RELATING TO FOREIGN INVESTMENT

The establishment, operation and management of our PRC companies are governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated on 29 December 1993 and latest amended on 26 October 2018. Pursuant to the Company Law of the PRC, foreign-invested companies are also regulated by the PRC Company Law, unless foreign-investment related laws are provided otherwise.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was promulgated on 15 March 2019 and came into effect on 1 January 2020, sets out the regulatory framework for foreign investments and pursuant to which (i) foreign natural persons, enterprises or other organizations (collectively, the "**foreign investors**") shall not invest in any sector forbidden by the negative list for access of foreign investment, (ii) for any sector restricted by the negative list, foreign investors shall conform to the investment conditions provided in the negative list, and (iii) sectors not included in the negative list shall be managed under the principle of treating domestic investments and foreign investments equally. It, together with its implementation rules, also sets forth necessary mechanisms to facilitate, protect and manage foreign investments and proposes to establish a foreign investment information report system where foreign investors or foreign-funded enterprises shall submit investment information to the competent departments of commerce through the enterprise registration system and the enterprise credit information publicity system.

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

According to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》) promulgated on 27 December 2021, our business does not fall under such categories where foreign investment is restricted or prohibited.

According to the Catalogue of Encouraged Industries for Foreign Investment (Edition 2022) (《鼓勵外商投資產業目錄(2022年版)》), which was promulgated on 26 October 2022 and came into effect on 1 January 2023, manufacturing of hi-tech green batteries is listed as encouraged industry for foreign investment in China.

REGULATIONS RELATING TO OUR INDUSTRY AND PRODUCTS

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》) promulgated by the SCNPC on 1 November 1997 and latest amended on 26 October 2018, the State encourages the development, production and use of energy saving and environmentally friendly cars, motorbikes, railway locomotives, ships and other transport vehicles, and implements the elimination and upgrading system to old transport vehicles. In addition, the State encourages the development, expansion and use of clean fuels and petroleum alternative fuels by transport vehicles.

According to Energy Development in China's New Era (《新時代的中國能源發展》) released by State Council Information Office in December 2020, China has picked up its pace in developing industry chains in the production, storage, transport and application of green hydrogen, hydrogen-fuel cells, and hydrogen-powered vehicles.

According to the Development Plan for the New Energy Vehicle Industry (2021-2035) (《新能源汽車產業發展規劃(2021-2035年)》), which became effective on 20 October 2020, the PRC government will focus on building up the hydrogen fuel supply chain and promote the pilot programs of commercial application of fuel cell in vehicles.

According to the Action Plan for Carbon Dioxide Peaking Before 2030 (《2030年前碳達峰行動方案》) promulgated on 24 October 2021, the State Council proposes to actively expand the application of new and clean energy in transportation, such as hydrogen power, and to boost construction of infrastructure such as hydrogen refueling station through an orderly approach, and to promote the low-carbon transformation of transport vehicles and equipments, such as the use of heavy cargo trucks fueled by electricity, hydrogen fuel and liquefied natural gas.

On 23 March 2022, the NDRC and the National Energy Administration issued the Medium and Long-term Development Plan for Hydrogen Industry (2021-2035) (《氫能產業發展中長期規劃(2021-2035年)》, the "Plan"), which sets the goals for the development of hydrogen industry in the next fifteen years, including (i) by 2025, the industry participants in China will possess core technologies and master the manufacturing process, there will be around 50,000 fuel cell vehicles on the road, a number of hydrogen refueling stations will be constructed, and the hydrogen production from renewable energy will reach 100,000 – 200,000 tons/year to achieve carbon emission reduction of one million to two million tons/year, (ii) by 2030, China will have a relatively complete hydrogen industry with a technology innovation support system and a hydrogen production from clean energy and supply system, and (iii) by 2035, an industrial ecology of hydrogen energy with diversified application scenarios will be formed, and the proportion of hydrogen energy production from renewable energy in the total energy consumption will increase significantly. In addition, the PRC government provided several key measures to promote the development of the hydrogen industry in the Plan, which includes (i) building technology innovation system for the hydrogen industry, including focusing on building an industry-wide platform to support technology innovations, continuously improving core technical capabilities, and building a team of professionals, (ii) coordinating the construction of hydrogen energy infrastructure, including constructing hydrogen production facilities based on local conditions, and steadily building a storage and transportation system and a hydrogen refueling network, (iii) orderly diversifying the application scenarios of hydrogen energy, including transportation, industrial use and others, and exploring a path for commercialization, and (iv) establishing and improving hydrogen energy policies by upgrading the hydrogen industry standards and supervising the industry to ensure safety.

On June 2, 2023, the National Energy Administration issued the Blue Book on the Development of New Power System (《新型電力系統發展藍皮書》), and announced the "three-step" development path for the construction of new electronic power system, with 2030, 2045, and 2060 as important time nodes for the construction of new electronic power system, namely the accelerated transformation period (present to 2030), the overall formation period (2030 to 2045) and the consolidation and perfection period (2045 to 2060). Through the path, new electric power system will be promoted and constructed in an organized way, step by step. Due to the overall formation period, traditional energy vehicles will be replaced with new energy and hydrogen fuel-cell vehicles in the field of transportation.

According to the Notice on Launching the Pilot Application of Fuel Cell Vehicles (《關於開展燃料電池汽車示範應用的通知》) jointly issued by the Ministry of Finance, the Ministry of Industry and Information Technology, the Ministry of Science and Technology and other departments on 16 September 2020, the government updates the policy of subsidizing the purchase of fuel cell vehicles to pilot application of fuel cell vehicles, and then to reward the eligible city clusters that engage in the industrialization of key and core technologies for fuel cell vehicles and their pilot applications. The period of pilot application is tentatively set to four years, during which these departments will reward the selected demonstration city clusters according to the fulfillment of their targets in the form of rewards rather than subsidies. The content of pilot application includes, among others, (i) the fuel cell vehicle industry chain shall be built to promote the technological development and industrialization of all links in the chain; (ii) the pilot application of new technologies and models for fuel cell vehicles shall be launched to promote the establishment and improvement of related technical indicator systems and testing and evaluation standards; and (iii) effective business operation models shall be explored.

According to the Notice on Improving the Policies of Government Subsidies for Promotion and Application of New Energy Vehicles (《關於完善新能源汽車推廣應用財政補貼政策的通知》) issued by Ministry of Finance, Ministry of Industry and Information Technology, Ministry of Science and Technology, National Development and Reform Commission of the PRC issued on April 23, 2020, the PRC government will adopt the "award in lieu of subsidy" policy to give incentives to the demonstrative city clusters. The policy reward eligible city clusters for the commercialization of key technologies used in the fuel cell vehicles and the pilot adoption of fuel cell vehicles within the city clusters instead of directly providing subsidies. The policy also proposed to establish relatively mature hydrogen energy and fuel cell vehicle value chains in four years with breakthroughs in key core technologies.

The Notice on Starting the Pilot Application of Fuel Cell Vehicles (《關於啟動燃料電池汽車示範應用工作的通知》) issued on 13 August 2021 approves Beijing, Shanghai and Guangdong province to start the implementation of the fuel cell vehicle pilot application for a period of 4 years. Relevant expert committees and third-party institutions will guide and assess the pilot application, and the assessment results will be the basis for arranging incentive funds for the pilot cities.

The Notice on Launching of the Pilot Application of New Fuel Cell Vehicles (《關於啟動新一批燃料電池汽車示範應用工作的通知》) issued on 28 December 2021 approves Hebei and Henan provinces to start the implementation of the fuel cell vehicle pilot application.

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated on 22 February 1993 and latest amended on 29 December 2018, manufacturers are liable for the quality of the products they manufacture. Pursuant to the Product Quality Law of the PRC, products offered for sale must satisfy the relevant quality and safety standards. In the event that any person manufactures or sells products that do not comply with the relevant national and industrial standards for the protection of the health and safety of human and property, the relevant authority may order such person to suspend the production or sales, confiscate the products illegally manufactured or sold, impose a fine of an amount higher than the value of the products illegally manufactured or sold and less than three times of the value of such products, confiscate illegal gains (if any), and revoke the business license in severe cases. Where the activities constitute a crime, the offender may be prosecuted. Where a defective product causes physical injury to a person or damage to another person's property, the victim may claim compensation from the manufacturer or the seller of the product. If the seller pays compensation and it is the manufacturer that should bear the liability, the seller has a right of recourse against the manufacturer. Similarly, if the manufacturer pays compensation and it is the seller that should bear the liability, the manufacturer has a right of recourse against the seller.

According to the Notice on Issuing the Guidelines for the Development of the Standard System for the Hydrogen Energy Industry (2023 Version) (《關於印發<氫能產業標準體系建設指南(2023版)的通知>》) jointly issued On July 19, 2023 by six department including the National Standardization Administration and NDRC, by 2025, more than 30 national and industrial standards on hydrogen energy will have been formulated. In particular, priority will be given to accelerating the formulation and revision of standards in respect of fuel cells and fuel cell vehicles, and breaking through key links in the upstream and downstream of the hydrogen industry chain.

REGULATIONS ON INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

On 7 November 2016, the Standing Committee Of The National People's Congress (全國人民代表大會常務委員會) (the "**SCNPC**") promulgated the Cybersecurity Law of PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), effective as of 1 June 2017, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. The Cybersecurity Law defines "network" as a system comprising computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging and processing information in accordance with specific rules and procedures. No individual or organization may engage in activities that threaten cybersecurity such as unlawful intrusion into others' networks, interfering with the normal functions of others' network and stealing network data, provide programs or tools for such intrusions, interference or stealing, or provide any assistance such as technical support, advertisement, payment or settlement for any other person if the individual or organization is fully aware that such person engages in an activity endangering cybersecurity.

On 10 June 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》) (the "**PRC Data Security Law**"), which took effect in September 2021. The PRC Data Security Law introduces a data classification and hierarchical protection system based on the materiality of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of persons or entities when such data is tampered with, destroyed, divulged, or illegally acquired or used. It also provides for a security review procedure for the data activities which may affect national security.

On 16 August 2021, the Cyberspace Administration of China (國家互聯網信息辦公室) (the "**CAC**"), the NDRC, the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), the Ministry of Public Security and Ministry of Transport issued the Several Provisions on Automobile Data Security Management (Trial Implementation) (《汽車數據安全管理若干規定(試行)》) (the "**Trial Regulation**"). This Trial Regulation elaborates the principles and requirements for the safeguard of personal information, national security and public interest in the PRC automotive industry and is intended to regulate the data processing activities of any commercial vehicle manufacturer as well as supplier of vehicle parts and components in China, among others. An automotive data processor is required to comply with this Trial Regulation to collect, store and otherwise process the personal information or critical data involved in the process of design, production, sales, operation, maintenance, and service of vehicles.

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which took effect from 1 November 2021. The Personal Information Protection Law stipulates, among other things, the circumstances under which a personal information processor could process personal information, including: (i) with the consent of individual; (ii) if necessary for the execution or performance of a contract to which the individual is a party, or for the implementation of human resources management in accordance with the labor rules and regulations formulated in accordance with the law and the collective contract concluded in accordance with the law; (iii) if necessary to fulfil statutory duties and statutory obligations; (iv) in order to respond to public health emergencies or protect natural persons' life, health and property safety under emergency circumstances; (v) such information that has been made public is processed within a reasonable scope in accordance with this law; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation.

On 28 December 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which has come into effect on 15 February 2022. The Cybersecurity Review Measures provides that, among others, (i) the purchase of cyber products and services by critical information infrastructure operators (the "**CIIOs**") and the network platform operators (the "**Network Platform Operators**") which engage in data processing activities that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office (網絡安全審查辦公室), the department which is responsible for the implementation of cybersecurity review under the CAC; and (ii) the Network Platform Operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office.

On 14 November 2021, the CAC initiated a public consultation on the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Regulation**") which has not been enforced. According to the Draft Regulation, when data processors engage the following activities, they should apply for cybersecurity review in accordance with the relevant national regulations: (i) Network Platform Operators which gather and control a large amount of data resources related to national security, economic development and public interests carrying out merger, reorganization or division, which affects or may affect national security; (ii) data processors having access to personal information data of more than one million users seeking for public listing abroad; (iii) data processors seeking for public listing in Hong Kong which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated on 26 December 1989 and latest amended on 24 April 2014, all entities and individuals have the obligation to protect the environment. Enterprises and operators that implement the pollution discharge license management shall discharge pollutants according to the requirement of the pollution discharge license, and those who fail to obtain the pollution discharge license shall not discharge pollutants. If any person or enterprise fails to comply with the laws and regulations of environmental protection, the relevant authority may impose a fine, order such person or enterprise to take measures such as restricting production and suspending production to make recovery, or even order to shut down the entity in severe cases.

REGULATIONS RELATING TO WORK SAFETY

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated on 29 June 2002 and latest amended on 10 June 2021, entities that engage in production and business operation activities in China shall set up and perfect the responsibility system for work safety, improve the conditions for work safety, strengthen the education and training on work safety for employees, provide articles of labor protection that meet the national standards or industrial standards for their employees, and perform the obligations related to work safety as stipulated by the Work Safety Law of the PRC and other laws and regulations.

REGULATIONS RELATING TO LABOR PROTECTION

Labor Law

The Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated on 5 July 1994 and latest amended on 29 December 2018, provides that employees are entitled to gain equal opportunities in employment, choose occupations, receive labor remuneration, and acquire protection of work safety and healthcare, social insurance and welfare, etc.. Employers shall establish and improve the system for work safety and healthcare, provide training on work safety and healthcare to employees, comply with national regulations on work safety and healthcare conditions, and provide necessary labor protective supplies to employees.

Labor Contract Law

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on 29 June 2007 and amended on 28 December 2012, together with its implementation rules, provides that the labor contracts shall be concluded in order to establish the labor relationship between employers and employees. The employer and employee shall fully perform their respective obligations as set out in the labor contract. An employer shall truthfully inform the employees regarding the scope of work, working conditions, workplace, occupational hazards, work safety conditions, labor remuneration and other information requested by the employees. Employers failing to comply with these regulations may be subject to rectification order or compensation.

Social Insurance and Housing Provident Fund

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

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was promulgated on 20 July 2018, commencing from 1 January 2019, all the social insurance premiums including the premiums of the basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance shall be collected by the tax authorities. According to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) promulgated by the General Office of the State Administration of Taxation on 13 September 2018 and the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated by the General Office of the Ministry of Human Resources and Social Security on 21 September 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. The Notice on Implementing Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》), promulgated by the State Taxation Administration on 16 November 2018, repeats that tax authorities at all levels may not organize self-collection of arrears of taxpayers including private enterprises from the previous years. The Notice of General Office of the State Council on Promulgation of the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《國務院辦公廳關於印發降低社會保險費率綜合方案的通知》), promulgated on 1 April 2019, requires steady advancement of the reform of the system of social security collection. In principle, the basic pension insurance for enterprise employees and other insurance types for enterprise employees shall be collected temporarily according to the existing collection system to stabilize the payment method. It also emphasizes that the historical unpaid arrears of the enterprise shall be properly treated. In the process of reformation of the collection system, it is not allowed to conduct self-collection of historical unpaid arrears from enterprises, and it is not allowed to adopt any method of increasing the actual payment burden of small and micro enterprises to avoid causing difficulties in the production and operation of the enterprises.

According to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), which was promulgated on 3 April 1999 and latest amended on 24 March 2019, employers are required to make contribution to housing provident funds for their employees. Where an employer fails to pay up housing provident funds, the housing provident fund administration center may order it to make payment within a prescribed time limit. If the employer still fails to do so, the housing provident fund administration center may apply to the court for compulsory enforcement of the unpaid amount.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated on 23 August 1982 and latest amended on 23 April 2019, registered trademarks are trademarks approved and registered by the trademark bureau, including commodity trademarks, service trademarks, collective trademarks, and certification marks. A trademark registrant enjoys exclusive rights to use a registered trademark, which is protected by the law. A trademark registration applicant shall, according to the prescribed classification of goods, enter the class and designation of goods on which the trademark is to be used, and file an application for registration.

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》), promulgated on 12 March 1984 and latest amended on 17 October 2020 and its implementation rules, the term "invention-creations" refers to inventions, utility models and designs. The duration of a patent right for inventions, utility models and designs shall be 20 years, 10 years and 15 years, respectively, all commencing from the application date.

Copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》), promulgated on 7 September 1990 and latest amended on 11 November 2020, specifies that works of Chinese citizens, legal persons or other organizations, namely ingenious intellectual achievements in the fields of literature, art and science that can be presented in a certain form, whether published or not, shall enjoy the copyright. The copyright holder can enjoy multiple rights, including the right of publication, the right of authorship, and the right of reproduction.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), promulgated on 20 February 2002, regulates the registration of software copyright, the exclusive licensing contract and transfer contracts of software copyright. The National Copyright Administration is mainly responsible for the registration and management of national software copyright and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center grants certificates of registration to the applicants of computer software copyright in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software (《計算機軟件保護條例》) which was latest amended on 30 January 2013.

Domain Name

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), promulgated on 24 August 2017, the principle of "first to file" is adopted for domain name services. The applicant of domain name registration shall provide the agency of domain name registration with true, accurate and complete information about the domain name holder's identity for registration purpose. Upon the completion of the registration process, the applicant will become the holder of the relevant domain name.

REGULATIONS RELATING TO TAXATION

EIT

According to the EIT Law, which was promulgated on 16 March 2007 and amended from time to time, together with its implementation rules, enterprises are classified into resident enterprises and non-resident enterprises. Enterprises, which are incorporated in the PRC or incorporated pursuant to the foreign laws with their "de facto management bodies" located in the PRC, are deemed as "resident enterprise" and subject to an enterprise income tax rate of 25% on their global income. Non-resident enterprises are subject to (i) an enterprise income tax rate of 25% on their income generated by their establishments or places of business in the PRC and their income derived outside the PRC which is effectively connected with their establishments or places of business in the PRC; and (ii) an enterprise income tax rate of 10% on their income derived from the PRC but not connected with their establishments or places of business located in the PRC. Non-resident enterprises without establishment or place of business in the PRC are subject to an enterprise income tax of 10% on their income derived from the PRC. The enterprise income tax on important high and new-tech enterprises that are necessary to be supported by the State may be levied at the reduced tax rate of 15%.

Withholding Income Tax

Pursuant to the EIT Law and its implementation rules, dividends generated after 1 January 2008 and payable by a foreign-invested enterprise in the PRC to its foreign investors are subject to a 10% withholding income tax rate, unless otherwise provided in the tax treaty concluded between the PRC and such foreign investor's jurisdiction of incorporation.

Pursuant to the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) effective from 1 January 2020, any non-resident taxpayer meeting conditions for enjoying the treaty benefits may be entitled to the treaty benefits itself when filing a tax return or making a withholding declaration through a withholding agent, subject to the subsequent administration by the tax authorities. If a competent tax authority, during subsequent administration, finds out that a non-resident taxpayer enjoys treaty benefits without meeting the conditions thereof and underpays or fails to pay them at all, it may instruct the non-resident taxpayer to pay the overdue taxes within a prescribed time period.

Value-Added Tax

According to the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated on 13 December 1993 and latest amended on 19 November 2017, together with its implementation rules, entities and individuals engaged in selling goods or labor services of processing, repair or maintenance, selling services, intangible assets or immovables within the PRC or importing goods to the PRC are subject to the payment of value-added tax. Pursuant to the Notice of the Ministry of Finance of the PRC and State Taxation Administration of the PRC on Adjusting Value-Added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) effective on 1 May 2018, a taxpayer who is previously subject to 17% on value-added tax-taxable sales activities shall have the applicable tax rate adjusted to 16%. According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), which came into effect on 1 April 2019, for value-added tax-taxable sales or imported goods of a value-added tax general taxpayer where the value-added tax rate of 16% and 10% applies currently, it shall be adjusted to 13% and 9% respectively.

REGULATIONS RELATING TO FOREIGN EXCHANGE

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

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

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

REGULATIONS RELATING TO OVERSEAS OFFERING AND LISTING

On 17 February 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) as well as five guidelines for the filing-based administration of overseas securities offerings and listings by PRC companies (collectively, the "New Filing Rules"), which came into effect on 31 March 2023. The New Filing Rules apply to (i) PRC companies that seek to directly offer or list securities on overseas markets; and (ii) PRC companies that seek to indirectly offer or list securities on overseas markets. PRC companies that seek to offer or list securities on overseas markets, both directly and indirectly, shall fulfill the filing procedure and report relevant information to the CSRC. Subject to specific circumstances, the New Filing Rules require that, among other things, (i) initial public offerings or listings on overseas markets shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, and (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas. If a PRC company fails to complete the filing procedure or the filing documents submitted by a PRC company contain misrepresentation, misleading statement or material omission, such PRC company may be subject to order to rectify, warnings and fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly responsible persons may also be subject to fines.

In addition, pursuant to the New Filing Rules, no overseas offering or listing shall be made under any of the following circumstances: (i) such securities offering or listing is explicitly prohibited by PRC laws, administrative regulations and relevant rules; (ii) the proposed securities offering or listing may endanger national security as reviewed and determined by relevant departments of the State Council in accordance with PRC laws; (iii) the domestic company intending to make the securities offering or listing, or its controlling shareholders or actual controller, have committed crimes of corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering or listing, being suspected of committing crimes or material violations of laws and regulations, is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity interests in the domestic company held by its controlling shareholder or other shareholders that are controlled by the controlling shareholder and/or actual controller.

OVERVIEW

We are a leading market-driven hydrogen technology company in China with global perspective. Our Company was established in the PRC on September 18, 2015. Mr. Lin, our executive Director, chairperson of our Board and chief executive officer, has led the overall operations and management of our Group since he founded our Group in September 2015. For more details of the experience and qualifications of Mr. Lin, see "Directors, Supervisors and Senior Management" in this document.

BUSINESS DEVELOPMENT MILESTONES

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

Year	Milestone
2015	We were established as a limited liability company under the name of Hangzhou REFIRE Technology Co., Ltd. (重塑能源科技(杭州)有限公司)
2017	We launched and mass-produced Caven Series
	Our R&D base in Vancouver, Canada was established
	We completed Series Pre-A Financing and Series A Financing, and raised RMB220 million
2018	We established the first after-sales service center for fuel cell vehicles in the PRC
	We joined the International Hydrogen Council
	We changed our name to Shanghai REFIRE Group Ltd. (上海重塑能源集團有限公司)
2019	Our products were applied to buses in Malaysia
	We became the supporting institution for the Hydrogen Fuel Cell Subcenter of the National Power Battery Innovation Center (國家動力電池創新中心燃料電池分中心) under the leadership of the MIIT
	We completed Series B Financing and Series B+ Financing with strategic investors such as Sinopec Capital, and raised approximately RMB791.77 million

Year	Milestone
2020	We launched Prisma Series, whose hydrogen fuel cell systems are equipped with proprietary fuel cell stacks
	Our first industrialized production base for fuel cells, ASTRAWORKS (星空工廠), commenced operation in Changshu, Jiangsu
	The project named "Key Technologies and Industrialization of Long-Life Fuel Cell Systems for Commercial Vehicles" (長壽命商用車燃料電池系統關鍵技術及產業化) led by our Company won the first prize of the 2020 Science and Technology Award of the China Automotive Industry (2020年度中國汽車工業科學技術獎)
	We were accredited as one of "The Specialized and New "Little Giant" Enterprises" (專精特新"小巨人"企業)
	We were converted into a joint stock limited company under the laws of the PRC and was renamed as Shanghai REFIRE Group Limited (上海重塑能源集團股份有限公司)
	We completed Series C Financing and Series D Financing, and raised RMB748.25 million
2021	We completed self-development and commenced commercialization of MEA
	We obtained performance assessment certificates issued by TÜV Rheinland for our the fuel cell systems and fuel cell stacks
	We entered into a memorandum of cooperation with Toyota to jointly develop a new generation of fuel cell systems for commercial vehicles
	We were accredited as a "Manufacturing Individual Champion Enterprise" (製造業單項冠軍) by the MIIT
	We obtained the laboratory accreditation certificate from China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會) for our fuel cell testing center
2022	We completed Series E-1 Financing and Series E-2 Financing with industry investors such as National Manufacturing Fund, FAW Jiefang and Yutong Group, and raised approximately RMB2,178.91 million

Year	Milestone
2023	We obtained the approval for the R&D project on the world's first carbon emission reduction certification methodology for fuel cell vehicles under the Clean Development Mechanism of the Kyoto Protocol to the United Nations Framework Convention on Climate Change
	We were accredited as a "National Enterprise Technology Center" (國家企業技術中心)
	The Global Technical Regulation on the Safety of Fuel Cell Electric Vehicles, in respect of which our Company participated, was promulgated by the United Nations
	We established our overseas office in Stuttgart, Germany
	We enhanced our strategic layout and expanded our product offerings to include hydrogen production systems and related components

OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, we had the following eight subsidiaries which made a material contribution to our results of operation during the Track Record Period or are regarded of strategic importance to us:

Subsidiaries	Date and place of incorporation	Registered capital/issued share capital	Principal business activities
REFIRE Technology	December 17, 2014; PRC	RMB3,000,000,000	R&D, manufacturing and sales of fuel cell systems
Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司).	November 23, 2018; PRC	RMB350,000,000	Manufacturing and sales of fuel cell systems
Zhejiang Unilia Hydrogen Technology Ltd. (浙江韻量氫能科技有限公司)	March 31, 2022; PRC	RMB40,000,000	Technology development and manufacturing of bipolar plates (a type of key components of fuel cell systems)
Shanghai Unilia	May 23, 2017; PRC	RMB100,000,000	R&D, manufacturing and sales of key components for fuel cells, including fuel cell stacks

Subsidiaries	Date and place of incorporation	Registered capital/issued share capital	Principal business activities
Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. (上海重塑斑斕氫能科技有限公司)	June 26, 2023; PRC	RMB10,000,000	R&D, manufacturing and sales of hydrogen energy equipment, including PEM hydrogen production systems and hydrogen power sources
Changde REFIRE Surge New Materials Technology Co., Ltd. (常德重塑澎湃新材料科技有限公司)	April 1, 2023; PRC	RMB10,000,000	R&D, manufacturing and sales of alkaline electrode materials
Unilia (Canada) Fuel Cells Inc. (formerly known as Overdrive Fuel Cell Engineering Incorporated)	September 8, 2017; Canada	CAD5,000,100	R&D of key components for fuel cells
REFIRE Europe GmbH	June 23, 2023; Germany	EUR25,000	R&D and sales of products and the provision of services in the field of fuel cells and hydrogen technology in Europe

ESTABLISHMENT AND DEVELOPMENT OF OUR COMPANY

(1) Establishment of Our Company

On September 18, 2015, our Company was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB25,000,000. The shareholding structure of our Company upon establishment is set forth in the table below:

Shareholders	Registered capital subscribed for	Investment amount	Corresponding equity interest in our Company
	(RMB)	*(RMB)*	*(%)*
Mr. Lin	13,000,000	13,000,000	52.00
Mr. LI Cong (李聰)[1]	7,000,000	124,688,000	28.00
Guangdong Hongyun Hydrogen Energy Technology Co., Ltd. (廣東鴻運氫能源科技有限公司) ("**Hongyun Hydrogen Energy**")[2]	5,000,000	150,000,000	20.00
Total	**25,000,000**	**287,688,000**	**100.00**

Notes:

(1) Mr. LI Cong served as a Director from July 2017 to September 2020. On December 22, 2023, Mr. LI Cong transferred his entire equity interest in our Company (being 3,863,800 Shares, representing approximately 4.75% equity interest in our Company at the time of transfer) to Ms. ZHANG Xiuying (張秀英) (the mother of Mr. LI Cong) at a consideration of RMB6,877,600, and ceased to be our Shareholder in December 2023.

(2) Hongyun Hydrogen Energy disposed of its entire equity interest in our Company and ceased to be our Shareholder in April 2017. For further details, see "— (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company — (b) Equity Transfers in April 2017" in this section.

(2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company

(a) Equity Transfer in July 2016

On July 14, 2016, Mr. LI Cong (李聰) entered into an equity transfer agreement with Mr. SHEN Xianglong (沈祥龍), pursuant to which Mr. Li agreed to transfer registered capital of our Company of RMB250,000 (representing 1.00% equity interest in our Company) to Mr. Shen, who, to the best knowledge of our Directors, is an Independent Third Party, at a consideration of RMB250,000. The equity transfer was completed on July 25, 2016.

(b) Equity Transfers in April 2017

On March 27, 2017, the following parties entered into equity transfer agreements, respectively, pursuant to which the following transfers of equity interest in our Company were agreed:

Transferors	Transferees	Registered capital transferred	Consideration	Corresponding equity interest in our Company
		(RMB)	*(RMB)*	*(%)*
Hongyun Hydrogen Energy. . . .	Guangdong Baohui Chuangneng Enterprise Management Partnership (Limited Partnership) (廣東寶匯創能企業管理合夥企業(有限合夥)) ("**Baohui Chuangneng**")[(1)]	2,500,000	8,500,000	10.00
	Mr. MA Dongsheng (馬東生)[(2)]	2,500,000	8,500,000	10.00
Mr. LI Cong (李聰)	Shanghai Weilan[(3)]	1,200,000	1,200,000	4.80

Notes:

(1) On March 23, 2018, Baohui Chuangneng (formerly known as Guizhou Baohui Chuangneng Enterprise Management Partnership (Limited Partnership) (貴州寶匯創能企業管理合夥企業(有限合夥)), Guangzhou Huahong Yineng Investment Partnership (Limited Partnership) (廣州市華鴻億能投資合夥企業(有限合夥)) and Guangzhou Baohui Chuangneng Investment Partnership (Limited Partnership) (廣州寶匯創能投資合夥企業(有限合夥))) further acquired registered capital of our Company of RMB732,500 from Mr. MA Dongsheng (馬東生) (representing 2.50% equity interest in our Company at the time of transfer) at a consideration of RMB10,000,000. Baohui Chuangneng disposed of its entire equity interest in our Company and ceased to be our Shareholder in September 2019. For further details, see "— (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company — (g) Equity Transfers in September 2019" in this section.

(2) Mr. MA Dongsheng (馬東生) was a shareholder of Hongyun Hydrogen Energy holding 50% equity interest at the time of transfer. He is the father of Ms. MA Audrey Jing Nan (馬晶楠), our executive Director and vice president. On December 22, 2023, Mr. Ma transferred his entire equity interest in our Company (being 1,767,500 Shares, representing approximately 2.17% equity interest in our Company at the time of transfer) to Ms. Ma at a consideration of RMB6,009,500, and ceased to be our Shareholder in December 2023.

(3) Shanghai Weilan is one of our ESOP Platforms. For further details, see also "— Employee Incentive Platforms — (1) Shanghai Weilan" in this section.

The aforementioned equity transfers were completed on April 18, 2017.

(c) Series Pre-A Financing and Series A Financing (First Tranche) in July 2017

Pursuant to the capital increase agreement dated June 26, 2016, Ningbo Meishan Free Trade Port Zone Huifeng Hydrogen Energy Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區匯風氫能股權投資合夥企業(有限合夥)) ("**Huifeng Hydrogen Energy**") agreed to subscribe for the increased registered capital of our Company of RMB1,300,000 at a total consideration of RMB20,000,000 ("**Series Pre-A Financing**").

Pursuant to the capital increase agreement dated March 12, 2017 (the "**Series A Financing Agreement**"), Shenzhen Qianhai Chunyang Asset Management Co., Ltd. (深圳前海春陽資產管理有限公司) ("**Chunyang Capital**") and Huiyang Jingneng Investment Management (Beijing) Co., Ltd. (惠洋京能投資管理(北京)有限公司) ("**Huiyang Capital**") agreed to subscribe for the increased registered capital of our Company of RMB6,575,000 at a total consideration of RMB200,000,000 through their respective designated entities under their respective management, which shall be completed in two tranches ("**Series A Financing**").

Pursuant to the shareholders' resolutions dated July 15, 2017, the registered capital of our Company increased from RMB25,000,000 to RMB29,300,000. Among the increased registered share capital of RMB4,300,000, (i) the registered share capital of RMB3,000,000 (representing approximately 10.24% equity interest in our Company upon completion of capital increase) were subscribed by Ningbo Meishan Free Trade Port Zone Pengfan Zhibin Investment Partnership (Limited Partnership) (寧波梅山保稅港區鵬凡之濱投資合夥企業(有限合夥)) ("**Pengfan Zhibin**") as designated by Chunyang Capital at a consideration of RMB50,000,000 pursuant to the Series A Financing Agreement; and (ii) the registered share capital of RMB1,300,000 (representing approximately 4.44% equity interest in our Company upon completion of the capital increase) were subscribed by Huifeng Hydrogen Energy at a consideration of RMB20,000,000 pursuant to the capital increase agreement dated June 26, 2016. The aforementioned capital increase was completed on July 27, 2017.

Huifeng Hydrogen Energy disposed of its entire equity interest in our Company and ceased to be our Shareholder in September 2019. For further details, see "— (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company — (g) Equity Transfers in September 2019" in this section.

(d) Series A Financing (Second Tranche) in July 2018

In connection with the Series A Financing Agreement as disclosed above and pursuant to the shareholders' resolution dated June 27, 2018, the registered capital of our Company increased from RMB29,300,000 to RMB32,875,000, and the relevant subscribers agreed to subscribe for the increased registered capital of RMB3,575,000 of our Company (representing approximately 10.87% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB150,000,000. The respective subscription amounts and consideration paid by the relevant subscribers were as follows:

Subscribers	Registered capital subscribed for	Consideration	Approximate corresponding equity interest in our Company (upon completion of the capital increase)
	(RMB)	*(RMB)*	*(%)*
Qingdao Huiqing Jingnuo Investment Partnership (Limited Partnership) (青島惠清京諾投資合夥企業(有限合夥)) (formerly known as Ningbo Meishan Free Trade Port Zone Huiqing Jingnuo Investment Partnership (Limited Partnership) (寧波梅山保税港區惠清京諾投資合夥企業(有限合夥))) ("**Huiqing Jingnuo**")(1)	1,430,000	60,000,000	4.35
Qingdao Luping Jingneng Investment Partnership (Limited Partnership) (青島魯平京能投資合夥企業(有限合夥)) (formerly known as Ningbo Meishan Free Trade Port Zone Luping Jingneng Investment Partnership (Limited Partnership) (寧波梅山保税港區魯平京能投資合夥企業(有限合夥))) ("**Luping Jingneng**")(1)	1,144,000	48,000,000	3.48
Ningbo Meishan Free Trade Port Zone Jinglong Baoluo Investment Partnership (Limited Partnership) (寧波梅山保税港區京隆寶羅投資合夥企業(有限合夥)) ("**Jinglong Baoluo**")(2)	1,001,000	42,000,000	3.04

Notes:

(1) Huiqing Jingnuo and Luping Jingneng subscribed for the increased registered capital of our Company as designated by Huiyang Capital.

(2) Jinglong Baoluo subscribed for the increased registered capital of our Company as designated by Chunyang Capital.

The aforementioned capital increase was completed on July 2, 2018.

(e) *Capital Increase and Series B Financing in June 2019*

Pursuant to the capital increase agreement dated August 10, 2018 and the supplemental capital increase agreement dated June 3, 2019, the relevant subscribers agreed to subscribe for the increased registered capital of RMB10,958,400 of our Company (representing approximately 25.00% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB333,333,300 (other than the subscription by Shanghai Weiqing (one of our ESOP Platforms), the subscriptions are collectively referred to as "**Series B Financing**"). The respective subscription amounts and consideration paid by the relevant subscribers were as follows:

Subscribers	**Registered capital subscribed for**	**Consideration**	**Approximate corresponding equity interest in our Company (upon completion of the capital increase)**
	(RMB)	*(RMB)*	*(%)*
Shanghai Weiqing	3,652,700	33,333,300	8.33
Ningbo Trustbridge II Equity Investment Partnership (Limited Partnership) (寧波摯信二期股權投資合夥企業(有限合夥)) ("**Trustbridge II**")	2,191,700	90,000,000	5.00
Ningbo Trustbridge New Economy II Equity Investment Partnership (Limited Partnership) (寧波摯信新經濟二期股權投資合夥企業(有限合夥)) ("**Trustbridge New Economy**")	730,600	30,000,000	1.67
Zhuhai Legend Bingde Equity Investment Enterprise (Limited Partnership) (珠海君聯秉德股權投資企業(有限合夥)) ("**Legend Bingde**")	730,600	30,000,000	1.67

Subscribers	Registered capital subscribed for	Consideration	Approximate corresponding equity interest in our Company (upon completion of the capital increase)
	(RMB)	*(RMB)*	*(%)*
Ningbo Meishan Free Trade Port Zone Jiazhan Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區嘉展股權投資合夥企業(有限合夥)) ("**Ningbo Jiazhan**")	487,000	20,000,000	1.11
Zhangjiagang Bohua Venture Capital Partnership (Limited Partnership) (張家港博華創業投資合夥企業(有限合夥)) (formerly known as Ningbo Meishan Free Trade Port Zone Bohua Guangcheng Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區博華光誠創業投資合夥企業(有限合夥))) ("**Zhangjiagang Bohua**")	1,217,600	50,000,000	2.78
Suzhou Sanxing Zhiqi Venture Capital Partnership (Limited Partnership) (蘇州三行智祺創業投資合夥企業(有限合夥)) (formerly known as Xianning Sanxing Zhiqi Equity Investment Partnership (Limited Partnership) (咸寧三行智祺股權投資合夥企業(有限合夥)) and Suzhou Sanxing Zhiqi Equity Investment Partnership (Limited Partnership) (蘇州三行智祺股權投資合夥企業(有限合夥))) ("**Sanxing Zhiqi**")	730,600	30,000,000	1.67
Beijing Legend Chengye Equity Investment Partnership (Limited Partnership) (北京君聯成業股權投資合夥企業(有限合夥)) ("**Legend Chengye**")	1,217,600	50,000,000	2.78

The aforementioned capital increase was completed on June 6, 2019.

(f) Series B+ Financing in August 2019

Pursuant to the capital increase agreement dated July 12, 2019, Sinopec Capital Co., Ltd. (中國石化集團資本有限公司) ("**Sinopec Capital**") agreed to subscribe for the increased registered capital of RMB11,651,900 of our Company (representing approximately 21.00% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB491,772,200 ("**Series B+ Financing**"). The capital increase was completed on August 8, 2019.

(g) Equity Transfers in September 2019

On September 19, 2019, Huifeng Hydrogen Energy entered into an equity transfer agreement with each of (i) Ningbo Qianshi Guoxin Equity Investment Partnership (Limited Partnership) (寧波謙石國新股權投資合夥企業(有限合夥)) ("**Qianshi Guoxin**") and (ii) Ningbo Qianshi Fenghe Investment Partnership (Limited Partnership) (寧波謙石灃禾投資合夥企業(有限合夥)) ("**Qianshi Fenghe**"), pursuant to which Huifeng Hydrogen Energy agreed to transfer (i) the registered capital of RMB995,600 of our Company (representing approximately 1.79% equity interest in our Company) to Qianshi Guoxin at a consideration of RMB39,574,500, and (ii) the registered capital of RMB304,400 of our Company (representing approximately 0.55% equity interest in our Company) to Qianshi Fenghe at a consideration of RMB12,500,000.

On the same date, Baohui Chuangneng entered into an equity transfer agreement with each of (i) Ms. FENG Yan (馮燕), (ii) Ningbo Qianshi Shengxin Investment Partnership (Limited Partnership) (寧波謙石晟新投資合夥企業(有限合夥)) ("**Qianshi Shengxin**") and (iii) Ningbo Qianshi Zhengxin Investment Partnership (Limited Partnership) (寧波謙石正新投資合夥企業(有限合夥)) ("**Qianshi Zhengxin**"), pursuant to which Baohui Chuangneng agreed to transfer (i) the registered capital of RMB161,600 of our Company (representing approximately 0.29% equity interest in our Company) to Ms. Feng (a limited partner with approximately 5.00% partnership interest in Baohui Chuangneng at the time of transfer) at a consideration of RMB1,000,000, (ii) the registered capital of RMB2,084,600 of our Company (representing approximately 3.76% equity interest in our Company) to Qianshi Shengxin at a consideration of RMB97,018,800, and (iii) the registered capital of RMB986,300 of our Company (representing approximately 1.78% equity interest in our Company) to Qianshi Zhengxin at a consideration of RMB45,900,000.

The aforementioned equity transfers were completed on September 20, 2019.

(h) Series C Financing and Equity Transfers in June 2020

Pursuant to the capital increase agreement dated June 3, 2020, Toyota Tsusho (Shanghai) Co., Ltd. (豐田通商(上海)有限公司) ("**Toyota Tsusho**") agreed to subscribe for the increased registered capital of RMB578,000 of our Company (representing approximately 1.03% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB31,250,000 ("**Series C Financing**"). Toyota Tsusho had also been one of our five largest suppliers of bipolar plates, graphite plates and optical plates during the Track Record Period.

Further, on June 5, 2020, Mr. LI Cong (李聰) entered into an equity transfer agreement with each of (i) Nanjing Jingxiang Capital Partnership (Limited Partnership) (南京鏡像資本合夥企業(有限合夥)) ("**Jingxiang Capital**"), (ii) Global Holding Group Co., Ltd. (宏擇控股集團有限公司) ("**Global Holding**") and (iii) Tianjin Chongmin Enterprise Management Consulting Partnership (Limited Partnership) (天津翀旻企業管理諮詢合夥企業(有限合夥)) ("**Tianjin Chongmin**"), pursuant to which Mr. Li agreed to transfer (i) the registered capital of RMB776,800 of our Company (representing approximately 1.39% equity interest in our Company) to Jingxiang Capital at a consideration of RMB40,000,000, (ii) the registered capital of RMB41,000 of our Company (representing approximately 0.07% equity interest in our Company) to Global Holding at a consideration of RMB2,000,000, and (iii) the registered capital of RMB181,600 of our Company (representing approximately 0.32% equity interest in our Company) to Tianjin Chongmin at a consideration of RMB9,000,000.

The aforementioned capital increase and equity transfers were completed on June 9, 2020.

(i) Equity Transfers in August 2020

On July 25, 2020, Mr. LI Cong (李聰) entered into an equity transfer agreement with each of (i) Hainan Yongheng Management Consulting Partnership (Limited Partnership) (海南永衡管理諮詢合夥企業(有限合夥)) ("**Hainan Yongheng**") and (ii) Ningbo Yuanguan Enterprise Management Partnership (Limited Partnership) (寧波元貫企業管理合夥企業(有限合夥)) ("**Ningbo Yuanguan**"), pursuant to which Mr. Li agreed to transfer (i) registered capital of our Company of RMB410,000 (representing approximately 0.73% equity interest in our Company) to Hainan Yongheng at a consideration of RMB20,000,000, and (ii) registered capital of our Company of RMB276,800 (representing approximately 0.49% equity interest in our Company) to Ningbo Yuanguan at a consideration of RMB13,500,000. The equity transfers were completed on August 19, 2020.

(3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion

(a) Conversion into Joint Stock Limited Company

Pursuant to the promoters' agreement dated August 20, 2020 entered into by all the then Shareholders and the shareholders' resolutions dated August 20, 2020, all promoters (being all the then Shareholders) agreed to convert our Company from a limited liability company into a joint stock limited company. Upon completion of the conversion, the share capital of our Company was RMB56,063,300 divided into 56,063,300 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion. The conversion was completed on September 11, 2020 when our Company obtained a new business license and was renamed as Shanghai REFIRE Group Limited (上海重塑能源集團股份有限公司).

(b) Series D Financing in September 2020

Pursuant to the share subscription agreement dated September 22, 2020, the relevant subscribers agreed to subscribe for 8,932,751 Shares (representing approximately 13.74% equity interest in our Company upon completion of the capital increase) at a total consideration of RMB717,000,000 ("**Series D Financing**"). As such, the share capital of our Company increased from RMB56,063,300 to RMB64,996,051 pursuant to the shareholders' resolutions of the same date. The respective subscription amounts and consideration paid by the relevant subscribers were as follows:

Subscribers	Number of Shares subscribed for	Consideration	Approximate corresponding equity interest in our Company (upon completion of the capital increase)
		(RMB)	*(%)*
Zhengzhou Spruce Automotive Industry Equity Investment Fund (Limited Partnership) (鄭州雲杉汽車產業股權投資基金(有限合夥)) ("**Zhengzhou Spruce**")	3,363,798	270,000,000	5.18
Shenzhen Chunyang Songteng Venture Capital Partnership (Limited Partnership) (深圳春陽頌騰創業投資合夥企業(有限合夥)) ("**Chunyang Songteng**")	1,314,373	105,500,000	2.02
Beijing Shuimu Hydrogen Source Phase I Industrial Investment Center (Limited Partnership) (北京水木氫源一期產業投資中心(有限合夥)) ("**Shuimu Hydrogen**")	996,681	80,000,000	1.53
Guangdong Dezaihou Qicheng Equity Investment Partnership (Limited Partnership) (廣東德載厚啟成股權投資合夥企業(有限合夥)) ("**Dezaihou Qicheng**")	579,321	46,500,000	0.89
Guangdong Jiayuan Technology Co., Ltd. (廣東嘉元科技股份有限公司) ("**Jiayuan Technology**")	498,340	40,000,000	0.77
Zhangjiagang Bohua	498,340	40,000,000	0.77

Subscribers	Number of Shares subscribed for	Consideration	Approximate corresponding equity interest in our Company (upon completion of the capital increase)
		(RMB)	*(%)*
Ningbo Meishan Free Trade Port Zone Weiming Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區惟明創業投資合夥企業(有限合夥)) (formerly known as Ningbo Meishan Free Trade Port Zone Weiming Investment Partnership (Limited Partnership) (寧波梅山保稅港區惟明投資合夥企業(有限合夥))) ("**Weiming VC**") . . .	498,340	40,000,000	0.77
Hubei Cathay Smart New Energy Fund, L.P. (湖北凱輝智慧新能源基金合夥企業(有限合夥)) ("**Hubei Cathay Energy**")	498,340	40,000,000	0.77
Yiwu Hexie Jinhong Equity Investment Partnership (Limited Partnership) (義烏和諧錦弘股權投資合夥企業(有限合夥)) ("**Hexie Jinhong**")	373,755	30,000,000	0.58
Dongfang Electric (Chengdu) Hydrogen Energy Equity Investment Fund Partnership (Limited Partnership) (東方電氣(成都)氫能股權投資基金合夥企業(有限合夥)) ("**Dongfang Electric**")	249,170	20,000,000	0.38
Mr. WAN Jingzhao (萬景照)	62,293	5,000,000	0.10

The aforementioned capital increase was completed September 25, 2020.

(c) Equity Transfer in January 2022

Pursuant to an equity transfer agreement entered into between Ningbo Jiazhan and Gongqingcheng Xiaofu Jucheng Equity Investment Partnership (Limited Partnership) (共青城曉富炬逞股權投資合夥企業(有限合夥)) ("**Xiaofu Jucheng**") on December 31, 2021, Ningbo Jiazhan agreed to transfer 199,058 Shares (representing approximately 0.31% equity interest in our Company) to Xiaofu Jucheng at a consideration of RMB24,500,000. The equity transfer was completed on January 20, 2022.

Each of Xiaofu Jucheng and Ningbo Jiazhan is a limited partnership established under the laws of the PRC and is managed by its general partner, Ningbo Meishan Free Trade Port Zone Xiaofu Jiahui Equity Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區曉富嘉輝股權投資管理合夥企業(有限合夥)), which, to the best knowledge of our Directors, is an Independent Third Party.

(d) Series E-1 Financing in March 2022

Pursuant to the share subscription agreement dated January 25, 2022 and the joinder agreement dated March 23, 2022, the relevant subscribers agreed to subscribe for 12,715,320 Shares (representing approximately 16.36% equity interest in our Company upon completion of the capital increase) at a total consideration of approximately RMB1,698,131,000 (as adjusted by the joinder agreement dated November 29, 2022 as set out in the paragraph headed "(f) Series E-2 Financing in December 2022" below) ("**Series E-1 Financing**"). As such, the share capital of our Company increased from RMB64,996,051 to RMB77,711,371 pursuant to the shareholders' resolutions dated January 18, 2022 and March 23, 2022. The respective subscription amounts and consideration paid by the relevant subscribers (as adjusted by the joinder agreement dated November 29, 2022) were as follows:

Subscribers	**Number of Shares subscribed for**	**Consideration (approximation)**	**Approximate corresponding equity interest in our Company (upon completion of the capital increase)**
		(RMB)	*(%)*
Shenzhen Chunyang Hongxin Venture Capital Partnership (Limited Partnership) (深圳春陽泓信創業投資合夥企業(有限合夥)) ("**Chunyang Hongxin**")	224,124	29,932,000	0.29
National Manufacturing Transformation and Upgrade Fund Co., Ltd. (國家製造業轉型升級基金股份有限公司) ("**National Manufacturing Fund**")	3,735,405	498,863,000	4.81
Yutong Bus Co., Ltd. (宇通客車股份有限公司) ("**Yutong Bus**")(1)	1,494,162	199,545,000	1.92
Mr. WAN Jingzhao (萬景照)	74,708	9,977,000	0.10
Shenzhen HongShan Hanchen Equity Investment Partnership (Limited Partnership) (深圳市紅杉瀚辰股權投資合夥企業(有限合夥)) ("**HongShan Hanchen**")	1,120,622	149,659,000	1.44

Subscribers	Number of Shares subscribed for	Consideration (approximation)	Approximate corresponding equity interest in our Company (upon completion of the capital increase)
		(RMB)	*(%)*
Ningbo Meishan Free Trade Port Zone Saifus Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區賽付斯股權投資合夥企業(有限合夥)) ("**Saifus Equity Investment**") . .	313,774	41,905,000	0.40
Nakatsu Innovation (Tianjin) Investment Co., Ltd. (中津創新(天津)投資有限公司) ("**Nakatsu Innovation**")	1,494,162	199,545,000	1.92
Yangzhou Huajian Chengding Equity Investment Partnership (Limited Partnership) (揚州市華建誠鼎股權投資合夥企業(有限合夥)) ("**Huajian Chengding**")	373,541	49,886,000	0.48
Wenzhou Zhemin Investment Loctite Internet of Things Industry Fund Partnership (Limited Partnership) (溫州浙民投樂泰物聯網產業基金合夥企業(有限合夥)) ("**Wenzhou Zhemin**")	373,541	49,886,000	0.48
Shanghai Lianming Machinery Co., Ltd. (上海聯明機械股份有限公司) ("**Lianming Machinery**").	149,416	19,955,000	0.19
Hangzhou Junze No. 3 Enterprise Service Partnership (Limited Partnership) (杭州君澤三號企業服務合夥企業(有限合夥)) ("**Junze No. 3**").	1,120,622	149,659,000	1.44
Jiaxing Hydrogen Energy Industry Development Equity Investment Partnership (Limited Partnership) (嘉興氫能產業發展股權投資合夥企業(有限合夥)) ("**Jiaxing Hydrogen**") . .	373,541	49,886,000	0.48
Jiayuan Technology	373,541	49,886,000	0.48

Subscribers	Number of Shares subscribed for	Consideration (approximation)	Approximate corresponding equity interest in our Company (upon completion of the capital increase)
		(RMB)	*(%)*
Shanghai Shengyuehong Private Investment Fund Partnership (Limited Partnership) (上海盛悅泓私募投資基金合夥企業(有限合夥)) ("**Shanghai Shengyuehong**")	373,541	49,886,000	0.48
Suzhou Zhongheng Venture Capital Center (Limited Partnership) (蘇州眾恒創業投資中心(有限合夥)) ("**Suzhou Zhongheng**")(2)	224,124	29,932,000	0.29
Beijing Hillhouse Yurun Equity Investment Fund Partnership (Limited Partnership) (北京高瓴裕潤股權投資基金合夥企業(有限合夥)) ("**Hillhouse Yurun**")	74,708	9,977,000	0.10
Zhuhai Pangheng Equity Investment Partnership (Limited Partnership) (珠海龐恒股權投資合夥企業(有限合夥)) ("**Zhuhai Pangheng**")(2)	74,708	9,977,000	0.10
Hangzhou Financial Investment Industrial Co., Ltd. (杭州金投實業有限公司) ("**Hangzhou Industrial**")(3)	74,708	9,977,000	0.10
Hangzhou Financial Investment Enterprises Group Co., Ltd. (杭州金投企業集團有限公司) ("**Hangzhou Enterprises**")(3)	74,708	9,977,000	0.10
Ningbo Xucheng Enterprise Management Consulting Partnership (Limited Partnership) (寧波旭澄企業管理諮詢合夥企業(有限合夥)) ("**Ningbo Xucheng"**)	149,416	19,955,000	0.19
Mr. CAO Hongwei (曹鴻偉)	224,124	29,932,000	0.29
Wuxi Binni Venture Capital Partnership (Limited Partnership) (無錫彬倪創業投資合夥企業(有限合夥)) ("**Wuxi Binni**")	149,416	19,955,000	0.19
Shanghai Fulemi Exhibition Service Co., Ltd. (上海伏勒密展覽服務有限公司) ("**Shanghai Fulemi**")(4)	74,708	9,977,000(3)	0.10

Notes:

(1) Yutong Group (including Yutong Bus) had also been one of our five largest customers of hydrogen fuel cell systems and components during the Track Record Period.

(2) Each of Suzhou Zhongheng and Zhuhai Pangheng is ultimately controlled by Ms. ZHANG Haiyan (張海燕), who, to the best knowledge of our Directors, is an Independent Third Party.

(3) Hangzhou Industrial is a subsidiary of Hangzhou Enterprises.

(4) Shanghai Fulemi transferred its entire equity interest in our Company to Guangdong Kaiding Hongtai Equity Investment Partnership (Limited Partnership) (廣東凱鼎鴻泰股權投資合夥企業(有限合夥)) ("**Kaiding Hongtai**") and ceased to be our Shareholder in June 2022. As such, pursuant to the joinder agreement dated November 29, 2022, Kaiding Hongtai, as a transferee of the Shares subscribed by Shanghai Fulemi in Series E-1 Financing, was refunded part of the consideration paid by Shanghai Fulemi in accordance with the adjustment to the total consideration for Series E-1 Financing. For further details relating to the aforementioned equity transfer, see "— (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (e) Equity Transfers in June 2022" in this section.

The capital increase in connection with the share subscription by Chunyang Hongxin was completed on February 9, 2022 and the capital increase in connection with the share subscription by the other subscribers as set out above was completed March 30, 2022.

(e) Equity Transfers in June 2022

In June 2022, each of (i) Tianjin Chongmin, (ii) Shanghai Fulemi and (ii) Dongfang Electric entered into a share transfer agreement with Kaiding Hongtai, pursuant to which (i) Tianjin Chongmin transferred 83,009 Shares (representing approximately 0.11% equity interest in our Company) to Kaiding Hongtai at a consideration of RMB10,000,000, (ii) Shanghai Fulemi transferred 74,708 Shares (representing approximately 0.10% equity interest in our Company) to Kaiding Hongtai at a consideration of RMB10,000,000, and (iii) Dongfang Electric transferred 94,464 Shares (representing approximately 0.12% equity interest in our Company) to Kaiding Hongtai at a consideration of RMB11,380,000.

Further, in June 2022, Mr. Lin transferred 1,165,728 Shares (representing approximately 1.50% equity interest in our Company) to Shanghai Weijing (one of our ESOP Platforms) at a consideration of RMB39,215,090.

The aforementioned equity transfers were completed on June 28, 2022.

(f) Series E-2 Financing in December 2022

Pursuant to the joinder agreement dated November 29, 2022 to the share subscription agreement in connection with the Series E-1 Financing, FAW Jiefang Automotive Co., Ltd. (一汽解放汽車有限公司) ("**FAW Jiefang**") agreed to subscribe for 3,600,000 Shares (representing approximately 4.43% equity interest upon completion of the capital increase) at a total consideration of RMB480,780,000 ("**Series E-2 Financing**"). As such, the share capital of our Company increased from RMB77,711,371 to RMB81,311,371 pursuant to the shareholders' resolutions of the same date. The capital increase was completed on December 16, 2022.

FAW Jiefang had also been one of our five largest customers of hydrogen fuel cell systems and components during the Track Record Period.

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees and external consultant to our Group's development, Shanghai Weilan, Shanghai Weiqing, Shanghai Weijing, Shanghai Weijun, Shanghai Yuanyiqing, Shanghai Weiyi and Canada ESOP Platform were established as our employee incentive platforms.

(1) Shanghai Weilan

Shanghai Weilan was established as a limited partnership under the laws of the PRC on March 3, 2017. Mr. Lin is the general partner and executive partner of Shanghai Weilan and is responsible for the management of Shanghai Weilan. As of the date of this document, Shanghai Weilan had 22 limited partners, including Dr. HU Zhe (胡哲) (our executive Director), Ms. MA Audrey Jing Nan (馬晶楠) (our executive Director), Dr. ZHAI Shuang (翟雙) (our executive Director), Mr. WANG Chuqi (汪楚棋) (our Supervisor), Mr. SUN Bei (孫北) (our Supervisor), 16 former/existing employees of our Group and one external technology consultant to our Group, and directly held approximately 1.48% equity interest in our Company.

(2) Shanghai Weiqing

Shanghai Weiqing was established as a limited partnership under the laws of the PRC on June 12, 2018. Mr. Lin is the general partner and executive partner of Shanghai Weiqing and is responsible for the management of Shanghai Weiqing. As of the date of this document, Shanghai Weiqing had 36 limited partners, including Shanghai Weijun, Ms. MA Audrey Jing Nan (馬晶楠) (our executive Director), Dr. ZHAI Shuang (翟雙) (our executive Director), Mr. ZHAO Yongsheng (趙泳生) (our executive Director), Mr. WANG Chuqi (汪楚棋) (our Supervisor), Mr. SUN Bei (孫北) (our Supervisor), Mr. ZHENG Zhong (鄭重) (our senior management), Mr. XIE Hongyu (謝紅雨) (our senior management), Mr. SHAO Liangming (邵良明) (our senior management) and 27 former/existing employees of our Group, and directly held approximately 4.49% equity interest in our Company.

(3) Shanghai Weijing

Shanghai Weijing was established as a limited partnership under the laws of the PRC on May 27, 2022. Mr. Lin is the general partner and executive partner of Shanghai Weijing and is responsible for the management of Shanghai Weijing. As of the date of this document, Shanghai Weijing had 39 limited partners, including Shanghai Weiyi, Canada ESOP Platform, Dr. ZHAI Shuang (翟雙) (our executive Director), Mr. ZHAO Yongsheng (趙泳生) (our executive Director), Mr. SUN Bei (孫北) (our Supervisor), Mr. XIE Hongyu (謝紅雨) (our senior management), Mr. YANG Jinfu (楊錦夫) (our senior management) and 32 existing employees of our Group and directly held approximately 1.43% equity interest in our Company.

(4) Shanghai Weijun

Shanghai Weijun was established as a limited partnership under the laws of the PRC on July 18, 2018. Mr. Lin is the general partner and executive partner of Shanghai Weijun and is responsible for the management of Shanghai Weijun. As of the date of this document, Shanghai Weijun had 37 limited partners, including Shanghai Yuanyiqing (one of our ESOP Platforms), Ms. MA Audrey Jing Nan (馬晶楠) (our executive Director), Mr. WANG Chuqi (汪楚棋) (our Supervisor), Mr. SUN Bei (孫北) (our Supervisor), Mr. ZHENG Zhong (鄭重) (our senior management), Mr. XIE Hongyu (謝紅雨) (our senior management) and 31 former/existing employees of our Group, and indirectly held approximately 2.43% equity interest in our Company through Shanghai Weiqing.

(5) Shanghai Yuanyiqing

Shanghai Yuanyiqing was established as a limited partnership under the laws of the PRC on June 3, 2019. Mr. Lin is the general partner and executive partner of Shanghai Yuanyiqing and is responsible for the management of Shanghai Yuanyiqing. As of the date of this document, Shanghai Yuanyiqing had 14 limited partners, including Dr. HU Zhe (胡哲) (our executive Director), Dr. Christopher John GUZY (our senior management) and 12 former/existing employees of our Company, and indirectly held approximately 1.04% equity interest in our Company through Shanghai Weiqing.

(6) Shanghai Weiyi

Shanghai Weiyi was established as a limited partnership under the laws of the PRC on February 13, 2023. Mr. Lin is the general partner and executive partner of Shanghai Weiyi and is responsible for the management of Shanghai Weiyi. As of the date of this document, Shanghai Weiyi had 28 limited partners, all of whom are existing employees of our Company, and indirectly held approximately 0.33% equity interest in our Company through Shanghai Weijing.

(7) Canada ESOP Platform

Canada ESOP Platform was established as a limited partnership under the laws of the Province of British Columbia on January 9, 2024. The general partner of Canada ESOP Platform is 1415085 B.C. Ltd., which has delegated all of its powers and duties as a general partner of Canada ESOP Platform to Mr. Lin pursuant to a management agreement dated January 9, 2024. As such, Mr. Lin is responsible for the management of Canada ESOP Platform. As of the date of this document, Canada ESOP Platform had 13 limited partners, including 1415085 B.C. Ltd. (which is held by three employees of Unilia (Canada) Fuel Cells Inc., a non-wholly owned subsidiary of our Company, and holds partnership interest as a limited partner) and 12 existing employees of our Group, and indirectly held approximately 0.04% equity interest in our Company through Shanghai Weijing.

For further details of our ESOP Platforms, see also "— Further Information about our Directors, Supervisors and Substantial Shareholders — 5. Employee Incentive Schemes" in Appendix VI to this document.

EMPLOYEE INCENTIVE SCHEMES

We have adopted the Employee Incentive Schemes, the purpose of which is to incentivize our employees and external consultant who have made contribution to our Group's development.

For details of the Employee Incentive Schemes, see "Further Information about our Directors, Supervisors and Substantial Shareholders — 5. Employee Incentive Schemes" in Appendix VI to this document.

PRE-[REDACTED] SHARE OPTION SCHEME

We have adopted the Pre-[**REDACTED**] Share Option Scheme, the purpose of which is to recognize the contribution to our Group by our employees. As of the Latest Practicable Date, options to subscribe for an aggregate of 5,267,800 Domestic Shares (representing approximately [**REDACTED**]% of the total issued share capital of our Company immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised) have been conditionally granted to 155 eligible participants under the Pre-[**REDACTED**] Share Option Scheme.

For details of the Pre-[**REDACTED**] Share Option Scheme, see "Further Information about our Directors, Supervisors and Substantial Shareholders — 6. Pre-[**REDACTED**] Share Option Scheme" in Appendix VI to this document.

Save as disclosed above and in the paragraphs headed "Further Information about our Directors, Supervisors and Substantial Shareholders — 5. Employee Incentive Schemes" and "Further Information about our Directors, Supervisors and Substantial Shareholders — 6. Pre-[**REDACTED**] Share Option Scheme" in Appendix VI to this document, as of the Latest Practicable Date, our Group does not have any outstanding share options, warrants, convertible debt securities or other convertible instruments, or similar rights convertible into our Shares.

PRINCIPAL TERMS OF THE PRE-[REDACTED] INVESTMENTS

(1) Overview

Between July 2016 and December 2022, our Company obtained several rounds of investments from the Pre-[**REDACTED**] Investors through subscriptions for increased registered capital of our Company and/or through transfers by the then Shareholders. For further details, see "— Establishment and Development of Our Company" in this section.

(2) Principal terms of the Pre-[REDACTED] Investments

The following table[1] summarizes the key terms of the Pre-[**REDACTED**] Investments:

	Series Pre-A Financing	Series A Financing	Series B Financing	Series B+ Financing	Series C Financing	Series D Financing	Series E-1 Financing	Series E-2 Financing
Date(s) of agreement(s)	June 26, 2016	March 12, 2017	June 3, 2019	July 12, 2019	June 3, 2020	September 22, 2020	January 25, 2022; March 23, 2022	November 29, 2022
Amount of registered capital/number of Shares subscribed for[2]	RMB1,300,000	RMB6,575,000	RMB7,305,700	RMB11,651,900	RMB578,000	8,932,751 Shares	12,715,320 Shares	3,600,000 Shares
Amount of registered capital/number of Shares after each round of the Pre-[**REDACTED**] Investments	RMB29,300,000[3]	RMB32,875,000	RMB43,833,400	RMB55,485,300	RMB56,063,300	64,996,051 Shares	77,711,371 Shares	81,311,371 Shares
Amount of consideration paid[2] *(approximation)*	RMB20.00 million	RMB200.00 million	RMB300.00 million	RMB491.77 million	RMB31.25 million	RMB717.00 million	RMB1,698.13 million[4]	RMB480.78 million
Date of payment of full consideration	July 7, 2016	October 30, 2017	November 27, 2019	August 23, 2019	June 18, 2020	September 27, 2020	March 31, 2022[4]	December 15, 2022
Cost per Share paid[5] *(approximation)*	RMB15.38	RMB30.42	RMB41.06	RMB42.21	RMB54.07	RMB80.27	RMB133.55[4]	RMB133.55
Discount to the [**REDACTED**][6] *(approximation)*	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%
Basis of determination of the consideration	The considerations for each round of Pre-[**REDACTED**] Investments were determined based on arm's length negotiation between the relevant parties, after taking into consideration the timing of the investments and the status of our business operations and product development advancement.							

	Series Pre-A Financing	Series A Financing	Series B Financing	Series B+ Financing	Series C Financing	Series D Financing	Series E-1 Financing	Series E-2 Financing
Lock-up period	All existing Shareholders (including the Pre-[**REDACTED**] Investors) shall not dispose of any of the Shares held by them within the 12 months following the [**REDACTED**] as required under the applicable PRC laws.							
Use of proceeds from the Pre-[**REDACTED**] Investments	Proceeds from the Pre-[**REDACTED**] Investments received by our Company have been utilized for principal business of our Group, including but not limited to research and development activities, procurement of production materials, expansion of our production bases and general working capital purposes. As of the Latest Practicable Date, approximately 91.6% of the net proceeds from the Pre-[**REDACTED**] Investments had been utilized.							
Strategic benefits to our Company brought by the Pre-[**REDACTED**] Investors	At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-[**REDACTED**] Investors' investments in our Group and the knowledge and experience of the Pre-[**REDACTED**] Investors.							

Notes:

(1) The equity transfers in September 2019 are not included in the above table as the consideration of the respective transfers in the aggregate amount of RMB195,993,300 was paid to Huifeng Hydrogen Energy and Baohui Chuangneng (instead of our Company) by the relevant Pre-[**REDACTED**] Investors, with the date on which full consideration was paid being September 25, 2019. The cost per Share of such equity transfers ranged from approximately RMB6.19 to RMB46.54. Based on the currency translation of HK$1 to RMB0.90862 and on the [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), the discount to the [**REDACTED**] of such equity transfers ranges from approximately [**REDACTED**]% to [**REDACTED**]%. For details of the equity transfers in September 2019, see "— Establishment and Development of Our Company — (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company — (g) Equity Transfers in September 2019" in this section.

The equity transfers in June 2020 are not included in the above table as the consideration of the respective transfers in the aggregate amount of RMB51,000,000 was paid to Mr. LI Cong (李聰) (instead of our Company) by the relevant Pre-[**REDACTED**] Investors, with the date on which full consideration was paid being June 15, 2020. The cost per Share of such equity transfers ranged from approximately RMB48.78 to RMB51.49. Based on the currency translation of HK$1 to RMB0.90862 and on the [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), the discount to the [**REDACTED**] of such equity transfers ranges from approximately [**REDACTED**]% to [**REDACTED**]%. For details of the equity transfers in June 2020, see "— Establishment and Development of Our Company — (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company — (h) Series C Financing and Equity Transfers in June 2020" in this section.

The equity transfers in August 2020 are not included in the above table as the consideration of the respective transfers in the aggregate amount of RMB33,500,000 was paid to Mr. LI Cong (李聰) (instead of our Company) by the relevant Pre-[**REDACTED**] Investors, with the date on which full consideration was paid being August 21, 2020. The cost per Share of such equity transfers was approximately RMB48.78. Based on the currency translation of HK$1 to RMB0.90862 and on the [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), the discount to the [**REDACTED**] of such equity transfers is approximately [**REDACTED**]%. For details of the equity transfers in August 2020, see "— Establishment and Development of Our Company — (2) Major Shareholding Changes of Our Company Before Conversion into Joint Stock Limited Company — (i) Equity Transfers in August 2020" in this section.

The equity transfer in January 2022 is not included in the above table as the consideration of the transfer in the amount of RMB24,500,000 was paid to Ningbo Jiazhan (instead of our Company) by the relevant Pre-[**REDACTED**] Investor, with the date on which full consideration was paid being February 22, 2022. The cost per Share of such equity transfer was approximately RMB123.08. Based on the currency translation of HK$1 to RMB0.90862 and on the [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), the discount to the [**REDACTED**] of such equity transfer is approximately [**REDACTED**]%. For details of the equity transfer in January 2022, see "— Establishment and Development of Our Company — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (c) Equity Transfer in January 2022" in this section.

The equity transfers in June 2022 (other than the equity transfer from Mr. Lin to Shanghai Weijing) are not included in the above table as the consideration of the relevant respective transfers in the aggregate amount of RMB31,380,000 was paid to Tianjin Chongmin, Shanghai Fulemi and Dongfang Electric (instead of our Company) by the relevant Pre-[**REDACTED**] Investors, with the date on which full consideration was paid being July 6, 2022. The cost per Share of such equity transfers ranged from approximately RMB120.47 to RMB133.85. Based on the currency translation of HK$1 to RMB0.90862 and on the [**REDACTED**] of HK$[**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), the discount to the [**REDACTED**] of such equity transfers ranges from approximately [**REDACTED**]% to [**REDACTED**]%. For details of such equity transfers in June 2022, see "— Establishment and Development of Our Company — (3) Conversion into Joint Stock Limited Company and Major Shareholding Changes of Our Company After Conversion — (e) Equity Transfers in June 2022" in this section.

(2) For details relating to the registered capital of our Company subscribed for by or transferred to each Pre-[**REDACTED**] Investor and the corresponding consideration paid by each Pre-[**REDACTED**] Investor for each round of the Pre-[**REDACTED**] Investments, see "— Establishment and Development of Our Company" in this section.

(3) The amount of registered capital of our Company after Series Pre-A Financing included the amount of registered share capital subscribed for by Pengfan Zhibin as part of Series A Financing in July 2017 as the capital increase in connection with Series Pre-A Financing and the first tranche of Series A Financing was completed on the same date.

(4) In connection with Series E-2 Financing, the cost per Share for Series E-1 Financing was adjusted from RMB133.85 to RMB133.55 pursuant to the joinder agreement dated November 29, 2022. Accordingly, a total consideration of approximately RMB3,869,000 was refunded by our Company to each the Pre-[**REDACTED**] Investors who participated in Series E-1 Financing (or the transferee of the relevant Shares in Series E-1 Financing) with reference to the number of Shares subscribed by each of them in Series E-1 Financing, which was fully settled on January 4, 2023.

(5) Calculated based on the amount of consideration paid divided by the number of Shares as adjusted after joint stock reform in September 2020.

(6) Calculated based on the currency translation of HK$1 to RMB0.90862 and on the [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**].

(3) Rights of the Pre-[REDACTED] Investors

The Pre-[**REDACTED**] Investors were granted customary special rights, including but not limited to the right of first refusal, tag-along right, pre-emptive right, anti-dilution right and redemption right. As of the Latest Practicable Date, all special rights were terminated.

(4) Sole Sponsor's Confirmation

On the basis that (i) the considerations for the Pre-[**REDACTED**] Investments (save for the equity transfer between Mr. LI Cong and Ms. ZHANG Xiuying) were settled more than 28 clear days before the date of first submission of the [**REDACTED**] to the [**REDACTED**]; (ii) the consideration for the equity transfer between Mr. LI Cong and Ms. ZHANG Xiuying was settled no less than 120 clear days before the [**REDACTED**]; and (iii) the special rights granted to the Pre-[**REDACTED**] Investors had been terminated as disclosed in the paragraph headed "— (3) Rights of the Pre-[**REDACTED**] Investors" in this section, the Sole Sponsor confirms that the Pre-[**REDACTED**] Investments are in compliance with sections headed "Timing of Pre-IPO Investment" and "Special Rights of Pre-IPO Investors" set out in Chapter 4.2 of the Guide for New Listing Applicants.

(5) Information about our principal Pre-[REDACTED] Investors

Below sets out information of our principal Pre-[**REDACTED**] Investors that have made meaningful investments in our Company (individually or collectively (where they constitute a group of Shareholders) holding more than 2.00% of our total issued Shares immediately prior to the [**REDACTED**]).

1. Sinopec Capital . . . . Sinopec Capital is a limited liability company established under the laws of the PRC, and was held as to 51% by China Petrochemical Corporation (中國石油化工集團有限公司) and 49% by China Petroleum & Chemical Corporation (中國石油化工股份有限公司) (which is a non-wholly owned subsidiary of China Petrochemical Corporation and listed on the Stock Exchange (stock code: 386) and the Shanghai Stock Exchange (stock code: 600028)), respectively, as of the Latest Practicable Date. Established in September 1983, China Petrochemical Corporation is a state-owned enterprise.

Apart from the nomination of Mr. LIU Huiyou (劉會友) (our non-executive Director), Sinopec Capital is a substantial shareholder of our Company immediately upon [**REDACTED**]. For details of Mr. LIU Huiyou, see "Directors, Supervisors and Senior Management" in this document.

2. Pengfan Zhibin, Chunyang Songteng, Jinglong Baoluo and Chunyang Hongxin ......

Pengfan Zhibin is a limited partnership established under the laws of the PRC and is managed by Chunyang Capital, which is ultimately controlled by Mr. FU Junru (傅軍如). As of the Latest Practicable Date, Pengfan Zhibin was held as to approximately 99.81% by Ms. LIANG Lanyin (梁蘭茵) as the sole limited partner.

Chunyang Songteng is a limited partnership established under the laws of the PRC and is managed by its general partner, Chunyang Capital. As of the Latest Practicable Date, Chunyang Songteng had 18 limited partners, and was held as to 36.44% by Guangzhou Kaide Investment Holdings Co., Ltd. (廣州凱得投資控股有限公司) as the largest limited partner.

Jinglong Baoluo is a limited partnership established under the laws of the PRC and is managed by its general partner, Chunyang Capital. As of the Latest Practicable Date, Jinglong Baoluo was held as to approximately 99.78% by Ms. LIANG Lanyin as the sole limited partner.

Chunyang Hongxin is a limited partnership established under the laws of the PRC and is managed by its general partner, Shenzhen Qianhai Chunyang Venture Capital Partnership (Limited Partnership) (深圳前海春陽創業投資合夥企業(有限合夥)), whose general partner is Chunyang Capital. As of the Latest Practicable Date, Chunyang Hongxin had two limited partners, and was held as to approximately 64.52% by Shenzhen Chunyang Hongxin Venture Capital Partnership (Limited Partnership) (深圳春陽泓鑫創業投資合夥企業(有限合夥)) as the largest limited partner.

To the best knowledge of our Directors, save for the nomination of Mr. WU Yang (武洋) (our Supervisor), each of Pengfan Zhibin, Chunyang Songteng, Jinglong Baoluo and Chunyang Hongxin is an Independent Third Party. For details of Mr. WU Yang, see "Directors, Supervisors and Senior Management" in this document.

3. Yutong Group and Mr. WAN Jingzhao (萬景照) ....

Zhengzhou Spruce is a limited partnership established under the laws of the PRC and is managed by its general partner, Zhengzhou Yunshan Investment Management Co., Ltd. (鄭州雲杉投資管理有限公司), which is an indirect wholly-owned subsidiary of Zhengzhou Yutong Group Co., Ltd. (鄭州宇通集團有限公司), which is in turn indirectly controlled by Mr. TANG Yuxiang (湯玉祥). As of the Latest Practicable Date, it had two limited partners, and was held as to approximately 79.84% by Lhasa Deyu Xinrong Industrial Co., Ltd. (拉薩德宇新融實業有限公司) as the largest limited partner.

Yutong Bus is a joint stock limited company established under the laws of the PRC and is listed on the Shanghai Stock Exchange (stock code: 600066). It was held as to approximately 37.70% directly by Zhengzhou Yutong Group Co., Ltd. as its controlling shareholder as of the Latest Practicable Date.

Mr. WAN Jingzhao (萬景照) is an executive director and the general manager of Zhengzhou Yunshan Investment Management Co., Ltd., and an individual investor.

As confirmed by Zhengzhou Spruce, Yutong Bus and Mr. Wan Jingzhao, they are parties acting in concert in exercising Shareholders' rights pertaining to our Company.

To the best knowledge of our Directors, each of Zhengzhou Spruce, Yutong Bus and Mr. WAN Jingzhao is an Independent Third Party.

4. National Manufacturing Fund . . . . National Manufacturing Fund is a joint stock limited company established under the laws of the PRC, and was held as to 15.29% by the MOF as its single largest shareholder as of the Latest Practicable Date.

To the best knowledge of our Directors, save for the nomination of Mr. ZHOU Wei (周瑋) (our Supervisor), National Manufacturing Fund is an Independent Third Party. For details of Mr. ZHOU Wei, see "Directors, Supervisors and Senior Management" in this document.

5. FAW Jiefang . . . FAW Jiefang is a limited liability company established under the laws of the PRC and is a wholly-owned subsidiary of FAW Jiefang Group Co., Ltd. (一汽解放集團股份有限公司), which is listed on the Shenzhen Stock Exchange (stock code: 000800).

To the best knowledge of our Directors, save for the nomination of Mr. JI Yizhi (季一志) (our Supervisor), FAW Jiefang is an Independent Third Party. For details of Mr. JI Yizhi, see "Directors, Supervisors and Senior Management" in this document.

6. Trustbridge II and Trustbridge New Economy . . Trustbridge II is a limited partnership established under the laws of the PRC and is managed by its general partner, Ningbo Trustbridge Investment Management Partnership (Limited Partnership) (寧波摯信投資管理合夥企業(有限合夥)), whose general partner is Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership) (上海摯信新經濟股權投資管理合夥企業(有限合夥)), which is ultimately controlled by Mr. LI Shuzhao (李曙照). As of the Latest Practicable Date, Trustbridge II was held as to approximately 98.96% by Yimeng Co., Ltd. (益盟股份有限公司) as the largest limited partner.

Trustbridge New Economy is a limited partnership established under the laws of the PRC and is managed by its general partner, Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership). As of the Latest Practicable Date, Trustbridge New Economy had nine limited partners, and was held as to approximately 16.39% by each of Yimeng Co., Ltd. and Ningbo Trustbridge Investment Management Partnership (Limited Partnership) as the two largest limited partners.

To the best knowledge of our Directors, each of Trustbridge II and Trustbridge New Economy is an Independent Third Party.

7. Huiqing Jingnuo and Luping Jingneng . . . . . .

Each of Huiqing Jingnuo and Luping Jingneng is a limited partnership established under the laws of the PRC and is managed by its general partner, Huiyang Capital, which is wholly owned by Mr. LU Qingping (魯清平). Mr. LU Qingping is a relative of Ms. LIANG Lanyin (梁蘭茵) who is the sole limited partner of each of Pengfan Zhibin and Jinglong Baoluo. As of the Latest Practicable Date, Huiqing Jingnuo had two limited partners, and was held as to approximately 98.27% by Mr. LU Qingping as the largest limited partner. As of the Latest Practicable Date, Luping Jingneng had two limited partners, and was held as to approximately 97.84% by Mr. LU Qingping as the largest limited partner.

To the best knowledge of our Directors, each of Huiqing Jingnuo and Luping Jingneng is an Independent Third Party.

8. Qianshi Shengxin and Qianshi Fenghe .

Each of Qianshi Shengxin and Qianshi Fenghe is a limited partnership established under the laws of the PRC and is managed by its general partner, Ningbo Qianshi Herun Equity Investment Management Co., Ltd. (寧波謙石禾潤股權投資管理有限公司), which is ultimately controlled by Mr. LI Zhuiyang (李追陽). As of the Latest Practicable Date, Qianshi Shengxin was held as to approximately 98.99% by Tongling Jiantong Science and Technology Innovation Equity Investment Partnership (Limited Partnership) (銅陵建同科創股權投資合夥企業(有限合夥)) as the sole limited partner. As of the Latest Practicable Date, Qianshi Fenghe was held as to approximately 99.93% by Ms. HUANG Wenjin (黃雯瑾) as the sole limited partner.

To the best knowledge of our Directors, each of Qianshi Shengxin and Qianshi Fenghe is an Independent Third Party.

9. Qianshi Guoxin and Qianshi Zhengxin . . . . . . Each of Qianshi Guoxin and Qianshi Zhengxin is a limited partnership established under the laws of the PRC and is managed by its general partner, Quancun Entrepreneurship Investment Management (Guangdong Hengqin) Partnership (Limited Partnership) (全村創業投資管理(廣東橫琴)合夥企業(有限合夥)), whose general partner is Hainan Quancun Industrial Management Co., Ltd. (海南全村產業管理有限責任公司), which was in turn held as to 60% by Mr. LI Wenqing (李文慶), 20% by Ms. CHENG Jing (承婧), 20% by Ms. BAO Yuanyuan (鮑媛媛) as of the Latest Practicable Date. As of the Latest Practicable Date, Qianshi Guoxin had 16 limited partners, and was held as to approximately 21.24% by Ms. BAO Yuanyuan as the largest limited partner. As of the Latest Practicable Date, Qianshi Zhengxin had eight limited partners, and was held as to approximately 21.27% by Ms. ZHU Wenmin (朱文敏) as the largest limited partner.

To the best knowledge of our Directors, each of Qianshi Guoxin and Qianshi Zhengxin is an Independent Third Party.

10. Legend Chengye and Legend Bingde . . . . Legend Chengye is a limited partnership established under the laws of the PRC and is managed by its general partner, Beijing Legend Tongdao Private Equity Management Partnership (Limited Partnership) (北京君聯同道私募基金管理合夥企業(有限合夥)), which is indirectly controlled by Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司), which was in turn held as to 40% by Mr. CHEN Hao (陳浩), 20% by Mr. ZHU Linan (朱立南), 20% by Mr. LI Jiaqing (李家慶) and 20% by Mr. WANG Nengguang (王能光) as of the Latest Practicable Date. As of the Latest Practicable Date, Legend Chengye had 19 limited partners, and was held as to approximately 70.09% by Beijing Legend Huicheng Equity Investment Partnership (Limited Partnership) (北京君聯慧誠股權投資合夥企業(有限合夥)) as the largest limited partner.

Legend Bingde is a limited partnership established under the laws of the PRC and is managed by its general partner, Lhasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司), which is indirectly controlled by Beijing Junqi Jiarui Enterprise Management Co., Ltd.. As of the Latest Practicable Date, Legend Bingde was held as to approximately 99.67% by Suzhou Industrial Park Guochuang Kaiyuan Phase II Investment Center (Limited Partnership) (蘇州工業園區國創開元二期投資中心(有限合夥)) as the sole limited partner.

To the best knowledge of our Directors, each of Legend Chengye and Legend Bingde is an Independent Third Party.

11. Zhangjiagang Bohua . . . . Zhangjiagang Bohua is a limited partnership established under the laws of the PRC and is managed by its general partner, Zhangjiagang Bohua Yaoshi Investment Partnership (Limited Partnership) (張家港博華耀世投資合夥企業(有限合夥)), which is ultimately controlled by Mr. XU Wenbo (徐文博). As of the Latest Practicable Date, Zhangjiagang Bohua had 13 limited partners, and was held as to approximately 16.30% by Suqian Zhiming Enterprise Management Consulting Service Partnership (Limited Partnership) (宿遷智明企業管理諮詢服務合夥企業(有限合夥)) as the largest limited partner.

To the best knowledge of our Directors, Zhangjiagang Bohua is an Independent Third Party.

PREVIOUS LISTING ATTEMPT AND REASONS FOR [REDACTED] ON THE [REDACTED]

In March 2021, our Company submitted an application for listing (the "**Previous A-Share Listing Application**") to list the Shares on the Science and Technology Innovation Board (the "**SSE Star Market**") of the Shanghai Stock Exchange. In August 2021, our Company voluntarily withdrew the Previous A-Share Listing Application after considering, among other things, future business strategic positioning and capital planning, and we had addressed all of the comments raised by the Shanghai Stock Exchange up to the date of our withdrawal of the Previous A-Share Listing Application.

In October 2022, we initiated the tutoring filing (輔導備案) with the Shanghai Regulatory Bureau of the CSRC (中國證券監督管理委員會上海監管局) for a potential application for listing on the SSE Star Market. As of the Latest Practicable Date, we were still in the process of assessing merits of such potential listing and did not submit any formal application for listing on the SSE Star Market, while tutoring progress reports (輔導進展報告) have been made periodically to comply with the relevant requirements in connection with the potential application for listing on the SSE Star Market.

On the other hand, our Directors consider that the [**REDACTED**], as an internationally recognized and reputable stock exchange, can provide us with a good platform to access the international capital markets and expand our global business, the [**REDACTED**] will provide us with the necessary funding to increase our competitiveness by assisting us to expand our operations and strengthen our business prospects, and the [**REDACTED**] on the [**REDACTED**] will raise our profile and market awareness of our brand name and present us with an opportunity to further expand our [**REDACTED**] base. Taking into account, among others, the aforementioned factors and the long-term business development strategies of our Group, our Directors consider the [**REDACTED**] to be a more suitable venue to access international equity markets, and the [**REDACTED**] will be in the best interests of our Company and our Shareholders as a whole.

Our Directors are not aware of any matters or findings from the Previous A-Share Listing Application or the aforementioned tutoring filing/tutoring progress reports which have been brought to their attention and would have a material adverse implication on the [**REDACTED**], or any matters that might materially and adversely affect our Company's suitability for the [**REDACTED**]. Our Directors further confirm that there is no other matter in relation to the Previous A-Share Listing Application or the aforementioned tutoring filing/tutoring progress reports that needs to be brought to the attention of the [**REDACTED**] or potential [**REDACTED**].

Based on the independent due diligence work performed by the Sole Sponsor and the information and representation given to the Sole Sponsor, nothing has come to the Sole Sponsor's attention that could cast doubts on the Directors' views set out above.

[**REDACTED**]

The [**REDACTED**] Shares held by our Shareholders as of the Latest Practicable Date, representing approximately [**REDACTED**]% of our total issued share capital as of the Latest Practicable Date, or approximately [**REDACTED**]% of our total issued share capital upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised and the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised), or approximately [**REDACTED**]% of our total issued share capital upon exercise of the [**REDACTED**] in full (assuming the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised), will not be counted towards [**REDACTED**] for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**] as these Shares are Domestic Shares which will not be converted into H Shares and [**REDACTED**] following the completion of the [**REDACTED**].

The [**REDACTED**] Shares held by Sinopec Capital, representing approximately [**REDACTED**]% of our total issued share capital as of the Latest Practicable Date, or approximately [**REDACTED**]% of our total issued share capital upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised and the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised), or approximately [**REDACTED**]% of our total issued share capital upon exercise of the [**REDACTED**] in full (assuming the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised), are Domestic Shares which will be converted into H Shares and [**REDACTED**] upon completion of the [**REDACTED**]. As Sinopec Capital will be a substantial shareholder of our Company immediately upon [**REDACTED**] and therefore, a core connected person of our Company, the H Shares held by Sinopec Capital will not be counted towards the [**REDACTED**] for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**].

The [**REDACTED**] Shares held by Ms. ZHANG Xiuying (張秀英), Mr. SHEN Xianglong (沈祥龍), Ms. FENG Yan (馮燕), Pengfan Zhibin, Jinglong Baoluo, Chunyang Songteng, Chunyang Hongxin, Luping Jingneng, Huiqing Jingnuo, Trustbridge II, Trustbridge New Economy, Legend Bingde, Legend Chengye, Ningbo Jiazhan, Tianjin Chongmin, Xiaofu Jucheng, Sanxing Zhiqi, Qianshi Guoxin, Qianshi Zhengxin, Qianshi Fenghe, Qianshi Shengxin, Toyota Tsusho, Jingxiang Capital, Hainan Yongheng, Global Holding, Ningbo Yuanguan, Zhengzhou Spruce, Yutong Bus, Mr. WAN Jingzhao (萬景照), Shuimu Hydrogen, Dongfang Electric, Jiayuan Technology, Dezaihou Qicheng, Hexie Jinhong, Hubei Cathay Energy, HongShan Hanchen, Saifus Equity Investment, Wenzhou Zhemin, Junze No. 3, Suzhou Zhongheng, Hillhouse Yurun, Zhuhai Pangheng, Hangzhou Industrial, Hangzhou Enterprises, Ningbo Xucheng, Mr. CAO Hongwei (曹鴻偉) and Wuxi Binni, representing approximately [**REDACTED**]% of our total issued share capital as of the Latest Practicable Date, or approximately [**REDACTED**]% of our total issued share capital upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised and the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised), or approximately [**REDACTED**]% of our total issued share capital upon exercise of the [**REDACTED**] in full (assuming the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised), are Domestic Shares which will be converted into H Shares and [**REDACTED**] following the completion of the [**REDACTED**]. As these entities/individuals will not be core connected persons of our Company upon [**REDACTED**], are not accustomed to take instructions from core connected persons of our Company in relation to the acquisition, disposal, voting or other disposition of their Shares, and their acquisition of Shares were not financed directly or indirectly by core connected persons of our Company, the H Shares held by them will be counted towards the [**REDACTED**] for the purpose of Rule 8.08 of the Listing Rules after the [**REDACTED**].

Immediately upon the completion of the [**REDACTED**], assuming that (i) [**REDACTED**] H Shares are [**REDACTED**] and [**REDACTED**] in the [**REDACTED**]; (ii) the [**REDACTED**] is not exercised; (iii) the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised; (iv) [**REDACTED**] Domestic Shares are converted into H Shares; and (v) [**REDACTED**] Shares are issued and outstanding in the share capital of our Company upon completion of the [**REDACTED**], [**REDACTED**] Shares, representing approximately [**REDACTED**]% of our total issued share capital, will be counted towards the [**REDACTED**] for the purpose of Rule 8.08 of the Listing Rules.

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the date of this document and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised):

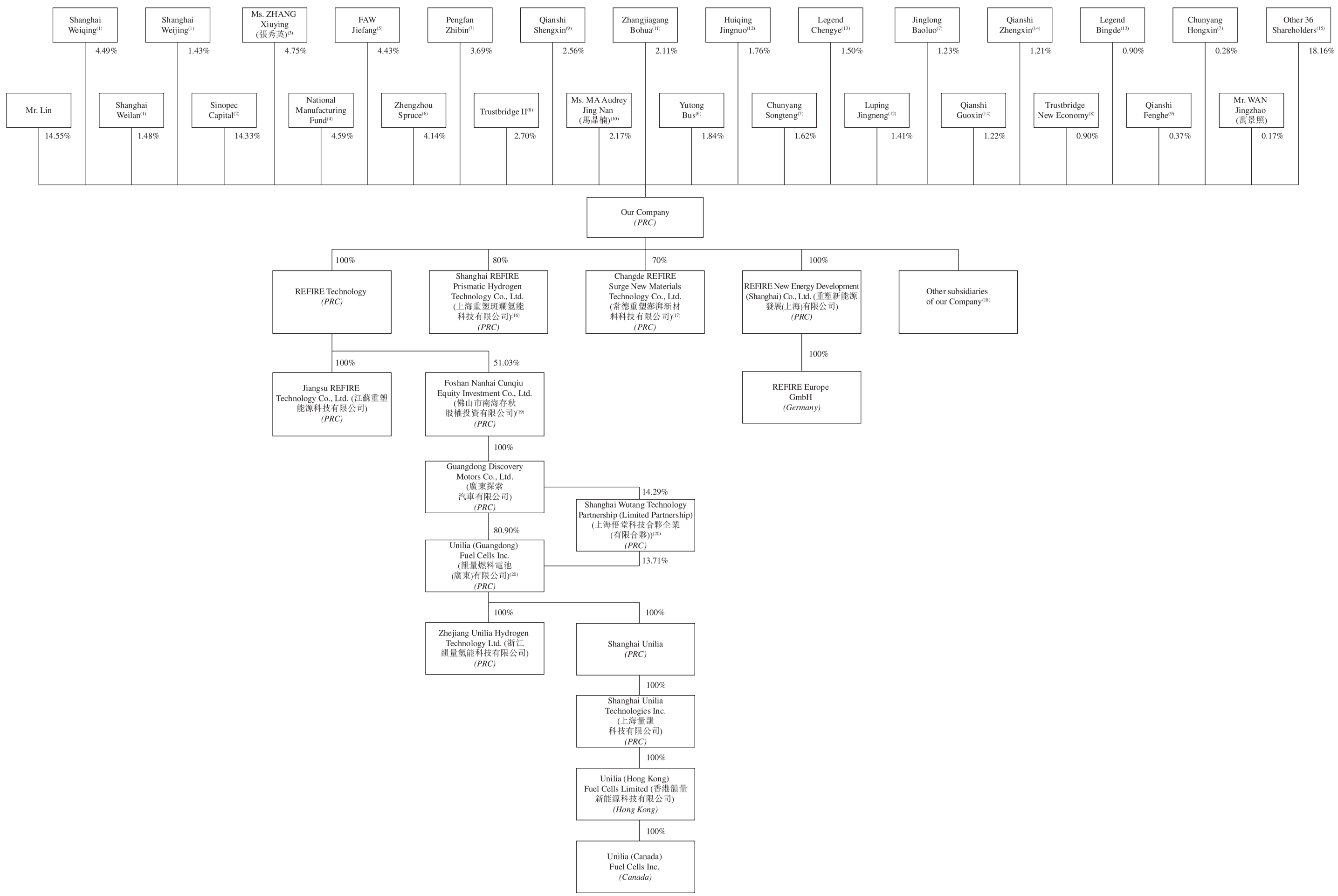
	As of the date of this document		As of the [REDACTED] (assuming the [REDACTED] is not exercised and the options granted under the Pre-[REDACTED] Share Option Scheme are not exercised)					
Shareholder	Number of Domestic Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Domestic Shares	Approximate ownership percentage in Domestic Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
Mr. Lin	11,834,272	14.55%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sinopec Capital	11,651,900	14.33%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. ZHANG Xiuying (張秀英)	3,863,800	4.75%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
National Manufacturing Fund	3,735,405	4.59%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Weiqing	3,652,700	4.49%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
FAW Jiefang	3,600,000	4.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhengzhou Spruce	3,363,798	4.14%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Pengfan Zhibin	3,000,000	3.69%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Trustbridge II	2,191,700	2.70%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

	As of the date of this document		As of the [REDACTED] (assuming the [REDACTED] is not exercised and the options granted under the Pre-[REDACTED] Share Option Scheme are not exercised)					
Shareholder	Number of Domestic Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Domestic Shares	Approximate ownership percentage in Domestic Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
Qianshi Shengxin	2,084,600	2.56%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. MA Audrey Jing Nan (馬晶楠)	1,767,500	2.17%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhangjiagang Bohua	1,715,940	2.11%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Yutong Bus	1,494,162	1.84%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nakatsu Innovation	1,494,162	1.84%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Huiqing Jingnuo	1,430,000	1.76%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chunyang Songteng	1,314,373	1.62%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Legend Chengye	1,217,600	1.50%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Weilan	1,200,000	1.48%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Weijing	1,165,728	1.43%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Luping Jingneng	1,144,000	1.41%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
HongShan Hanchen	1,120,622	1.38%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Junze No. 3	1,120,622	1.38%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jinglong Baoluo	1,001,000	1.23%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shuimu Hydrogen	996,681	1.23%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qianshi Guoxin	995,600	1.22%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qianshi Zhengxin	986,300	1.21%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiayuan Technology	871,881	1.07%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jingxiang Capital	776,800	0.96%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Trustbridge New Economy	730,600	0.90%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Legend Bingde	730,600	0.90%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Sanxing Zhiqi	730,600	0.90%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dezaihou Qicheng	579,321	0.71%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Toyota Tsusho	578,000	0.71%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Weiming VC	498,340	0.61%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hubei Cathay Energy	498,340	0.61%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hainan Yongheng	410,000	0.50%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hexie Jinhong	373,755	0.46%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Huajian Chengding	373,541	0.46%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wenzhou Zhemin	373,541	0.46%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Jiaxing Hydrogen	373,541	0.46%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Shanghai Shengyuehong	373,541	0.46%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Saifus Equity Investment	313,774	0.39%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Qianshi Fenghe	304,400	0.37%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

	As of the date of this document		As of the [REDACTED] (assuming the [REDACTED] is not exercised and the options granted under the Pre-[REDACTED] Share Option Scheme are not exercised)					
Shareholder	Number of Domestic Shares	Approximate ownership percentage in total issued share capital	Number of H Shares	Approximate ownership percentage in H Shares	Number of Domestic Shares	Approximate ownership percentage in Domestic Shares	Total number of Shares	Approximate ownership percentage in total issued share capital
Ningbo Jiazhan	287,942	0.35%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Yuanguan	276,800	0.34%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Kaiding Hongtai	252,181	0.31%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. SHEN Xianglong (沈祥龍)	250,000	0.31%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Chunyang Hongxin	224,124	0.28%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Suzhou Zhongheng	224,124	0.28%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. CAO Hongwei (曹鴻偉)	224,124	0.28%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Xiaofu Jucheng	199,058	0.24%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. FENG Yan (馮燕)	161,600	0.20%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dongfang Electric	154,706	0.19%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Lianming Machinery	149,416	0.18%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Xucheng	149,416	0.18%	[REDACTED]	[[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wuxi Binni	149,416	0.18%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. WAN Jingzhao (萬景照)	137,001	0.17%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Tianjin Chongmin	98,591	0.12%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hillhouse Yurun	74,708	0.09%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zhuhai Pangheng	74,708	0.09%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Industrial	74,708	0.09%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Enterprises	74,708	0.09%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Global Holding	41,000	0.05%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other investors taking part in the **[REDACTED]**	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	**81,311,371**	**100%**	[REDACTED]	**100%**	[REDACTED]	**100%**	[REDACTED]	**100%**

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately before completion of the [REDACTED]:



Notes:

(1) Each of Shanghai Weiqing, Shanghai Weilan and Shanghai Weijing is a limited partnership established in the PRC and is one of our ESOP Platforms. Mr. Lin is the general partner and executive partner of Shanghai Weiqing, Shanghai Weilan and Shanghai Weijing and is responsible for their respective management.

(2) Sinopec Capital is a limited liability company established under the laws of the PRC and is controlled by China Petrochemical Corporation (中國石油化工集團有限公司), which is in turn wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會). Sinopec Capital is a substantial shareholder of our Company immediately upon [**REDACTED**], and China Petrochemical Corporation is an associate of Sinopec Capital. As such, each of Sinopec Capital and China Petrochemical Corporation is a connected person of our Company.

(3) To the best knowledge of our Directors, Ms. ZHANG Xiuying (張秀英) is an Independent Third Party.

(4) National Manufacturing Fund is a joint stock limited company established under the laws of the PRC, and was held as to 15.29% by the MOF as its single largest shareholder as of the Latest Practicable Date. National Manufacturing Fund is an Independent Third Party.

(5) FAW Jiefang is a limited liability company established under the laws of the PRC and is a wholly-owned subsidiary of FAW Jiefang Group Co., Ltd. (一汽解放集團股份有限公司), which is listed on the Shenzhen Stock Exchange (stock code: 000800). Each of FAW Jiefang and FAW Jiefang Group Co., Ltd. is an Independent Third Party.

(6) Zhengzhou Spruce is a limited partnership established under the laws of the PRC and is managed by its general partner, Zhengzhou Yunshan Investment Management Co., Ltd. (鄭州雲杉投資管理有限公司), which is an indirect wholly-owned subsidiary of Zhengzhou Yutong Group Co., Ltd. (鄭州宇通集團有限公司), which is in turn indirectly controlled by Mr. TANG Yuxiang (湯玉祥). Yutong Bus is a joint stock limited company established under the laws of the PRC and is listed on the Shanghai Stock Exchange (stock code: 600066), and was held as to approximately 37.70% directly by Zhengzhou Yutong Group Co., Ltd. as its controlling shareholder as of the Latest Practicable Date. Each of Zhengzhou Spruce, Yutong Bus and Mr. TANG Yuxiang is an Independent Third Party.

(7) Pengfan Zhibin is a limited partnership established under the laws of the PRC and is managed by Chunyang Asset Management Co., Ltd. (深圳前海春陽資產管理有限公司) ("**Chunyang Capital**"). Chunyang Songteng is a limited partnership established under the laws of the PRC and is managed by its general partner, Chunyang Capital. Jinglong Baoluo is a limited partnership established under the laws of the PRC and is managed by its general partner, Chunyang Capital. Chunyang Hongxin is a limited partnership established under the laws of the PRC and is managed by its general partner, Shenzhen Qianhai Chunyang Venture Capital Partnership (Limited Partnership) (深圳前海春陽創業投資合夥企業(有限合夥)), whose general partner is Chunyang Capital. Chunyang Capital is ultimately controlled by Mr. FU Junru (傅軍如). Each of Pengfan Zhibin, Chunyang Songteng, Jinglong Baoluo, Chunyang Hongxin and Mr. FU Junru is an Independent Third Party.

(8) Trustbridge II is a limited partnership established under the laws of the PRC and is managed by its general partner, Ningbo Trustbridge Investment Management Partnership (Limited Partnership) (寧波摯信投資管理合夥企業(有限合夥)), whose general partner is Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership) (上海摯信新經濟股權投資管理合夥企業(有限合夥)). Trustbridge New Economy is a limited partnership established under the laws of the PRC and is managed by its general partner, Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership). Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership) is ultimately controlled by Mr. LI Shuzhao (李曙照). Each of Trustbridge II, Trustbridge New Economy and Mr. LI Shuzhao is an Independent Third Party.

(9) Each of Qianshi Shengxin and Qianshi Fenghe is a limited partnership established under the laws of the PRC and is managed by its general partner, Ningbo Qianshi Herun Equity Investment Management Co., Ltd. (寧波謙石禾潤股權投資管理有限公司), which is ultimately controlled by Mr. LI Zhuiyang (李追陽). Each of Qianshi Shengxin, Qianshi Fenghe and Mr. LI Zhuiyang (李追陽) is an Independent Third Party.

(10) Ms. MA Audrey Jing Nan (馬晶楠) is our executive Director and vice president.

(11) Zhangjiagang Bohua is a limited partnership established under the laws of the PRC and is managed by its general partner, Zhangjiagang Bohua Yaoshi Investment Partnership (Limited Partnership) (張家港博華耀世投資合夥企業(有限合夥)), which is ultimately controlled by Mr. XU Wenbo (徐文博). Each of Zhangjiagang Bohua and Mr. XU Wenbo is an Independent Third Party.

(12) Each of Huiqing Jingnuo and Luping Jingneng is a limited partnership established under the laws of the PRC and is managed by its general partner, Huiyang Jingneng Investment Management (Beijing) Co., Ltd. (惠洋京能投資管理(北京)有限公司), which is wholly owned by Mr. LU Qingping (魯清平). Each of Huiqing Jingnuo, Luping Jingneng and Mr. LU Qingping is an Independent Third Party.

(13) Legend Chengye is a limited partnership established under the laws of the PRC and is managed by its general partner, Beijing Legend Tongdao Private Equity Management Partnership (Limited Partnership) (北京君聯同道私募基金管理合夥企業(有限合夥)), which is indirectly controlled by Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司). Legend Bingde is a limited partnership established under the laws of the PRC and is managed by its general partner, Lhasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司), which is indirectly controlled by Beijing Junqi Jiarui Enterprise Management Co., Ltd.. Beijing Junqi Jiarui Enterprise Management Co., Ltd. was in turn held as to 40% by Mr. CHEN Hao (陳浩), 20% by Mr. ZHU Linan (朱立南), 20% by Mr. LI Jiaqing (李家慶) and 20% by Mr. WANG Nengguang (王能光) as of the Latest Practicable Date. Each of Legend Chengye, Legend Bingde, Mr. CHEN Hao, Mr. ZHU Linan, Mr. LI Jiaqing and Mr. WANG Nengguang is an Independent Third Party.

(14) Each of Qianshi Guoxin and Qianshi Zhengxin is a limited partnership established under the laws of the PRC and is managed by its general partner, Quancun Entrepreneurship Investment Management (Guangdong Hengqin) Partnership (Limited Partnership) (全村創業投資管理(廣東橫琴)合夥企業(有限合夥)), whose general partner is Hainan Quancun Industrial Management Co., Ltd. (海南全村產業管理有限責任公司), which was in turn held as to 60% by Mr. LI Wenqing (李文慶), 20% by Ms. CHENG Jing (承婧), 20% by Ms. BAO Yuanyuan (鮑媛媛) as of the Latest Practicable Date. Each of Qianshi Guoxin, Qianshi Zhengxin, Mr. LI Wenqing, Ms. CHENG Jing and Ms. BAO Yuanyuan is an Independent Third Party.

(15) Each of Nakatsu Innovation, Junze No. 3, HongShan Hanchen, Shuimu Hydrogen, Jiayuan Technology, Jingxiang Capital, Sanxing Zhiqi, Dezaihou Qicheng, Toyota Tsusho, Weiming VC, Hubei Cathay Energy, Hainan Yongheng, Hexie Jinhong, Huajian Chengding, Wenzhou Zhemin, Jiaxing Hydrogen, Shanghai Shengyuehong, Saifus Equity Investment, Ningbo Jiazhan, Ningbo Yuanguan, Kaiding Hongtai, Mr. SHEN Xianglong (沈祥龍), Suzhou Zhongheng, Mr. CAO Hongwei (曹鴻偉), Xiaofu Jucheng, Ms. FENG Yan (馮燕), Dongfang Electric, Lianming Machinery, Ningbo Xucheng, Wuxi Binni, Tianjin Chongmin, Hillhouse Yurun, Zhuhai Pangheng, Hangzhou Industrial, Hangzhou Enterprises and Global Holding is an Independent Third Party. For details relating to their shareholding in our Company, see "— Capitalization of Our Company" in this section.

(16) Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. (上海重塑斑斕氫能科技有限公司) is a limited liability company established under the laws of the PRC and is held as to 80% by our Company, 10% by Shanghai All Hydrogen Times Business Management Consulting Partnership (Limited Partnership) (上海全氫時代商務管理諮詢合夥企業(有限合夥)) and 10% by Shenzhen Biqu Technology Co., Ltd. (深圳市必趨科技有限公司), respectively. Each of Shanghai All Hydrogen Times Business Management Consulting Partnership (Limited Partnership) and Shenzhen Biqu Technology Co., Ltd. is an Independent Third Party. Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. is an insignificant subsidiary pursuant to Rule 14A.09 of the Listing Rules.

(17) Changde REFIRE Surge New Materials Technology Co., Ltd. (常德重塑澎湃新材料科技有限公司) is a limited liability company established under the laws of the PRC and is held as to 70% by our Company and 30% by Hunan Yongyou Technology Co., Ltd. (湖南雍友科技有限公司), which is an Independent Third Party, respectively. Changde REFIRE Surge New Materials Technology Co., Ltd. is an insignificant subsidiary pursuant to Rule 14A.09 of the Listing Rules.

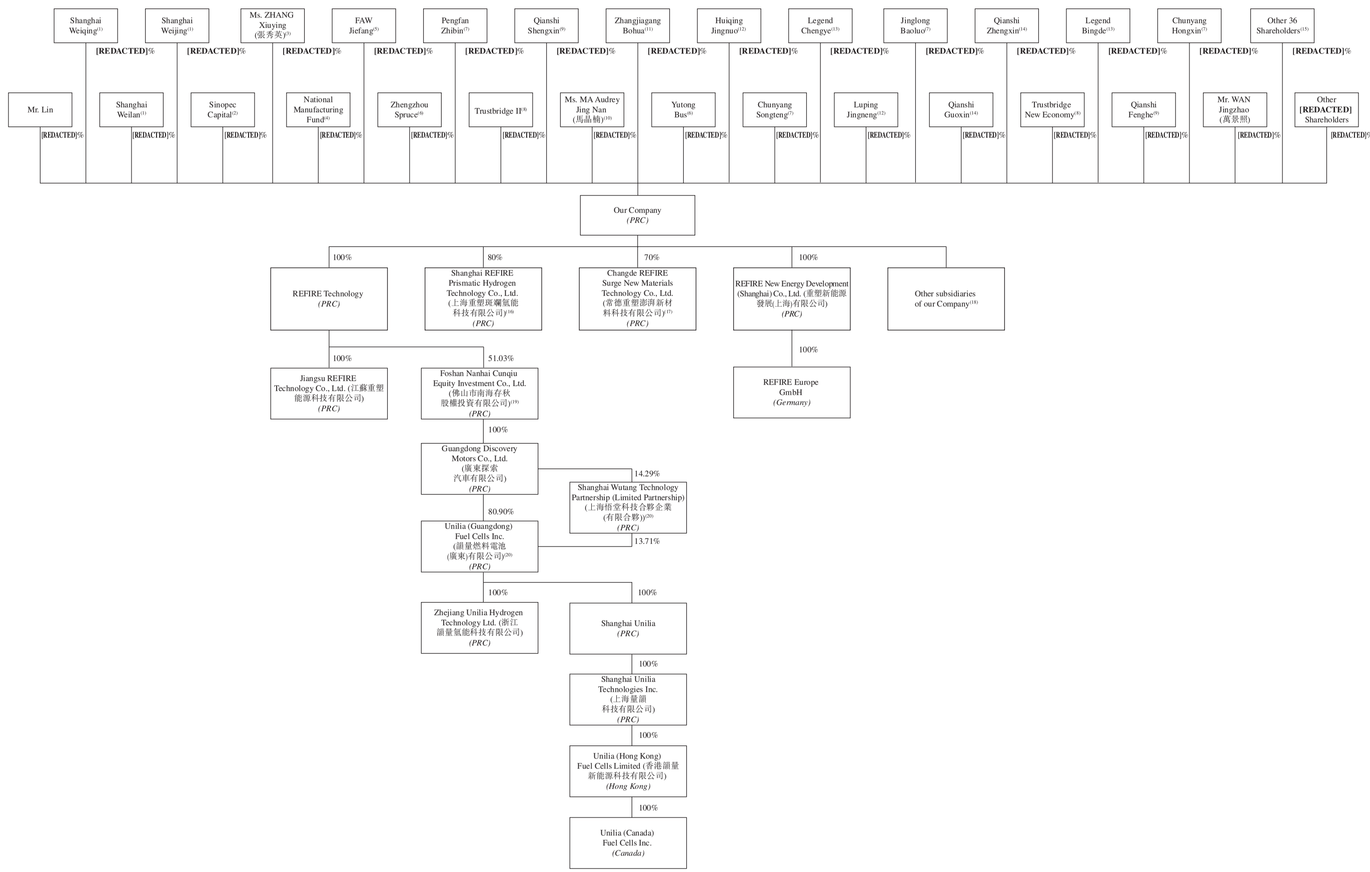
(18) As of the Latest Practicable Date, there were 31 other subsidiaries of our Company. For further details of the subsidiaries of our Company, see notes 1 and 2 to the Accountants' Report.

(19) Foshan Nanhai Cunqiu Equity Investment Co., Ltd. (佛山市南海區存秋股權投資有限公司) is a limited liability company established under the laws of the PRC and is held as to 51.03% by REFIRE Technology and 48.97% by Guangdong Nanhai Industry Group Co., Ltd. (廣東南海產業集團有限公司), which is controlled by State-owned Assets Supervision and Administration Commission of Nanhai District of Foshan (佛山市南海區國有資產監督管理局) and an Independent Third Party, respectively. Foshan Nanhai Cunqiu Equity Investment Co., Ltd. is an insignificant subsidiary pursuant to Rule 14A.09 of the Listing Rules.

(20) Unilia (Guangdong) Fuel Cells Inc. (韻量燃料電池(廣東)有限公司) is a limited liability company established under the laws of the PRC and is held as to 80.90% by Guangdong Discovery Motors Co., Ltd. (廣東探索汽車有限公司), 13.71% by Shanghai Wutang Technology Partnership (Limited Partnership) (上海悟堂科技合夥企業(有限合夥)) and 5.39% by Anqing Juming Equity Investment Partnership (Limited Partnership) (安慶聚銘股權投資合夥企業(有限合夥)), respectively. Shanghai Wutang Technology Partnership (Limited Partnership) (上海悟堂科技合夥企業(有限合夥)) is our subsidiary and an employee incentive platform for Unilia (Guangdong) Fuel Cells Inc., and is managed by Guangdong Discovery Motors Co., Ltd. as its general partner with approximately 14.29% partnership interest. Anqing Juming Equity Investment Partnership (Limited Partnership) (安慶聚銘股權投資合夥企業(有限合夥)) is an Independent Third Party. Unilia (Guangdong) Fuel Cells Inc. is an insignificant subsidiary pursuant to Rule 14A.09 of the Listing Rules.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised):



Note: See the notes to "— Corporate Structure Immediately Before Completion of the [**REDACTED**]" in this section.

OVERVIEW

We are a leading market-driven hydrogen technology company in China with global perspective. Our vision is to "create a sustainable future with hydrogen energy technology." During the Track Record Period, we focused on the design, development, manufacture, and sales of hydrogen fuel cell systems, hydrogen production systems, and related components, as well as providing fuel cell engineering and technical services catering to customers' needs.

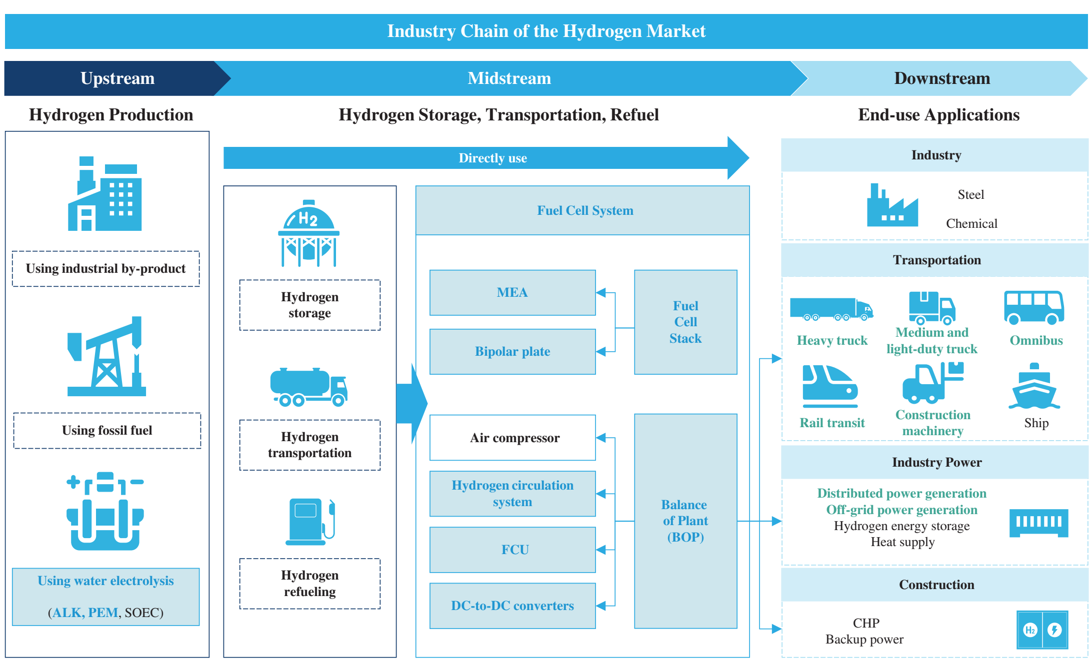
Benefiting from our robust R&D team holding deep industrial insights, our strong marketing capabilities, and rich first-hand experience, we have been making continuous innovation and product iteration that are well-received by the market since our inception, with particular strength on hydrogen fuel cell technologies and know-how that may bring enhanced performance, great reliability, long lifespan, great environmental adaptability and cost-effectiveness for hydrogen fuel cells. In recent years, leveraging our extensive technology capacity and valuable market resources, we have further explored into the upstream of hydrogen industry, where we have independently developed PEM water electrolysis hydrogen production systems, hydrogen production power sources, advanced electrodes for ALK electrolysis and other key components that can effectively utilize electricity to produce hydrogen. Our comprehensive product and service portfolio enables us to achieve the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity".

Capitalizing on our first-mover advantage in hydrogen fuel cell industry and strong research and development forces in China and abroad, we have established a well-recognized brand reputation in offering high-quality hydrogen fuel cell systems in China, and have successfully set our footprint in overseas hydrogen market. In addition, through offering quality products and services and relentless efforts of identifying and solving customers' demands, we have formed and retained strong business relationship with leading commercial vehicle manufacturers, automotive part manufacturers and energy enterprises in China and abroad, such as Yutong Group (宇通), FAW Jiefang (一汽解放), Hangcha (杭叉), CHINT (正泰集團) in China, Toyota Motor in Japan and Continental and Schaeffler Group in Germany.

According to Frost & Sullivan, we ranked the first in the hydrogen fuel cell system market in China, in terms of the total power output of sold hydrogen fuel cell systems that have been used for heavy-duty trucks in 2022, with a market share of 25.9%. We ranked the first in the hydrogen fuel cell system market in China, in terms of accumulated mileage operated by fuel cell vehicles powered by fuel cell systems sold up to September 30, 2023, which amounted to around 168 million kilometers. We are the first company in hydrogen fuel cell industry in China that has independently developed and realized mass-production of hydrogen fuel cell systems, fuel cell stacks, MEAs, and bipolar plates. We are also a pioneer in hydrogen production, being the first enterprise in hydrogen fuel cell industry to lay out PEM and ALK electrolysis products simultaneously. In addition, upholding global insights and established market reputation, we became the first enterprise in hydrogen fuel cell industry in China that realized commercialization its proprietary hydrogen fuel cell systems abroad, winning numerous international certifications. Furthermore, as of September 30, 2023, our hydrogen fuel cell systems have powered over 5,000 fuel cell vehicles on the road in China. By the same date, these vehicles had accumulated over 160 million kilometers of operations, and had reduced carbon emissions of over 90,000 tons, which built an industry leading record.

Since our inception, we have made continuous breakthroughs, gaining valuable experience and know-hows in relation to the hydrogen fuel cell systems. We are a hydrogen technology company that offers high-quality hydrogen fuel cell systems, and has realized self-development and production of numerous key components for hydrogen fuel cell systems. In recent years, we have been investing in developing hydrogen generation technologies, which effectively complement our hydrogen fuel cell business and create synergies with a broad range of downstream hydrogen utilization scenarios, enabling us to provide more comprehensive hydrogen energy solutions to relevant clients. In addition, leveraging the strong market recognition on our leading technology capacity, and the trust clients place in us for offering customized hydrogen fuel cell technology services, we are well-positioned to identify and capture market opportunities in the hydrogen production system market. For instance, our full-fledged product portfolio allows us to cater to customers' needs, especially conglomerates seeking comprehensive solutions from hydrogen generation to hydrogen application, particularly those featured with reduced carbon emissions.

As of the Latest Practicable Date, our product and service portfolio covered the entire industrial chain of hydrogen from hydrogen generation (upstream supplies) to hydrogen application (downstream applications in commercial vehicles, power generation stations, construction machinery, etc.), as a result of which, we have achieved the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity". Embracing the "dual-carbon" goals of China, which aim to peak carbon dioxide emissions by 2030 and achieve carbon neutrality before 2060, we are dedicated to providing full-services in hydrogen industry, including effective, cost-efficient, safe and reliable hydrogen generation and application products and services, to help achieve a sustainable future. Below is an illustration of our products and their applications:



Notes:

1. The blue-colored text represents items fall within our Group's business scope.

2. The green-colored text represents downstream applications of our Group's products.

Source: Frost & Sullivan

In addition, in observing that the hydrogen fuel cell industry in China is currently in a transitioning period from a policy-driven industry to a market-driven one, we have taken proactive measures to promote application of our products from demonstration cities in China to non-demonstration cities, from commercial vehicles to other scenarios, and from domestic market in China to overseas. As of the Latest Practicable Date, we had successfully distinguished ourselves from other industry peers by our strong track record of achieving sustainable growth in non-demonstration cities in China. We have also successfully realized commercialization of our fuel cell systems in non-vehicle scenarios, such as stationary power stations, and construction machinery. We are the first enterprise in hydrogen fuel cell industry in China that realized commercialization of proprietary hydrogen fuel cell systems abroad.

We attribute our success to the following factors, including, (i) superior products featuring of great reliability, long lifespan, environmental adaptability, which combined with our ability to offer comprehensive after-sales services and technical support, enable adaption to vehicles carrying heavy loads and working under complicated conditions; (ii) high power generation efficiency and low hydrogen consumption, which help reduce associated costs in heavy-load and long distance transportation scenarios; and (iii) our ability to continuously drive down production costs of our fuel cell systems, as we are able to develop and produce greater variety of components, and source high-quality raw materials and components locally.

Capitalizing on our established brand reputation in demonstration city clusters in China, we are well-positioned to attract and engage new customers in non-demonstration cities. During the Track Record Period, while continuously enhancing our customer base and loyalty in demonstration cities, we have successfully distinguished us from industry peers by promoting applications of hydrogen fuel cell systems to heavy-duty trucks operating in non-demonstration cities in China. Our revenue derived from non-demonstration cities increased from approximately RMB89.7 million in 2021 to approximately RMB110.8 million in 2022. We believe we are able to benefit from the industry transitioning and continue to enhance our leading position while market keeps evolving.

Especially, in terms of penetration into non-demonstration cities, we have successfully entered the low-price hydrogen market in non-demonstration cities, such as those located in Shanxi province, Shaanxi province, and Shandong province. These regions enjoy rich and low-cost by-product hydrogen resources, as a result of which, the cost of obtaining hydrogen is relatively lower as compared to other regions. To be specific, high-purity hydrogen in regions with rich and low-cost by-product hydrogen resources, such as Shanxi province, is around RMB25 per kilogram to RMB40 per kilogram at local hydrogen refueling stations, while high-purity hydrogen in other regions, such as Shanghai, is around RMB50 per kilogram to RMB70 per kilogram at local hydrogen refueling stations. Meanwhile, there is a large demand for long-distance transportation of different industrial raw materials in such regions, such as coke, steel, and chlor-alkali. To address this demand, we are able to help reduce operation costs for heavy-duty trucks for medium to long distance transportation, making it affordable to end customers, even without relying on subsidies or other preferential policies. The operating cost of a hydrogen fuel cell heavy-duty truck for one hundred kilometers is generally around 35% lower than the corresponding operating cost of a diesel-fueled heavy-duty truck for one hundred kilometers.

Over the years, we have received numerous awards and recognitions in the hydrogen industry. We were the only enterprise in hydrogen fuel cell industry that won the title of "Manufacturing Individual Champion Enterprise" ("製造業單項冠軍") granted by MIIT in 2021. We were in the second batch of national specialized and new "little giant" enterprises ("專精特新"小巨人"企業") recognized by MIIT. In addition, we won the first prize of Technology Award of the China Automotive Industry" ("中國汽車工業科學技術獎") in 2020, the first prize of the "Science and, the first prize of the "Science and Technology Award of China Machinery Industry" ("中國機械工業科學技術獎") in 2021, the first prize of "Scientific Technology Advancement" in Shanghai in 2022 ("2022年度上海市科學技術獎"), the title of "Leading Enterprise of National Intellectual Property" ("國家知識產權優勢企業") in 2022, and TOP100 Enterprises of Shanghai Hardcore Science and Technology in 2022 ("2022上海市硬核科技企業TOP100"). Furthermore, our high-power hydrogen fuel cell energy supply equipment has been listed as the first (unit) of major technical equipment project in energy sector in 2021 by the National Energy Administration (國家能源局). We have received recognition from authorities including NDRC as a "National Enterprise Technology Center" and a "2021 Shanghai Hydrogen fuel cell System Technology Innovation Center," among other industry identities.

Moreover, we won numerous scientific research project awards, led major national scientific research projects, and participated in the formulation of national and industry standards. To name a few, as evaluated by the China Society of Automotive Engineers and the Shanghai Society of Transportation Engineering (中國汽車工程學會和上海市交通工程學會), our hydrogen fuel cell system technologies applied in commercial vehicles are international superior, and excel in system control, low-temperature damage-free freeze-start and durability. As of the Latest Practicable Date, we had obtained 318 patents, 36 software copyrights, including 108 invention patents in China; and we had led or participated in ten national research and development programs initiated by the Ministry of Science and Technology (科技部); we had also led or participated in the development of 40 technical standards of hydrogen fuel cell systems, among which, there were one international standard, seven national standards and two municipal standards for hydrogen fuel cell systems.

We also had business relationships with renowned international enterprises in hydrogen fuel cell industry, such as, Schaeffler Group in Germany, and Toyota Motor in Japan. In addition, we have been deeply engaged in the development of hydrogen fuel cell system technologies. Leveraging our industry influence, we are the support institution for the Hydrogen fuel cell Subcenter of the National Power Battery Innovation Center (國家動力電池創新中心燃料電池分中心) and serve as the chairman enterprise of the Hydrogen fuel cell Subdivision of the China Automobile Power Battery Industry Innovation Alliance (中國汽車動力電池產業創新聯盟燃料電池分會). We have joined the International Hydrogen Council, being among the first batch of PRC enterprises to join the Hydrogen Council, along with GWM (長城汽車), Weichai Power (濰柴動力), State Energy Group (國家能源集團), and Sinopec (中國石化).

Our Industry

Developing hydrogen industry has become a global consensus for sustainable and green development and decarbonization. With the increasing challenges on energy, environment and safety, the global energy transformation is imminent. Hydrogen is a superior alternative as it possesses the characteristics and advantages of being able to have zero emissions during the energy conversion process, high efficiency, high energy density and storable on large scale. It can be produced from a variety of sources, including by-product hydrogen resources, and renewable energy sources, making it a more sustainable option for energy storage. In addition, it produces water only through electrochemical reactions, without producing any waste or pollutant to the environment, which makes hydrogen an ideal energy resource for decarbonization. Furthermore, hydrogen energy can be widely used in sectors such as chemical, transportation, construction, energy storage and power generation.

In particular, the hydrogen fuel cell industry witnessed the promulgation of various supporting policies and clear developmental goals. In December 2023, the National Development and Reform Commission (the "**NDRC**") released the Catalogue for the Guidance of Industrial Structure Adjustment (2024) (《產業結構調整指導目錄(2024年本)》), in which hydrogen related industries, such as, hydrogen fuel cell systems, hydrogen production, are encouraged. Other supporting policies include but not limited to the "Blue Book on the Development of New Electric Power Systems" (《新型電力系統發展藍皮書》), the Medium and Long-term Plan for Hydrogen Industry (2021-2035) (《氫能產業發展中長期規劃(2021-2035年)》), and the "14th Five Year Plan — Renewable Energy Development Plan" (《"十四五"現代能源體系規劃》) in China, as well as favorable policies in overseas countries, including Japan, Korea, France, Germany, Australia, the U.S., Canada and United Arab Emirates, for more information, please see "Industry Overview — Overview of the Hydrogen Industry — Preferential Policies and Regulations" in this document. Supported by the favorable policies, the hydrogen industry is expected to grow continuously.

According to Frost & Sullivan, the market size of global hydrogen consumption measured by value increased from USD113.4 billion from 2018 to USD134.5 billion in 2022, and is expect to increase to USD186.3 billion in 2027. In addition, the market size of low carbon hydrogen consumption measured by value globally increased from approximately USD9.6 billion in 2018 to approximately USD23.1 billion in 2022, with a CAGR of 24.7%, and is expected to increase to USD78.5 billion in 2027, with a CAGR of 27.7% for the period from 2022 to 2027.

The market size of hydrogen consumption measured by value in China increased from RMB244.3 billion from 2018 to RMB332.9 billion in 2022, and is expect to increase to RMB613.0 billion in 2027. In addition, low carbon hydrogen consumption measured by value in China increased from approximately RMB20.8 billion in 2018 to approximately RMB59.7 billion in 2022, with a CAGR of 30.2%, and is expected to significantly increase to RMB256.2 billion in 2027, with a CAGR of 33.8% for the period from 2022 to 2027.

Our Products and Services

Our product and service portfolio covers the entire industrial chain from hydrogen generation (upstream supplies) to hydrogen application (downstream applications in commercial vehicles, power generation stations, construction machinery, etc.), effectively establishing the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity". To be specific, our products mainly include electrolysis-based hydrogen production systems and their key components for electricity-to-hydrogen conversion and hydrogen fuel cell systems and key components for hydrogen-to-electricity conversion. Our broad and comprehensive product portfolio enables us to provide comprehensive hydrogen technology solutions across diverse sectors globally, such as commercial vehicles, power generation stations, construction machinery, hydrogen production, where we help to drive the downstream consumption of green hydrogen.

During the Track Record Period, we sold various hydrogen fuel cell systems with different rated power, widely ranging from 32kW to 220kW. Our hydrogen fuel cell systems were mainly sold to hydrogen fuel cell commercial vehicle manufacturers and some fuel cell stack manufacturers. The end customers of our hydrogen fuel cell systems generally include, among others, bus companies, logistics companies, construction companies, etc.

During the Track Record Period, we self-developed and produced various types of Components for Fuel Cell Systems, which were incorporated into our hydrogen fuel cell systems sold to customers. We sold stand-alone fuel cell stacks and DC-to-DC boost converters to our customers. Leveraging our proven-track record in hydrogen fuel cell industry, robust technologies and know-how in hydrogen fuel cell system, and well established business relationship with upstream suppliers, we provide customized fuel cell product solutions to our customers. In providing such product solutions, in addition to fuel cell systems, we provided Components for Fuel Cell Vehicles out-sourced from our suppliers, such as hydrogen supply systems, fuel cell engine accessories, energy storage systems, to our customers, aiding our customers in optimizing fuel cell applications within their specific end-use scenarios. If needed, we would provide technical support to our customers as well. Attributable to our comprehensive engineering and technical knowledge and know-how in hydrogen fuel cell system, we provided our customers with professional and customized engineering application development services, which mainly include customized design and development of hydrogen fuel cell systems, calibration and related assessment services, power system and cooling solutions, and other engineering and technical support.

Since August 2023, we have launched proton-exchange membrane (PEM) water electrolysis hydrogen production systems, PEM water electrolysis cells, hydrogen production MEAs, hydrogen production power sources, and advanced electrodes for ALK electrolysis, which are mainly sold to hydrogen production facilities and hydrogen production system manufacturers for high purity hydrogen production. Such systems can be used to generate hydrogen by way of water electrolysis from renewable power, which hydrogen can be then used in electronic semiconductor industry, hydrogen refueling stations, power plants, powder metallurgy industry, petrochemical industry, and etc.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and position us for continued growth:

A market-driven leader in the fast growing hydrogen industry, with full-service capabilities covering the entire industrial chain in hydrogen industry

We are a leading market-driven hydrogen technology company in China with global perspective. Our vision is to "create a sustainable future with hydrogen energy technology." During the Track Record Period, we focused on the design, development, manufacture, and sales of hydrogen fuel cell systems, hydrogen production systems, and related components, as well as providing fuel cell engineering and technical services catering to customers' needs.

Benefiting from our robust R&D team holding deep industrial insights, our strong marketing capabilities, and rich first-hand experience, we have been making continuous innovation and product iteration that are well-received by the market since our inception, with particular strength on hydrogen fuel cell technologies and know-how that may bring enhanced performance, great reliability, long lifespan, great environmental adaptability and cost-effectiveness for hydrogen fuel cells. In recent years, leveraging our extensive technology capacity and valuable market resources, we have further explored into the upstream of hydrogen industry, where we have independently developed PEM water electrolysis hydrogen production systems, advanced electrodes for ALK electrolysis and other related key components for hydrogen production. Our comprehensive product and service portfolio enables us to achieve the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity". According to Frost & Sullivan, we ranked the first in the hydrogen fuel cell system market in China, in terms of the total power output of sold hydrogen fuel cell systems that have been used for heavy-duty trucks in 2022, with a market share of 25.9 %. We ranked the first in the hydrogen fuel cell system market in China, in terms of accumulated mileage operated by fuel cell vehicles powered by fuel cell systems sold up to September 30, 2023, which amounted to around 168 million kilometers. We are the first company in hydrogen fuel cell industry in China that has independently developed and realized mass-production of hydrogen fuel cell systems, fuel cell stacks, MEAs, and bipolar plates. We are also a pioneer in hydrogen production, being the first enterprise in hydrogen fuel cell industry to lay out PEM and ALK electrolysis products simultaneously.

We are one of the most influential and comprehensive hydrogen technology companies. Attributable to our electrochemistry and materials science capabilities, our mature supply chain, our system integration design capability, and the continuous improvement of production processes and batch production capacity, we have successfully built the fundamental core capabilities for our hydrogen business. Our product and service portfolio covers the entire industrial chain of hydrogen from hydrogen generation (upstream supplies) and hydrogen application (downstream applications in commercial vehicles, power generation stations, construction machinery, etc.), where we have achieved the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity". To be specific, (i) in the field of hydrogen production system, we have launched proton-exchange membrane (PEM) water electrolysis hydrogen production systems, PEM water electrolysis cells, PEM hydrogen production MEAs, hydrogen production power sources, and advanced electrodes for ALK electrolysis; and (ii) in the field of hydrogen fuel cell systems, we have achieved mass-production and commercialization of our independently developed hydrogen fuel cell systems, and production of related key components, such as fuel cell stacks, MEAs, bipolar plates, and hydrogen circulation systems, which systems and components will be installed on commercial vehicles, such as buses, material handling vehicles, heavy-duty trucks; construction machinery, and emergency power supplies. Our comprehensive product portfolio evidenced our capability to provide full services covering the entire industrial chain of hydrogen from hydrogen generation to hydrogen application, which enable us to meet diverse needs in both upstream (supply side) and downstream (demand side) of hydrogen industry. Our full-service capability also enables us to gain additional customers who expect to get comprehensive hydrogen technology solutions covering both supply side and demand side of hydrogen industry. For instance, in September 2023, we launched the pioneer project of integrating green hydrogen production, storage, transportation and application with annual output of 100,000 tons hydrogen in Taiyang Mountain, Ningxia ("寧夏太陽山年產10萬噸綠氫制儲輸用一體化示范項目"), jointly with the Management Committee of Taiyang Mountain Development Zone of Wuzhong, Ningxia (寧夏吳忠市太陽山開發區管委會), and Jiangsu Sailafei Power Development Limited Company (江蘇賽拉弗電力發展有限公司). In the pioneer project, the rich wind and solar power resources in Taiyang mountain area will be transformed into electricity, which will be then utilized to produce green hydrogen with our PEM and ALK water electrolysis technologies and products. Hydrogen can be stored for long-term for generating electricity with our hydrogen fuel cell products when needed. It can be transported to various locations and in different scenarios, such as commercial vehicles.

We are continuously introducing innovative products, and optimizing and upgrading our product portfolio. We have effectively integrate industry resources and expand our business into our upstream, providing full-services covering the entire industrial chain in hydrogen industry. As we are always at the forefront of industry, we believe we are able to benefit from the rapid growth of the hydrogen industry.

Strong technological and research and development capabilities, enabling continual innovation in products

We believe our strong technological and R&D capabilities enable us to keep developing the best hydrogen technologies and maintaining our first-mover advantages in the hydrogen market, which is critical to our competitiveness and our ability to improve and optimize product performance while reducing costs.

As of the Latest Practicable Date, we had a R&D team of 169 members, with abundant industrial experience and deep insights. Robust research and development force is the fuel for an enterprise's product innovation and iteration, which is crucial in hydrogen industry. We are supported by a talented and skilled R&D team, comprising of personnel from various countries, such as, China, Germany, Japan, Canada, and the U.S. as of the Latest Practicable Date, 39% of whom earned a master's degree or higher. In addition, our R&D team members have extensive experience in hydrogen industry, with eight to 30 years of relevant experience working in hydrogen industry. For each area of hydrogen fuel cell system and hydrogen production system, we have more than one chief scientific expert leading the continuous research and product innovation for each of our main products, a number of whom had led or participated in the national level hydrogen related research projects. For instance, Dr. Christopher John GUZY, our chief technology officer from the U.S., with 40 years of experience in engineering and higher education, is an expert under the Chinese Government Friendship Award (中國政府友誼獎) in recognition of his significant contributions to China's hydrogen and fuel cell industries. For more information, see "Directors, Supervisors and Senior Management" section in this document. Dr. Tsuyoshi Takahashi, PhD in Kyushu University majored in hydrogen system, is the advanced technology development chief engineer in our Company. He is an expert in the development of hydrogen fuel cell system, and has published over 10 papers about hydrogen technology, including but not limited to "Cold Start Cycling Durability of Fuel Cell Stacks for Commercial Automotive Applications" in 2022. He was awarded "Mechanical Society Award in Japan" and "Technology Development Prize" in 2022. Robert Artibise, is an executive director of our research and development center. He has over 25 years of experience working in PEM fuel cells, and specializes in fuel cell stack design, fuel cell stack testing, simulation, etc. He is currently an active member of the board of directors of the Canadian Hydrogen and Fuel Cell Association.

We also cooperated with leading research universities in China, such as Tongji University (同濟大學), Beijing Institute of Technology (北京理工大學), and Shanghai Jiao Tong University (上海交通大學), to facilitate the development and commercialization of innovative hydrogen technologies so that we can respond to the fast-changing market demands.

As a hydrogen technology company rooted in hydrogen fuel cell technologies, we have consistently pursued independent development and innovation in hydrogen fuel cell technologies, continually enhancing our core technological competitiveness, especially in key hydrogen fuel cell components, such as fuel cell stacks, MEAs, bipolar plates that contribute most to the lifespan, cost, efficiency and reliability of the hydrogen fuel cell systems. For instance,

- we have established physical models and control models for our fuel cell stacks and other subsystems, and key components, in order to help enhance operational stability, extend lifespan, reduce hydrogen consumption, enhance reliability of hydrogen fuel cell systems, and reduce operational cost for our customers. Based on these models, we have developed closed-loop control algorithms and corresponding software, enabling precise management of water and thermal balance in fuel cell stacks, as well as control over operational conditions. Such technologies have significantly improved the lifespan and freeze-start capability of the fuel cell stacks. Additionally, we have developed cross-time and cross-region collaborative management techniques based on cloud platforms and big data. These techniques involve iterative optimization control, aiming to enhance the stability of hydrogen fuel cell system operation and reduce hydrogen consumption;

- we have developed high-temperature resistant fuel cell stacks, in order to help extend lifespan, and enhance high-temperature resistance and overall reliability of hydrogen fuel cell systems. When operating at high power, the fuel cell stack will generate huge amount of heat. Through precise design of flow field structure, selection of high-temperature resistant materials and control of manufacturing quality, we can balance the heat generation and heat dissipation and distribution in the fuel cell stack, avoiding over-heating overall or certain parts in the fuel cell stack, and over-dry or burning of the MEA in the fuel cell stack. Therefore, the operating temperature of our high-power hydrogen fuel cell system can reach around 95°C, which is notably higher than the common industrial limit of 85°C, so as to enable broader high-power application scenarios and enhanced working efficiency and cost-effectiveness;

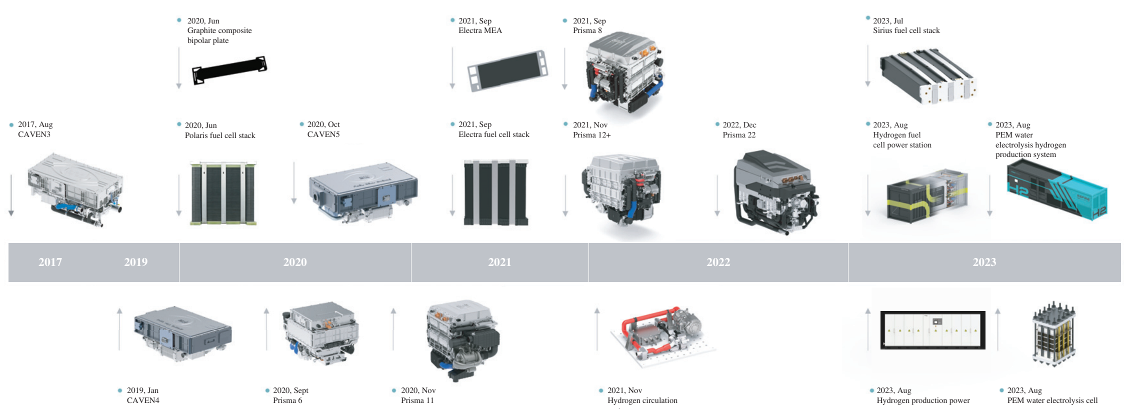
- we have crafted a suite of cutting-edge technologies to enhance the performance and durability of our new generation MEAs, which have a polarization exceeding 0.65V @ 2.7A/cm^2, enhanced power density over 1.76W/cm^2, and lower production costs, allowing end users to embrace a wider range of power applications with reduced hydrogen consumption and better cost-efficiency. In terms of durability, we have fortified the durability of MEAs through cutting-edge sealing techniques and optimized features, which improves reliability of our MEAs while minimizing overall maintenance cost; and

- we have developed advanced technologies to improve the performance and durability of our bipolar plates. By using a combination of natural graphite, strong resins, and special additives, we have innovated a composite material formula that enhances conductivity and toughness of the bipolar plates. We have also optimized the size, media distribution and matching of fluid flow resistance of micro structures in different parts of the bipolar plates. Technologies of ultra-high vacuum, precision fluid control and all-in-one surface treatment allow us to precisely control the amount of resin on the surface of the bipolar plates. We also automate plate bonding, product inspection, and lamination. We achieved a comprehensive yield rate of over 95% for the bipolar plates with extended lifespan and reduced overall cost. Our graphite bipolar plates can satisfy the needs of commercial vehicles for operation of more than 1.0 million kilometers.

As evaluated by the China Society of Automotive Engineers and the Shanghai Society of Transportation Engineering (中國汽車工程學會和上海市交通工程學會), our hydrogen fuel cell system technologies applied in commercial vehicles are international superior, and excel in system control, low-temperature damage-free freeze-start and durability.

In addition, with our years of technology advancement, industry practice and experience accumulation in the field of hydrogen fuel cell systems, as well as our strong supply chain network, we have gradually expanded our product portfolio to hydrogen production systems and components, and effectively develop products, such as PEM water electrolysis hydrogen production system, as we already have extensive knowledge about PEM in the process of developing our hydrogen fuel cell systems and components.

Set forth below are some examples of our key products with launch timelines of the Company:



Attributable to our industry leading technologies in hydrogen industry, we are in the forefront of the market in developing advanced fuel cell systems and hydrogen production systems. To be specific:

- ***High rated power and power density***: our hydrogen fuel cell systems have rated power ranging from 32kW to 220kW, and power density up to approximately 815W/kg, which are in leading positions in China. Additionally, our proprietary MEAs demonstrate a polarization of 0.65V @ 2.7A/cm^2 and a power density over 1.76W/cm^2. Such key specifications and can cover power and service life requirements for broad commercial vehicle applications, including light commercial vehicles that require relatively low rated power, and mid to heavy duty commercial vehicles, buses, and construction machinery, that require relatively high rated power.

- ***Outstanding product durability***: we have optimized hydrothermal management and enhanced durability of hydrogen fuel cell systems from the perspective of fuel cell stack materials and structural design. We have also optimized operating conditions and special function responses from the perspective of system matching and function control. Currently, our fuel cell systems can reach lifespan up to 30,000 hours, outrunning the market average of 15,000 hours, and keep stable operation as high as 95°C, where similar products of other hydrogen fuel cell companies can only reach 90°C or lower. Furthermore, the latest generation of our in-house developed fuel cell stacks and MEAs can reach lifespan of 30,000 hours as well. The outstanding product durability and environmental adaptability enable smooth operation and less frequent malfunction of the fuel cell vehicles working under heavy loads in harsh environment.

- ***Low freeze-start temperature and strong environmental adaptability***: we are able to achieve quick start-up of the hydrogen fuel cell system at temperature as low as -30°C without external heat source or causing harm to the hydrogen fuel cell stack. This is due to our advanced design and process refinement for MEAs and hydrogen fuel cell stacks, as well as leading system integration design and freeze-start control technology. While other market players may need to rely on external heat sources, or the lifespan of the hydrogen fuel cell system is greatly compromised to achieve freeze-start with external heat sources, thus are not suitable for heavy-duty trucks. We have also completed the adaptive development of the hydrogen fuel cell system in the 5,500-meter plateau environment. These achievements have enabled hydrogen fuel cell vehicles equipped with our hydrogen fuel cell systems operating in a wide range of regions to meet the customers' needs.

- ***Low hydrogen consumption***: We have designed a cathode pressure closed-loop decoupling control strategy based on the oxygen excess coefficient estimation algorithm. Additionally, we have established a water balance model for fuel cell stack. By employing high-frequency impedance measurement technology, we have achieved real-time observation of fuel cell stack humidity. Through the combination of real-time humidity observation, the cathode closed-loop decoupling strategy, and a dynamic water temperature prediction model, we have achieved dynamic adaptive optimal control of fuel cell stack operating conditions. By applying these technologies in heavy-duty trucks, under operational conditions, the average working efficiency of the vehicles exceed 50%, and the power variable load rates exceed 35kW/sec. Meanwhile, we can optimize vehicle energy management by utilizing optimal equivalent energy consumption and dynamic programming methods jointly. For instance, hydrogen consumption of a 6x4 heavy-duty tractor under full capacity and high-speed working condition is lower than 10kg/100km, which is 10%~20% lower than the average hydrogen consumption of other heavy-duty trucks.

- ***High efficiency with reduced costs***: our proprietary PEM water electrolysis hydrogen production system is able to operate effectively at high current densities (around 1.5A/cm^2), variable power levels (around 5% to 130%), wide range of temperature and altitudes, with high electrolysis efficiency (around 80%), therefore it pairs well with renewable energies. Our PEM water electrolysis hydrogen production system reduces overall energy consumption by approximately 10% as compared with other hydrogen production system in the market. The PEM electrolysis method is adaptive to various renewable energy sources, and high efficiency feature helps reduce hydrogen generation costs.

Commercially viable application in heavy-duty trucks in low-price hydrogen market in non-demonstration cities

In observing that the hydrogen fuel cell industry in China is currently in a transitioning period from a policy-driven industry to a market-driven one, we have taken proactive measures to promote application of our products from demonstration cities in China to non-demonstration cities. As of the Latest Practicable Date, we had successfully distinguished ourselves from other industry peers by our strong track record of achieving sustainable growth in non-demonstration cities. We attribute our success to the following factors, including, (i) superior products featuring of great reliability, long lifespan, environmental adaptability, which combined with our ability to offer comprehensive after-sales services and technical support, enable adaption to vehicles carrying heavy loads and working under complicated conditions; (ii) high power generation efficiency and low hydrogen consumption, which help reduce associated costs in heavy-load and long distance transportation scenarios; and (iii) our ability to continuously drive down production costs of our fuel cell systems, as we are able to develop and produce greater variety of components, and source high-quality raw materials and components locally.

Capitalizing on our established brand reputation in demonstration city clusters in China, we are well-positioned to attract and engage new customers in non-demonstration cities. During the Track Record Period, while continuously enhancing our customer base and loyalty in demonstration cities, we have successfully distinguished us from industry peers by promoting applications of hydrogen fuel cell systems to heavy-duty trucks operating in non-demonstration cities in China. Our revenue derived from non-demonstration cities increased from approximately RMB89.7 million in 2021 to approximately RMB110.8 million in 2022. We believe we are able to benefit from the industry transitioning and continue to enhance our leading position while market keeps evolving.

In particular, we have successfully entered the low-price hydrogen market in non-demonstration cities, such as those located in Shanxi province, Shaanxi province, and Shandong province. These regions enjoy rich and low-cost by-product hydrogen resources, as a result of which, the cost of obtaining hydrogen is relatively lower as compared to other regions. To be specific, high-purity hydrogen in regions with rich and low-cost by-product hydrogen resources, such as Shanxi province, is around RMB25 per kilogram to RMB40 per kilogram at local hydrogen refueling stations, while high-purity hydrogen in other regions, such as Shanghai, is around RMB50 per kilogram to RMB70 per kilogram at local hydrogen refueling stations. Meanwhile, there is a large demand for long-distance transportation of different industrial raw materials in such regions, such as coke, steel, and chlor-alkali. We are able to help reduce operation costs for heavy-duty trucks for medium to long distance transportation, making it affordable to end customers, even without relying on subsidies or other preferential policies. The operating cost of a hydrogen fuel cell heavy-duty truck for one hundred kilometers is generally around 35% lower than the corresponding operating cost of a diesel-fueled heavy-duty truck for one hundred kilometers.

Extensive and expanding global presence evidenced by international business network and numerous international certifications

Driven by various factors, the global hydrogen production and global hydrogen fuel cell market are expecting continuous growth in the future. For more information, see "Industry Overview" in this document. As a leading PRC enterprise in the hydrogen industry, we are not only committed to developing hydrogen fuel cell systems and hydrogen production systems domestically, but also attaching great importance to the globalization of our business since our establishment. We are the first enterprise in hydrogen fuel cell industry in China that realized commercialization of proprietary hydrogen fuel cell systems abroad. We strive to establish in-depth partnerships with internationally renowned commercial vehicle manufacturers and component suppliers ahead of our competitors, integrate upstream and downstream resources, and become a pioneer in developing hydrogen fuel cell and hydrogen production businesses globally. We believe this first-mover advantage enables us to gain more market opportunities in the subsequent rapid development of global hydrogen industry than other market players.

Specifically, we have started business collaborations with renowned enterprises in fuel cell industry overseas since 2017, including internationally renowned upstream suppliers and downstream manufacturers. By collaborating with internationally renowned upstream suppliers, we are able to ensure industry-leading level of our product quality and performance. Additionally, attributable to our leading position in the hydrogen industry, well-established reputation, proprietary technologies and know-how, and robust product portfolio, we have also actively explored cooperation opportunities with downstream manufacturers of fuel cell vehicles. For example, we provide material, product and technical support for the research and development of fuel cell vehicles for internationally renowned commercial vehicle manufacturers and automotive part manufacturers, such as Mitsubishi Fuso Truck and Bus Corporation ("Mitsubishi Fosu") in Japan, and Schaeffler Group in Germany. Since 2019, we had collaborated with Mitsubishi Fuso to develop hydrogen fuel cell trucks, namely, FUSO Vision F-CELL, which truck is able to achieve zero pollution and a maximum of 300 kilometers' running with less than ten minutes' refueling, where we had provided hydrogen fuel cell products, as well as engineering and technical services, such as early-stage vehicle layout, power system configuration, vehicle integration, and truck loading and debugging.

Furthermore, we obtained the first fuel cell system and fuel cell stack performance assessment certificate issued by TÜV Rheinland globally. We also received the RDW initial assessment and EMC certification for our Prisma Series products, supported by TÜV NORD, evidencing that our products have reached EU standards in terms of conformity of production management and fuel cell product technical requirements. This is also the first time that TÜV NORD has conducted a series of rigorous audits and assessments on a PRC fuel cell company globally. Such endorsement helps increase the recognition of our products among international fuel cell commercial vehicle manufacturers, laying a solid foundation for further international cooperation.

We have established a research and development base of fuel cell stacks and key components in Vancouver, Canada, which benefits from both domestic and international resources and advantages, as well as advanced hydrogen technologies and management experience in foreign countries. Meanwhile, we have an office in Stuttgart, Germany, which provides product and technical demonstrations and support for our customers, suppliers, and potential business partners in Europe. Our global presence and connections enable us to keep up with or even surpassing the international advanced technologies in hydrogen industry, and stay informed of the latest customer demands in hydrogen industry, forming a differentiated competitive advantage against our competitors in the hydrogen industry. We have also established business relationship with commercial vehicle manufacturers and upstream suppliers in the United States, Germany, Switzerland, Japan, Italy, etc. We believe that in the coming years, with the development of the international hydrogen technology market, we will shine in the global hydrogen energy market.

Proven ability to satisfy various power demands with rich hydrogen related product matrix and comprehensive applications

Leveraging our first mover advantage and strong technological and research and development capabilities in hydrogen industry, during the Track Record Period, we provided and sold various hydrogen fuel cell systems and components, professional and customized hydrogen fuel cell technology solution services, and hydrogen production systems and components, catering to the specific needs of our customers.

Our products have been widely applied in the diversified markets amid the current and future hydrogen industry market opportunities to set ourselves apart from our competitors. We have been closely cooperated with our existing downstream customers and partners to develop new models and products suitable to the evolving hydrogen fuel cell industry in China while reaching out to potential customers for new collaboration opportunities. For our fuel cell systems, in addition to commercial vehicle applications, we have expanded our reach in power generation stations, construction machinery, off-grid charging equipment, rail transportation, and other new application scenarios, which also helps to drive downstream consumption of green hydrogen. Furthermore, for hydrogen production systems, we are actively exploring commercial application scenarios. To be specific:

- ***Commercial vehicles***: Our fuel cell systems were widely used in commercial vehicles, such as heavy-duty trucks, buses, in both demonstration city clusters and non-demonstration cities. Our customers include renowned enterprises in hydrogen fuel cell industry in China and abroad, such as Yutong Group (宇通), FAW Jiefang (一汽解放) in China, Toyota Motor in Japan and Schaeffler Group in Germany.

- ***Construction machinery***: Construction machinery, such as forklifts, cranes, and tractors, also serve as important downstream applications for fuel cell systems. In particular, hydrogen fuel cell forklifts are gaining popularity increasingly in recent years, as customers in the industry are expecting forklifts to conduct intensive work for long hours with minimized environmental pollution. To name a few, we cooperated with Hangcha (杭叉), Sany Group (三一集团) and Caterpillar for construction machinery. For example, in 2022, Hangcha (杭叉) entered into an cooperation agreement with us for the development of hydrogen fuel cell forklifts. In 2022, we delivered several units of hydrogen fuel cell systems to Hangcha (杭叉) for its manufacturing of hydrogen fuel cell forklifts.

- ***Power generation stations***: We have been actively exploring hydrogen fuel cell system applications in the field of power generation, which requires high efficiency, cost-effectiveness, reliability, and durability of hydrogen fuel cell systems. For example, in 2022, we started to jointly develop megawatt-class hydrogen fuel cell power generation station with CHINT (正泰集團), which power generation station applies our fuel cell technologies and electrical solutions from CHINT (正泰集團), and can be used in a variety of scenarios, including but not limited to wind-solar-hydrogen power generation, CHP, peak cut.

- ***Off-grid charging equipment***: Our hydrogen fuel cell systems are applied to the backup power units, as well as supercharging power generation units of hydrogen refueling stations in Shaanxi province, replacing the original diesel generators. Such power units can be used to generate electricity and charge electric cars.

- ***Hydrogen production equipment***: Hydrogen production plants and integrated hydrogen production and refueling stations can use our hydrogen production systems to produce hydrogen at low-price. Meanwhile, leveraging the characteristics of high-stability and safety, 24-hour unmanned operation of our hydrogen production systems, industrial facilities, such as electronic semiconductor factories, synthetic diamond facilities, can use our hydrogen production systems to generate hydrogen conveniently when needed, so that they do not need to purchase out-sourced hydrogen from others.

Seasoned and visionary management team, with strong shareholder support

Our senior management team is well versed in the hydrogen industry. They have broad industry knowledge, profound market insights and strong management skills. Our Chairman of the Board, Mr. Lin Qi, has over 19 years of experience in the hydrogen fuel cell industry, and has been guiding our strategic direction ever since our inception in 2015. Other core members of our management team are experts in different aspects such as technology research and development, finance and market operations. Certain members of our senior management hold doctoral degrees. Our senior management team has been highly stable and working together for over eight years.

We also believe our success is built on the collective efforts and achievements of our employees, and we are committed to rewarding them for their contributions and to recognizing their performance. To that end, we have devised a multi-tier long-term incentive mechanism primarily based on share incentives. We have also digitalized our human resource management system for digital performance recording, and internal review and evaluation. Advanced corporate governance, and adaptive values and ideas are the cornerstones of our continuous growth.

We are grateful for the trust and support of our shareholders, who share similar strategic layout or industrial insights with us, have been instrumental in our growth and success. We believe that our shareholders' global customer base, reputation and brand recognition have contributed and will continue to contribute to our expansion strategy. Sinopec Capital, established by China Petrochemical Corporation and China Petroleum & Chemical Corporation, with an aim to make strategic investment on emerging industries such as new energy, energy conservation and environmental protection, has made strategic investment in us, and has provided invaluable guidance for our value creation strategy and sustainable growth. In addition, leading commercial vehicle manufacturers globally, such as Yutong Group (宇通), and FAW Jiefang (一汽解放), which have been committed to the development of fuel cell vehicles, have also made strategic investments on us. Toyota Tsusho, is not only a strategic investor to us, but also an important business partner to us in terms of supply chain and market expansion. Furthermore, renowned investment institutions, such as Hillhouse Yurun, National Manufacturing Fund, HongShan Hanchen, have made investments in us. For more information, see "History, Development and Corporate Structure — Establishment and Development of Our Company" in this document. Through close collaboration and alliance with such downstream manufacturers, we are able to create incremental value for our core business and enhance the reliable and integrated industry chain layout.

OUR STRATEGIES

To establish a profitable and sustainable business covering the entire industrial chain in hydrogen industry, we intend to reinforce our position as a leading hydrogen technology company in China and expand our businesses by broaden the application scenarios of our product portfolio, and entering into new markets in overseas countries. We intend to adopt the following strategies to achieve our goals:

Further expand our customer base and footprint nationally and internationally

We plan to acquire additional customers, and build a more diversified and stable customer base in more regions in both domestic and overseas market, by:

- ***Establish more cooperation in key cities***: We will continuously improve our product reliability and cost-effectiveness in line with favorable hydrogen industry related policies in major fuel cell vehicle demonstration city clusters, led by Beijing, Shanghai, Foshan, Zhengzhou and Zhangjiakou. Leveraging our leading role in Shanghai Hydrogen fuel cell Vehicle Demonstration and Application Consortium (上海市燃料電池汽車示範應用聯合體), we aim to establish more stable cooperative relationship with upstream and downstream enterprises, and to maintain our leading position in local hydrogen market in Shanghai and Henan city clusters. Meanwhile, we will increase penetration of our products in the demonstration city clusters of Shanghai and Henan province.

- ***Penetrate into low-price hydrogen market***: At present, the hydrogen fuel cell industry is gradually expanding from a few demonstration cities aided by national favorable policies to a wider geographical area, including cities without hydrogen energy-related policy support. We aim to further penetrate into regions with rich industrial by-product hydrogen resources, such as the western region of China, such as Shanxi province and Shaanxi province. By incorporating our high-power and low hydrogen consumption hydrogen fuel cell systems in heavy-duty trucks, the abundant by-product hydrogen resources in such regions can be fully utilized in heavy-duty truck transportation scenarios on the one hand; the operation costs of heavy-duty trucks in the transportation of bulk materials, such as coke, steel, and chlor-alkali, can be significantly reduced by utilizing such by-product hydrogen, which is generally lower than other hydrogen resources and fossil fuel resources, therefore achieving commercially viable application of hydrogen fuel cell systems in such regions, without relying on favorable policies.

- ***Promote hydrogen production products***: In regions with rich renewable energy resources, we will actively participate in low-carbon hydrogen generation projects, in which, electricity generated from renewable energy will be used to produce hydrogen. Such projects, on the one hand, help increase renewable energy consumption in local markets, on the other hand, help produce hydrogen with competitive price. Through such projects, we aim to increase sales of our products, such as electrolyzed water hydrogen production systems and components, and to expand hydrogen application scenarios to heavy-duty trucks, hydrogen energy storage, power generation, etc.

- ***Accelerate global expansion***: We will actively extend our footprint to broader overseas market, such as European, the Middle East and Southeastern Asia countries, and other regions, through building our global branding by strengthening our front-end sales network, and driving customer growth through proactive marketing. Leveraging our R&D team and offices in overseas countries, such as REFIRE Europe GmbH in Stuttgart, Germany, R&D base in Vancouver, Canada, we aim to develop products that cater to the local markets and customer preferences, so as to enhance our localized design capabilities and competitiveness.

Further advance the R&D of hydrogen fuel cell systems, hydrogen production systems and other products to improve product performance, competitiveness and cost-efficiency

We will continue to conduct R&D and the testing activities to improve our products' durability, reliability, efficiency, safety and cost-effectiveness, while enhancing research and development efficiency. To develop the next generation of our hydrogen fuel cell systems, we aim to further extend the lifespan of the systems, lower the production costs and lower the hydrogen consumption, so as to build our differentiated technical advantages against market competitors, to substantially improve our product performance with lower technology development costs.

In addition, we will enhance our collaboration with material suppliers, continue to source high-quality raw materials and components locally, so as to reduce product development and production costs, while maintaining the performance and durability of the products.

For PEM related products, we aim to continue to reduce development costs of electrolysis cells, electrodes, and PEM hydrogen production and also improved their performance and reliability by utilizing our proprietary production technologies of electrolysis cells and MEAs. Meanwhile, through proprietary control system, such products will be properly applied in hydrogen production scenarios utilizing renewable energy. For ALK related products, we will continue to independently design and develop electrodes to improve the performance of ALK electrolysis hydrogen production systems, and independently design and develop hydrogen power supplies to help control the high volatility of hydrogen generated from large-scale ALK electrolyzed water hydrogen production system, and related impact on power grids.

We intend to leverage our years of experience in the hydrogen fuel cell system industry and our understanding of the downstream market to improve our R&D capabilities. To further commercialize our hydrogen fuel cell related researches, we plan to collaborate with industrial, educational and research institutions and further build our competitive strengths. In addition to our strong R&D force in Vancouver, Canada, we also intend to further explore overseas R&D opportunities to develop key raw materials for our fuel cell stacks.

Expand the production capacity to meet the growing market demand

As an industry leader in China, we plan to expand our production capacity nationwide in line with the hydrogen industry development policies, plans and market demand in different regions. Considering (i) the PRC government's favorable policies supporting the hydrogen industry; (ii) Frost & Sullivan's estimate regarding the increasing future demand for hydrogen; (iii) utilization of existing production facilities; (iv) the need to maintain our competitive advantage in scaled production; and (v) the current and future development of hydrogen production related products, as well as our strategic plan to devote efforts in such field, we plan to (i) expand our production facilities for fuel cell stacks and MEAs; (ii) upgrade our existing production facilities for bipolar plates; (iii) build new production line for hydrogen production systems and components.

After the expansion, our maximum annual production capacity of fuel cell stacks is expected to reach 20,000 units, and our maximum annual production capacity of MEAs is expected to reach six million pieces, respectively. We plan to enhance the production capability of proprietary PEM water electrolysis hydrogen production systems and ALK electrolysis products and hydrogen production power sources. For more information, please see "Future Plans and Use of [**REDACTED**]" in this document.

Actively venture into supply chains of the industry and enhance industry-wide synergies

We have established a solid commercial presence in the field of hydrogen technology, which includes hydrogen production systems, hydrogen fuel cell systems, and their related key components. We plan to venture into other areas in the industry with high growth potential or can create synergies with us, including but not limited to upstream business segments of hydrogen industry, such as hydrogen production, hydrogen storage, hydrogen transportation and hydrogen refueling, and supply chains of hydrogen fuel cell systems, such as fuel cell components and parts. By exploring more areas in the industry chain and production chain, we can achieve vertical integration, which enhances our control over multiple stages of the green energy solution, or production process, allowing us to effectively reduce production costs, improve product performance and stability by streamlining operations and reducing dependencies on external suppliers. In addition, exploring more areas in the industry chain and production chain allows us to broaden our customer bases and increase market penetration. Furthermore, venturing into different segments of the industry chain and production chain provides us with the opportunities to develop expertise in various technologies and processes. Such knowledge and experience can be leveraged to enhance our existing products and develop innovative solutions. It also strengthens our competitive advantage by positioning us as a comprehensive solution provider in the hydrogen industry.

In terms of upstream business segments of hydrogen industry, we have strategically invested in Shanghai Hyfun Energy Technology Ltd. (上海氫楓能源技術有限公司), an innovative PRC company that have developed high-density, high-safety magnesium-based solid-state hydrogen storage technologies, and rich experience in building hydrogen refueling stations. We have also invested in Shaanxi HydroTransformer Energy Technology Limited Company (陝西氫易能源科技有限公司) that focuses on LOHC technologies. In the future we will continue to explore opportunities to make strategic investment in innovative companies in the industry chain and also devote ourselves to in-house research and development.

In terms of supply chains of hydrogen fuel cell systems, we will focus on raw materials and key components, through cooperative development, strategic investments and in-house research and development. For instance, we have developed fuel cell systems incorporating fuel cell stacks with metal bipolar plates provided by Toyota. We will also cooperate with domestic manufacturers for product calibration and related testing and assessment, and further reduce the cost of producing our products.

As of the Latest Practicable Date, we had not identified any definite target for cooperation, or investment.

Continue to attract and cultivate professional talents, improve team building, management and operation efficiency

We adhere to our talent development strategy and have assembled a team of top talents in management, research and development, and production teams. We plan to continue to attract and hire more professional and talents in hydrogen industry, as well as improve our personnel training and talent acquisition through collaborations with domestic universities to further enhance our leading position in the industry. Especially, with respect to research and development, we will continue to attract qualified research and development talents in the field of hydrogen industry. At the same time, we will further strengthen our employee training mechanism to cultivate trained personnel for research and development of hydrogen technology, which in turn help improve our overall management and operation efficiency. We plan to attract and recruit more personnel among referrals from our employees, upstream and downstream partners and industrial experts, as well as through internet recruitment. Furthermore, we will continue to supplement our internal staff training by, for instance, periodically holding lectures, seminars and training sessions jointly with industrial experts. Through technical skills training, corporate culture and core values training, combined with more attractive compensation schemes, we plan to comprehensively train and retain talents to realize their full potential.

Through the recruitment and training of talents, we will be able to comprehensively strengthen our corporate governance, management and operation, thereby effectively consolidating and enhancing our competitiveness in the industry.

OUR BUSINESS

During the Track Record Period, we primarily engaged in research and development, production and sales of hydrogen fuel cell systems and components. Apart from our sales activities, we also provided clients with comprehensive fuel cell engineering and technical services catering to their specific engineering needs in developing and producing hydrogen fuel cell products. In addition, since 2022, we commenced research and development, production and sales of hydrogen production systems and components, and are committed to devote more efforts in this segment in the future. According to Frost & Sullivan, we ranked the first in the hydrogen fuel cell system market in China, in terms of the total power output of sold hydrogen fuel cell systems that have been used for heavy-duty trucks in 2022, with a market share of 25.9%. We ranked the first in the hydrogen fuel cell system market in China, in terms of accumulated mileage operated by fuel cell vehicles powered by fuel cell systems sold up to September 30, 2023, which amounted to around 168 million kilometers. We are the first company in hydrogen fuel cell industry in China that has independently developed and realized mass-production of hydrogen fuel cell systems, fuel cell stacks, MEAs, and bipolar plates, according to Frost & Sullivan. We are a pioneer in hydrogen production, being the first enterprise in hydrogen fuel cell industry to lay out PEM and ALK electrolysis products simultaneously.

The table below sets out revenue breakdown of our business segments:

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Sales of hydrogen fuel cell systems and components								
– Hydrogen fuel cell systems	452,725	86.4	423,265	70.0	42,694	37.0	151,242	68.9
– Components[1]	61,017	11.6	150,297	24.9	49,567	42.9	56,420	25.7
Subtotal	**513,742**	**98.0**	**573,562**	**94.9**	**92,261**	**79.9**	**207,663**	**94.6**
Provision of fuel cell engineering and technical services	7,251	1.4	26,473	4.4	20,931	18.1	6,407	2.9
Sales of hydrogen production systems and related components	–	–	–	–	–	–	433	0.2
Others[2]	3,116	0.6	4,613	0.8	2,243	1.9	4,943	2.3
Total revenue	**524,109**	**100.0**	**604,648**	**100.0**	**115,435**	**100.0**	**219,445**	**100.0**

Notes:

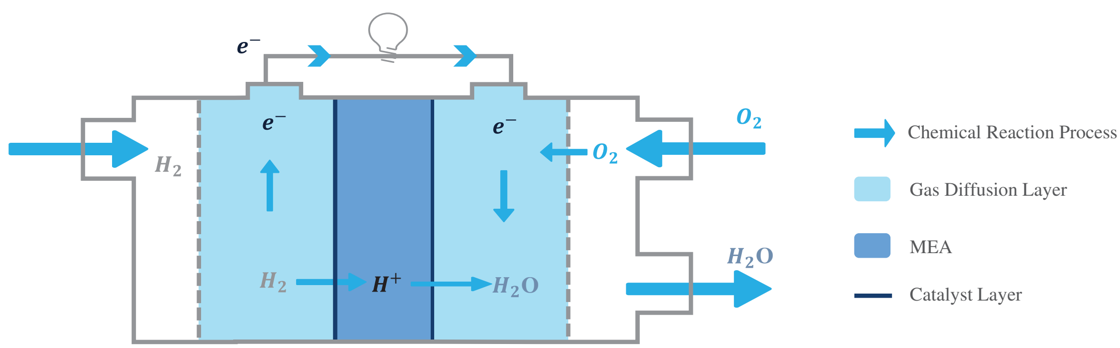
(1) Components mainly included hydrogen supply systems, fuel cell engine accessories, energy storage systems and others for fuel cell vehicles, and DC-to-DC boost converters, hydrogen circulation systems and others for fuel cell systems.

(2) Others mainly included provision of after-sales services.

Hydrogen Fuel Cell Systems and Components Business Segment

Hydrogen Fuel Cell Systems

A hydrogen fuel cell system is a power generation device that converts chemical energy into electricity without combustion and producing water and thermal energy as by-product. Compared to an internal combustion engine, a hydrogen fuel cell system is also quiet in operation. In general, a hydrogen fuel cell system produces zero carbon emission and is durable under low temperature, highly efficient and quiet. The diagram below illustrates the operating principles of a hydrogen fuel cell system:



Leveraging our innovation technology capability and strong operation efficiency, we offer and sell various hydrogen fuel cell systems with different rated power, ranging from 32kW to 220 kW. Our hydrogen fuel cell systems are typically equipped with our in-house manufactured fuel cell stacks, as well as some fuel cell stacks procured from third-party suppliers. During the Track Record Period, our hydrogen fuel cell systems were mainly sold to hydrogen fuel cell commercial vehicle manufacturers and some fuel cell stack manufacturers. The end customers of our hydrogen fuel cell systems generally include, among others, logistics companies, bus companies, etc. Applications of our products include: (i) commercial vehicles, such as light, mid and heavy-duty trucks, buses, material handling vehicles, dump trucks, (ii) construction machinery, such as forklifts, and (iii) power generation applications, such as stationary power stations, emergency power supplies and back-up power stations.

We provide customized fuel cell product solutions to our customers, rather than standalone fuel cell systems. In providing such product solutions, where applicable, we will assist customers in determining the right models of equipment and key components they need, as well as provide vehicle performance evaluation, simulation and calibration, and other engineering and technical services. With respect to fuel cell systems offered in such product solutions, as requested by our customers, where applicable, we provide customized hydrogen fuel cell systems equipped with fuel cell stacks provided by the customers.

During the Track Record Period, we sold proprietary hydrogen fuel cell systems, including Caven Series and Prisma Series. Since 2017, we gradually launched Caven Series (Caven 3, Caven 4 and Caven 5). In recent years, with our continued efforts in the development and iteration of hydrogen fuel cell systems, we have successfully launched more advanced series with greater working efficiency, environment adaptability and service life, namely, our Prisma Series (including, P series, E series, S series) from 2020 to 2022, which are all equipped with our in-house developed fuel cell stacks. Attributable to such advancement, the application scenarios of our hydrogen fuel cell systems were greatly expanded from small commercial vehicles to mid to heavy-duty vehicles, power generation stations, and others. Compared with Caven Series, Prisma Series have utilized proprietary and self-produced fuel cell stacks, MEAs and bipolar plates, and have enhanced working efficiency, environmental adaptability, and service life which specifications lead to broader applications in wider geographic regions nationally and internationally. As such, we strategically devoted our marketing and sales efforts to Prisma Series gradually. However, we continue to provide maintenance services and other technical support services and components for customers who already purchased Caven Series products.

During the Track Record Period, to cater to some of our customers' needs, we provided customized fuel cell product solutions to our customers, where we sold customized hydrogen fuel cell systems, which may incorporate fuel cell stacks provided by such customers, and we also provided certain types of subsystems, such as air supply subsystem, hydrogen management subsystem, and cooling subsystem to our customers as requested. The customized fuel cell systems, equipped with fuel cell stacks provided by third party suppliers, are named N series, T series, and H series.

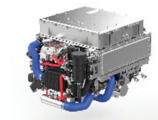
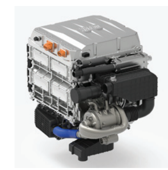
Cost control and reduction is crucial for the overall development of hydrogen fuel cell industry, especially in the transition period from policy-driven to market-driven. According to Frost & Sullivan, fuel cell stack is the key component of the hydrogen fuel cell system, which in general accounts for around 63.0% of the total cost of a fuel cell system. Within a fuel cell stack, MEA and bipolar plate are important, which in general account for around 61.8% and 27.5% of the cost of a fuel cell stack. Outrunning other market players in the hydrogen fuel cell industry, rather than relying on third party suppliers, we have achieved self-development and production of fuel cell stacks, MEAs, and bipolar plates.

Since our inception, we have been committed to the research and development of fuel cell stacks. As the key component of the hydrogen fuel cell system, a fuel cell stack is formed by stacking multiple hydrogen fuel cells in series, and each single cell is composed of bipolar plates and a MEA. Benefited from our high-temperature resistance technology, low-temperature and non-destructive design, freeze-start technology for fuel cell stacks, and highly-automated production technology for fuel cell stacks, as of September 30, 2023, we had three series of fuel cell stacks, namely, Polaris series, Electra series and Sirius series. Our Prisma series hydrogen fuel cell systems are equipped with our proprietary fuel cell stacks.

Membrane electrode assembly, or MEA, is a key component of a fuel cell stack where electrochemical reaction takes place. As a key component for fuel cell stacks, the functionality, performance and lifespan of the MEAs have great impact on the performance, and lifespan of the fuel cell stacks, which in turn have great impact on the performance and the production costs of the hydrogen fuel cell systems. Benefited from our design and manufacture technologies of long-lifespan, high-temperature resistance and high-consistency for MEAs, our proprietary and self-manufactured MEAs has high power density (>1.32W/cm^2), long estimated lifespan (>30,000 hours), low freeze-start temperature (-30°C), long anti-reverse polarity duration (>3 hours), high uniformity coating with high platinum loading CPK over 1.67, high coating size control accuracy with CCM wide-width CPK over 1.67, and high defect automatic classification accuracy (> 99%).

Bipolar plate, another key component of the fuel cell stack that we produce, is the electrical connections between cells. As the raw material for hydrogen fuel cell bipolar plates, graphite material is stable. Compared to metal, it has advantages in corrosion resistance, and can withstand high temperature and high pressure environments.

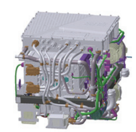
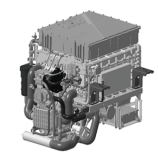
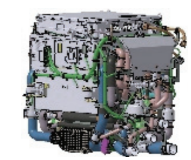
The table below sets details of our major hydrogen fuel cell systems categorized by the source of fuel cell stack incorporated during the Track Record Period:

Prisma Series	P Series	E Series	S Series
Models	Prisma 6, Prisma 8, Prisma 11	Prisma 12+	Prisma 8, Prisma 12+, Prisma 18, Prisma 22
Illustrations			
Types of proprietary and self-manufactured key components[(1)] equipped in the hydrogen fuel cell systems	Fuel cell stacks	Fuel cell stacks, MEAs	Fuel cell stacks, MEAs, bipolar plates
Fuel cell stacks used	Polaris series	Electra series	Sirius series
Key specifications			
Rated power	63kW-110kW	120kW-130kW	80kW-220kW
Power density under rated power	400W/kg-541W/kg	556W/kg-702W/kg	487W/kg-815W/kg
Freeze-start temperature		-30°C	
High-temperature operating capability	85°C	90°C	95°C
Applications	Light, mid, and heavy duty vehicles	Heavy duty vehicles, power generation stations	Mid and heavy duty vehicles, power generation stations, construction machinery
Commencement of production[(2)]	2020	2021	2023

Notes:

(1) key components here include: fuel cell stacks, MEAs, bipolar plates.

(2) represent the year from which the respective products were started to produce.

Customized fuel cell systems	T Series	H Series	N Series
Illustrations			
Key specifications			
Rated power	80kW-110kW	110kW-135kW	80kW-160kW
Power density under rated power	390W/kg-498W/kg	431W/kg-466W/kg	363W/kg-503W/kg
Freeze-start temperature		-30˚C	
High-temperature operating capability	80˚C	80˚C	85˚C
Applications		Light, mid, and heavy duty vehicles	
Commencement of production(1)	2022	2020	2021

Note: represent the year from which the respective products were started to produce.

The tables below set out details on sales volume, sales power output, revenue, and average selling prices of our hydrogen fuel cell systems during the Track Record Period:

	Year Ended December 31,				Nine Months Ended September 30,	
	2021		2022		2023	
	(units)	*%*	*(units)*	*%*	*(units)*	*%*
Sales volume of fuel cell systems equipped with fuel cell stacks provided by:						
– our Group	639	55.8	790	63.4	230	47.4
– third party suppliers	507	44.2	456	36.6	255	52.6
Total	**1,146**	**100.0**	**1,246**	**100.0**	**485**	**100.0**

	Year Ended December 31,				Nine Months Ended September 30,	
	2021		2022		2023	
	(kW)	*%*	*(kW)*	*%*	*(kW)*	*%*
Sales power output of fuel cell systems equipped with fuel cell stacks provided by:						
– our Group	69,155	59.8	82,958	62.5	26,690	52.2
– third party suppliers	46,438	40.2	49,757	37.5	24,420	47.8
Total	**115,593**	**100.0**	**132,715**	**100.0**	**51,110**	**100.0**

	Year Ended December 31,				Nine Months Ended September 30,	
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)	
Revenue of fuel cell systems equipped with fuel cell stacks provided by:						
– our Group	320,563	70.8	308,565	72.9	101,497	67.1
– third party suppliers	132,163	29.2	114,701	27.1	49,746	32.9
Total	**452,725**	**100.0**	**423,265**	**100.0**	**151,242**	**100.0**

	Year Ended December 31,				Nine Months Ended September 30,	
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)	
Revenue of fuel cell systems sold to customers in:						
Mainland China						
– fuel cell vehicle demonstration city clusters(1)	357,853	79.0	305,046	72.1	126,772	83.8
– others(2)	89,715	19.8	110,839	26.2	23,714	15.7
Overseas(3)	5,158	1.1	7,380	1.7	756	0.5
Total	**452,725**	**100.0**	**423,265**	**100.0**	**151,242**	**100.0**

	Year Ended December 31,				Nine Months Ended September 30,	
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)	
Revenue of fuel cell systems to be equipped in:						
– Heavy-duty trucks	278,951	61.6	290,887	68.7	127,512	84.3
– other vehicles	171,716	37.9	127,040	30.0	19,562	12.9
– equipment and other machinery(4)	2,058	0.5	5,338	1.3	4,169	2.8
Total	**452,725**	**100.0**	**423,265**	**100.0**	**151,242**	**100.0**

	Year Ended December 31,		Nine Months Ended September 30,
	2021	2022	2023
	RMB per kW	*RMB per kW*	*RMB per kW*
Average selling prices of fuel cell systems equipped with fuel cell stacks provided by:			
– our Group	4,635	3,720	3,803
– third party suppliers	2,846	2,305	2,037
Overall	**3,917**	**3,189**	**2,959**

Notes:

(1) Demonstration city clusters include Shanghai city cluster, Beijing-Tianjin-Hebei city cluster, Guangdong city cluster, Henan city cluster, Hebei city cluster.

(2) Other regions in Mainland China mainly included Gansu, Shanxi, Shaanxi and Hubei.

(3) Overseas regions mainly included Hong Kong, Germany, and Japan.

(4) Equipment and other machinery include forklift, airplane, power station, and charging station.

Components

During the Track Record Period, we self-developed and produced various types of Components for Fuel Cell Systems, which were incorporated into our hydrogen fuel cell systems sold to customers, including but not limited to fuel cell stacks, MEAs, bipolar plates, DC-to-DC boost converters, hydrogen circulation systems, etc. We sold stand-alone fuel cell stacks and DC-to-DC boost converters to our customers. Leveraging our proven-track record in hydrogen fuel cell industry, robust technologies and know-how in hydrogen fuel cell system, and well established business relationship with upstream suppliers, we provide customized fuel cell product solutions to our customers. In providing such product solutions, in addition to fuel cell systems, we provided Components for Fuel Cell Vehicles out-sourced from our suppliers, such as hydrogen supply systems, fuel cell engine accessories, energy storage systems, to our customers, aiding our customers in optimizing fuel cell applications within their specific end-use scenarios. If needed, we would provide technical support to our customers as well.

Fuel Cell Engineering and Technical Services

Attributable to our comprehensive engineering and technical knowledge and know-how in hydrogen fuel cell systems and components, to cater to our customers' needs, we provide services to support our customers in their research and development programs in relation to the design of hydrogen fuel cell systems, calibration and related assessment, power system and cooling solutions, and other engineering and technical support.

Customers of fuel cell engineering and technical services are often commercial vehicle manufacturers. These manufacturers intend to promote their component products by offering fully integrated vehicle engines encompassing their manufactured components to their downstream customers. However, as these manufacturers lack the expertise to integrate the components into engines, they sometimes contact us to provide related services. Such fuel cell solution services typically include technical consulting, system integration, performance testing and other customized engineering solutions.

The prices for fuel cell engineering and technical services vary depending on the scope, duration and complexity of the services, which usually include product development fees, and material fees.

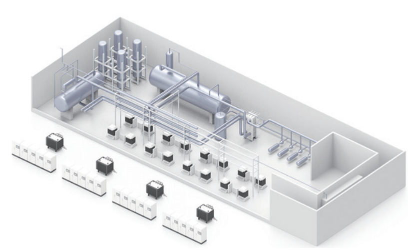
We believe these fuel cell solution services have synergies and are closely related to our other sales business segments. Our first-mover advantage in the hydrogen technology industry, and strong research and production capabilities, have laid a solid foundation for our good reputation in the industry, making customers trust our technology and service capabilities and willing to let us provide product design and other related services. In turn, we provide high-quality design and other services to customers, which may also involve the use of self-researched and produced components or subassemblies, thereby driving the sales of our related products.

Hydrogen Production Systems and Related Components

Since 2022, we started our research and development of hydrogen production system and related components, which will be used to generate hydrogen from water, that can be used in different industries, such as electronic semiconductor industry, hydrogen refueling stations, power plants, powder metallurgy industry, petrochemical industry, and etc. Since August 2023, we have launched proton-exchange membrane (PEM) water electrolysis hydrogen production systems, PEM water electrolysis cells, PEM hydrogen production MEAs, hydrogen production power sources, and advanced electrodes for ALK electrolysis. In 2021, 2022 and for the nine months ended September 30, 2023, revenue derived from the sales of hydrogen production systems and related components amounted to nil, nil and RMB433,000. For more information, please see "Financial Information — Description of Selected Components of Consolidated Statements of Profit or Loss — Revenue" in this document.

In particular, PEM electrolysis is industrially important as a green source of high-purity hydrogen. The main advantages of our PEM water electrolysis hydrogen production system are the ability to operate effectively at high current densities (around 1.5A/cm^2), variable power levels (around 5% to 130%), wide range of temperature and altitudes, high electrolysis efficiency (around 80%), and that it pairs well with renewable energy. Our PEM water electrolysis hydrogen production system reduces overall energy consumption by approximately 10% as compared with other hydrogen production system in the market. We started to produce PEM water electrolysis hydrogen production system in June 2023, and we entered into a sales agreement of our PEM water electrolysis hydrogen production system in September 2023.

Set forth below are some pictures of our hydrogen production system and key components:



PEM water electrolysis hydrogen production system

Hydrogen production power source

PEM water electrolysis cell

OUR PRODUCTION

Our Production Facilities

Leveraging premium manufacturing equipment and advanced process technology that we accumulated through continuous iterative innovation, we have established three manufacturing plants in Changshu Jiangsu, Jiaxing Zhejiang and Shanghai, respectively. Our hydrogen fuel cell systems are mostly produced in our plant in Changshu ("Changshu Plant"). There are two production lines in our Changshu Plant, which have partially realized automated production. Our Components for Fuel Cell Systems are produced in our plants in Jiaxing ("Jiaxing Plant") or Shanghai ("Shanghai Plant"). In addition, we may assess and test our new products at our Shanghai Plant, including but not limited to functional and quality conformance test prior to production, pressure test, electrical test, and bench test.

We have established and implemented a customized management system that covers the entire production process to ensure effective control of design, procurement, manufacturing, inspection and testing. We regularly inspect and maintain our production facilities and conduct overall overhauls of specific production equipment. We implement specific maintenance procedures for production equipment based on each equipment's unique characteristics to ensure their proper operations. During the Track Record Period, we did not experience any major or long-lasting cessation of business due to failure of machinery, equipment or other facilities.

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

Location	Site area	Primary products	Commencement of Production Date	Annual Production Capacity as of September 30, 2023
	(sq.m.)			
Changshu . . .	Approximately 13,000	Hydrogen fuel cell systems	2020	Approximately 5,000 units
Jiaxing	Approximately 3,000	Bipolar plates	2023	Approximately 320,000 pieces(1)
Shanghai	Approximately 3,000	Fuel cell stacks	2020	Approximately 5,184 units
		MEAs	2021	Approximately 1,200,000 pieces(2)

Notes:

(1). The production line of bipolar plates in Jiaxing Plant commenced production in July 2023.

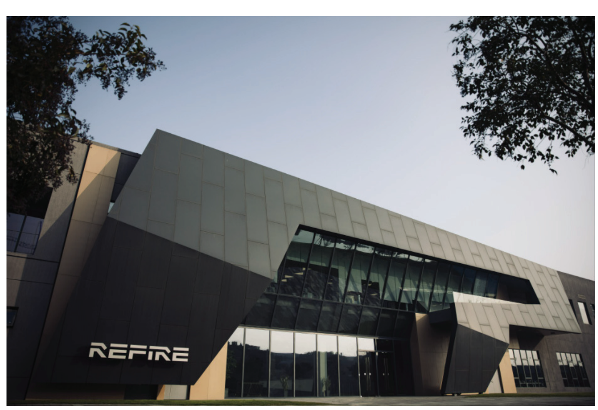
(2). The second production line of MEAs in Shanghai Plant commenced production in July 2023.

Set forth below are some pictures of our plants:

Changshu Plant

Jiaxing Plant

Shanghai Plant



Production and Utilization Rate

The following table sets forth a summary of our production volume, estimated production capacity and utilization rate for our hydrogen fuel cell systems, fuel cell stacks, graphite bipolar plates and MEAs for the periods indicated, respectively:

		Year ended December 31,						Nine months ended September 30,		
		2021			2022			2023		
		Production volume	Estimated production capacity(1)	Utilization(2) (%)	Production volume	Estimated production capacity(1)	Utilization(2) (%)	Production volume	Estimated production capacity(1)	Utilization(2) (%)
Products										
Changshu Plant										
– hydrogen fuel cell systems	(units)	1,362	5,000	27.2	1,323	5,000	26.5	814	3,750	21.7
Jiaxing Plant										
– bipolar plates	(pieces)	–	–	–	–	–	–	68,295	80,040(3)	85.3
Shanghai Plant										
– fuel cell stacks	(units)	1,533	5,184	29.6	1,357	5,184	26.2	1,241	3,888	31.9
– MEAs	(pieces)	77,470	86,400	89.7	213,200	432,000	49.4	305,081	540,000(4)	56.5

Notes:

(1). The estimated production capacity is based on the assumption of twelve working hours per shift with two shifts per day and 288 working days per year (288 working days are based on 24 working days per months multiplied by 12 months for the year).

(2). Utilization rate is calculated based on the actual production volume divided by the estimated production capacity.

(3). The production line of bipolar plates in Jiaxing Plant commenced production in July 2023.

(4). The second production line of MEAs in Shanghai Plant commenced production in July 2023.

Production Expansion Plan

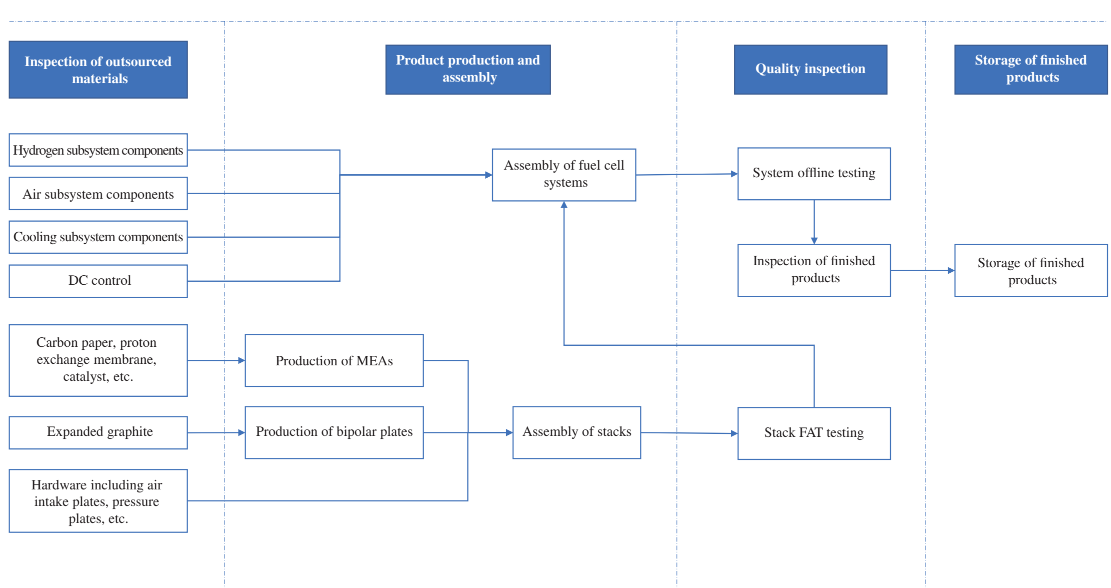
To meet the greater market demand for hydrogen fuel cell systems, we intend to expand our production capacity of hydrogen fuel cell systems and hydrogen production systems. With regard to hydrogen fuel cell systems, we plan to expand our annual production capacity fuel cell stacks to approximately 20,000 units and the annual production capacity of MEAs to six million pieces. We also plan to enhance our production capability of bipolar plates to a designed annual production capacity of approximately three million pieces. In addition, we intend to establish new production facilities to expand the production capability of hydrogen production systems. For details, see "Future Plans and Use of [**REDACTED**]" in this document.

Considering (i) the PRC government's favorable policies supporting the fuel cell related industry; (ii) Frost & Sullivan's estimates regarding the increasing future demand for fuel cell vehicles in the next five years; (iii) utilization of existing production facilities; (iv) the need to maintain our competitive advantage in the market; and (v) our business expansion strategies, we believe that it is necessary to expand our production capacity for the hydrogen fuel cell systems and hydrogen production systems. We also believe that we can benefit from the economies of scale based on the size of the operations and scale of production capacity.

Production Process

Our production process is designed to promote high standards of quality while being able to rapidly ramp up production to satisfy customers' needs. Our streamlined and standardized production process, which primarily consisting of four stages including inspection of outsourced materials, product assembly, quality inspection and storage of finished products, utilizes automatic technology and advanced quality control system to ensure production safety, output stability and normative process flow as well as to meet customers' requirements on product quality and timely delivery.

The following chart illustrates the key steps of the production process for our hydrogen fuel cell systems:



We adopt an "on-demand manufacturing" approach for the production of our hydrogen fuel cell systems where we start manufacturing based on customer orders and sales forecasts. The production cycle for our fuel cell stacks is around 15 days. Utilizing finished fuel cell stacks and other materials, the production cycle for our hydrogen fuel cell systems is around eight days. However, the production lead time is subject to the availability and delivery lead time of raw materials such as electrostack catalysts and proton exchange membranes. See "Risk Factors — Risks Relating to Our Business — We rely on a small number of major suppliers. If we fail to obtain sufficient amounts of raw materials or components in time or that meet our quality standards and/or at commercially acceptable prices, our business, financial condition and results of operations would be materially and adversely affected" in this document.

Production Equipment

We procure our equipment from quality domestic and overseas production equipment suppliers. As the equipment used in our productions were either (i) standard machineries and equipment which are readily available on the market, or (ii) tailor-made equipment produced based on the designs we provided to the manufacturers, and such manufacturers are also widely available, we believe we do not materially rely on any machineries and equipment manufacturers. In addition, with the expansion of our production capability, we have completed the localization process for our material equipment and machinery.

The following table describes our main production equipment as of September 30, 2023:

Name of the equipment	Usage and characteristics of the equipment
Assembly line	Assembly of hydrogen fuel cell systems, conducting automatic grabs and tightening with robots and conducting air tightness test and electrical performance test
EOL testing equipment	Conducting performance and operating condition testing of hydrogen fuel cell systems
Automatic coating line	Primarily used for coating the rolled substrate automatically
Automatic transfer line	Primarily used for transferring the catalyst layer on the release film to PEM by hot pressing
MEFA automatic assembly line	Primarily used for MEFA assembly, automatic loading of PEN&GDL and laser cutting, high-precision dispensing

We regularly carry out inspections and maintenance of our production facility. We have developed and implemented internal procedures at our production facility according to the characteristics and maintenance requirements of the particular equipment and machinery in order to ensure they function properly. For the accounting policies in regard to the depreciation of the machineries and equipment, please see "Financial Information — Critical Accounting Policies and Estimates — Property, Plant and Equipment and Depreciation". During the Track Record Period, we did not experience any material or prolonged suspensions of operations due to machinery, equipment or other facility failures.

QUALITY CONTROL

We perform quality control, inspection, testing, identifying defects and irregularities throughout all stages in our production process. Our employees follow our quality control protocols to control and monitor each stage of our operating process, including procurement of components and raw materials, production, and inspection of finished products, to ensure product quality. We have obtained ISO9001:2015 and IATF16949:2016 quality control system certifications. We have established or been establishing our manufacturing execution system (MES), quality management system (QMS) and enterprise resource planning (ERP) system, that help us get deeper and richer manufacturing insights and drive quality and process improvements across the enterprise.

We believe it is important to improve the quality and reliability of our products, and therefore we continue to increase productivity by streamlining our production procedures and increasing the automation level of our production lines, and improving inspection and control measures for materials and components. To this end, our quality control team supervises the operating process to improve the quality and reliability of our products; meanwhile, we also host internal meetings regularly to discuss issues arising from the production process and to formulate tactics for potential improvement.

During the Track Record Period and up to the Latest Practicable Date, there were no product recalls or returns, product liability claims, or customer complaints that materially and adversely affected our business. We normally provide a five-year or 200,000-kilometer limited warranty for our hydrogen fuel cell systems, whichever is reached first as stated in our contracts with the customers. Our warranty policy is usually limited to defects or failures of products that do not satisfy product specifications or fall short of the quality standards agreed with our customers. In case of product failure, we are able to analyze our hydrogen fuel cell systems through remote access and diagnosis, and identify and cure the problems.

OUR SUPPLIERS

Overview

We select and procure raw materials and key components from third-party suppliers. During the Track Record Period, we have purchased certain raw materials from overseas suppliers. Besides, we have established stable partnership with domestic suppliers. Our partnership with domestic supplier has enabled us to have a stable supply of raw materials at competitive prices, and helped us to ensure our capability to produce and deliver quality products in a timely manner in response to our customers' demand.

During the Track Record Period, the prices of major raw materials we purchased from suppliers for our production did not experience any material fluctuations. During the Track Record Period, we did not experience any shortage of raw materials that resulted in interruptions in our production. We believe our stable relationships with our suppliers will continue to ensure an adequate and stable supply of raw materials and manage fluctuations of prices of our raw materials in the future. We did not experience any quality issues with our raw materials during the Track Record Period that materially affected our operations.

Major Suppliers

We carefully select our external suppliers and require them to meet certain evaluation and assessment criteria. We take into consideration various factors in our supplier selection process, including price, quality, production capacity, payment terms, and timeliness of delivery. We generally plan our procurement of raw materials based on our production plan, expected sales target as well as market conditions. We generally do not enter into long-term purchase agreements with suppliers except for yearly framework agreements, and place orders on demand. The purchase orders set out details such as the specifications and quality standards of raw materials, quantity, payment obligations, delivery method and termination clauses. In addition, we have not entered into any exclusive supply agreements with our suppliers during the Track Record Period.

Below is a summary of the key terms of typical procurement arrangements that we entered into with our suppliers during the Track Record Period:

Pricing	In line with market practice, prices of raw materials are generally either fixed and specified in the procurement agreement, or adjusted taking into account the then prevailing market price when placing orders.
Delivery arrangements . .	The suppliers are generally responsible for costs of delivery. The suppliers will deliver the goods to the place designated by us, and the risk of loss of the goods shall be borne by the suppliers until acceptance by us.
Payment method and credit terms	We settle our payments with suppliers by way of bank transfer. We are typically offered a credit term of one month to one year.
Inspection	Inspections are normally carried out onsite at our designated place of delivery, and unqualified goods will be returned at the suppliers' expenses.
Confidentiality	We usually set confidentiality clauses in the framework agreements, and the period of confidentiality obligations shall extend for a duration of up to five years from the effective date of the agreements.

For each year/period during the Track Record Period, purchase from our top five suppliers in each year/period amounted to RMB268.4 million, RMB214.5 million and RMB114.8 million, accounting for 29.5%, 27.5% and 23.3% of our total purchase for the corresponding period, respectively. For each year/period during the Track Record Period, our purchase from the largest supplier amounted to RMB82.5 million, RMB52.4 million and RMB41.3 million, accounting for 9.1%, 6.7% and 8.4% of our total purchase for the corresponding period, respectively. The following table sets forth details of our five largest suppliers for the years and the periods indicated.

For the nine months ended September 30, 2023

Suppliers	Purchase	As a percentage of total purchase amount for the corresponding period	Company background	Year of commence of Relationship	Credit Term	Payment Method	Products purchased by our Group	Registered capital/Issued share capital
	(RMB'000)							
Toyota Tsusho (Shanghai) Co., Ltd.	41,274	8.4%	A PRC company mainly engages in sales of specialized electronic materials, solar thermal power generation equipment, and graphite and carbon products.	2019	Prepayments	Bank transfer	Bipolar plates, graphite plates and optical plates	USD4.0 million
Tanaka Kikinzoku International (Shanghai) Co., Ltd.	21,305	4.3%	A PRC company principally engaged in sales of chemical products.	2019	Prepayments	Bank transfer	Catalyst	USD0.2 million
Shanghai YunFei Industrial & Trading Development Co., Ltd.	17,776	3.6%	A PRC company principally engaged in sales and production of special instruments.	2017	Within 60 days after receipt of VAT invoice	Bank transfer	Rent and property management	RMB50.0 million
CIMC Hydrogen Energy Technology (Nantong) Co., Ltd. and entities under its control[(1)]	17,394	3.5%	A group of PRC companies principally engaged in design and manufacture of special equipment.	2022	Partial prepayment, outstanding balance to be paid after delivery of goods and receipt of VAT invoice within 12-24 months	Bank transfer	Hydrogen supply systems	*See note (1)*
Toray International, Inc. . .	17,086	3.5%	A Japanese company engaged in the development, manufacture, and sales of electronic materials and components, chemicals, plastics and films and other materials and products.	2021	Prepayments	Bank transfer	Gas diffusion layer	JPY2,040.0 million

For the year ended December 31, 2022

Suppliers	Purchase	As a percentage of total purchase amount for the corresponding period	Company background	Year of commence of Relationship	Credit Term	Payment Method	Products purchased by our Group	Registered capital/Issued share capital
	(RMB'000)							
Toyota Tsusho (Shanghai) Co., Ltd.	52,441	6.7%	A PRC company mainly engages in sales of specialized electronic materials, solar thermal power generation equipment, and graphite and carbon products.	2019	Prepayments	Bank transfer	Bipolar plates, graphite plates and optical plates	USD4.0 million
Tianjin Machinery IMP. & EXP. Corp	50,194	6.4%	A PRC company principally engaged in provision of import and export agency services.	2018	Within 30 days after arrival of goods	Bank transfer	Specialized equipment, sensors and humidifiers	RMB51.0 million
CIMC Hydrogen Energy Technology (Nantong) Co., Ltd. and entities under its control[(1)]	47,126	6.1%	A group of PRC companies principally engaged in design and manufacture of special equipment.	2022	Partial prepayment, outstanding balance to be paid after delivery of goods and receipt of VAT invoice within 12-24 months	Bank transfer	Hydrogen supply systems	*See note (1)*
Supplier Group A[(2)]	35,353	4.5%	A group of UK companies engaged in the development and manufacture of catalysts, catalyst coated membranes (CCM), MEAs and other fuel cell components.	2020	Prepayments and balances are due within 30 days of receipt of an invoice, on the dates and in the amounts specified in the schedule of deliveries	Bank transfer	Membrane electrodes and precious metals	*See note (2)*
Beijing Nowogen Technology Co., Ltd. and entities under its control[(3)]	29,345	3.8%	A group of PRC companies engaged in R&D and production of fuel cell stacks, graphite plate and water-cooled fuel cell and the R&D of methanol hydrogen technologies.	2020	Partial payment upon execution of contract, outstanding balance to be paid by installments within 24 months	Bank transfer	Fuel cell stacks	*See note (3)*

For the year ended December 31, 2021

Suppliers	Purchase	As a percentage of total purchase amount for the corresponding period	Company background	Year of commence of Relationship	Credit Term	Payment Method	Products purchased by our Group	Registered capital/Issued share capital
	(RMB'000)							
Supplier Group A[(2)]	82,540	9.1%	A group of UK companies engaged in the development and manufacture of catalysts, catalyst coated membranes (CCM), MEA and other fuel cell components.	2020	Prepayments and balances are due within 30 days of receipt of an invoice, on the dates and in the amounts specified in the schedule of deliveries	Bank transfer	Membrane electrodes and precious metals	*See note (2)*
Toyota Tsusho (Shanghai) Co., Ltd.	62,029	6.8%	A PRC company mainly engages in sales of specialized electronic materials, solar thermal power generation equipment, and graphite and carbon products.	2019	Prepayments	Bank transfer	Bipolar plates, graphite plates and optical plates	USD4.0 million
Shanghai H-Rise New Energy Technology Co., Ltd.	47,575	5.2%	A PRC company principally engaged in R&D, manufacture and sales of high-power fuel cell stacks, PEM electrolyzers, and other components.	2020	Within 30 to 180 days after receipt of VAT invoice	Bank transfer	Fuel cell stacks	RMB17.1 million

Suppliers	Purchase	As a percentage of total purchase amount for the corresponding period	Company background	Year of commence of Relationship	Credit Term	Payment Method	Products purchased by our Group	Registered capital/Issued share capital
	(RMB'000)							
Tianjin Machinery IMP. & EXP. Corp	41,928	4.6%	A PRC company principally engaged in provision of import and export agency services.	2018	Within 30 days after arrival of goods	Bank transfer	Specialized equipment, sensors and humidifiers	RMB51.0 million
XecaTurbo Clean Power Rugao Co. and entities under its control[(4)]	34,293	3.8%	A group of PRC companies engaged in system equipment related to power machinery, hydrogen energy, and fuel cells.	2020	Within 60 to 180 days after receipt of VAT invoice	Bank or notes transfer	Air compressor	*See note (4)*

Notes:

(1) Including CIMC Hydrogen Energy Technology (Nantong) Co., Ltd. and Nantong CIMC Energy Equipment Co., Ltd., of which the registered capital are RMB15.0 million and RMB500.0 million, respectively.

(2) In 2021 and 2022, we had transactions with three entities in Supplier Group A, of which the registered capital are £20.6 million, RMB50.0 million and USD30.0 million, respectively.

(3) Including Beijing Nowogen Technology Co., Ltd. and Guangdong Nowogen Technology Co., Ltd., of which the registered capital are RMB55.7 million and RMB1.0 million, respectively.

(4) Including XecaTurbo Clean Power Rugao Co., and XecaTurbo (Shanghai) Energy Technology Co., Ltd. and Guangdong XecaTurbo Power Technology Co., of which the registered capital are RMB30.0 million, RMB5.0 million and RMB30.0 million, respectively.

None of our Directors, their respective close associates, or any of our current Shareholders who, to the best knowledge of our Directors, owns more than 5% of our share capital of the Company, has any interest in any of our five largest suppliers.

CUSTOMERS, SALES AND PRICING

Major Customers

Our customers mainly comprise commercial vehicle manufacturers located in China. Below is a summary of the key terms of typical sales agreements that we entered into with our customers during the Track Record Period:

Pricing	We specify the price of each product and service provided to customers in the sales agreement, including unit price and total price.
Delivery arrangements . .	We are generally responsible for costs of delivery. We will deliver the goods to the place designated by our customers, and the risk of loss of the goods shall be borne by us until acceptance by our customers.
Credit term	We generally grant credit period to our customers ranging from 20 days to three years according to their credit profile and historical performance.
Inspection	Inspections are normally carried out onsite at the place of delivery designated by our customers, and unqualified goods will be returned at our expenses.
Warranty	For our hydrogen fuel cell systems, we usually provide our customers with a warranty of five years or 200,000 kilometers, whichever is reached first. During the warranty period, if the damages or malfunctions of the product are due to quality defects attributable to us, we shall be responsible for repairing or replacing the product at our own expenses.

For each year/period during the Track Record Period, we generated revenue of RMB393.0 million, RMB433.6 million and RMB174.3 million, from our five largest customers, accounting for 75.0%, 71.7% and 79.4% of our total revenue for the corresponding period, respectively. For each year/period during the Track Record Period, our revenue from the largest customer amounted to RMB117.4 million, RMB134.2 million and RMB65.3 million, accounting for 22.4%, 22.2% and 29.8% of our total revenue for the corresponding period, respectively. The following table sets forth details of our five largest customers for the years and the periods indicated.

For the nine months ended September 30, 2023

Customers	Revenue contribution	As a percentage of total revenue for the corresponding period	Company background	Year of commence of relationship	Credit term	Payment method	Products sold by our Group	Registered capital/Issued share capital
	(RMB'000)							
Yutong Group[(1)]	65,294	29.8%	A group of PRC companies principally engaged in manufacture of commercial vehicles	2018	Within 60 days after receipt of VAT invoice	Bank or notes transfer	Hydrogen fuel cell systems and components	*See note (1)*
Foshan Feichi Motor Technology Co., Ltd.	39,342	17.9%	A PRC company principally engaged in manufacture of commercial vehicles	2018	Partial payment within 24 months after execution of contract, outstanding balance to be paid by installments within 36 months	Bank transfer	Hydrogen fuel cell systems, components, and others	RMB276.9 million

Customers	Revenue contribution	As a percentage of total revenue for the corresponding period	Company background	Year of commence of relationship	Credit term	Payment method	Products sold by our Group	Registered capital/Issued share capital
	(RMB'000)							
Customer A	29,026	13.2%	A PRC company principally engaged in R&D of hydrogen fuel cell systems, manufacture and sales of new energy equipments, and sales of new energy vehicles	2023	Within 60 days after acknowledgement of receiving goods	Bank transfer	Hydrogen fuel cell systems, components, and others	RMB100.0 million

Customers	Revenue contribution	As a percentage of total revenue for the corresponding period	Company background	Year of commence of relationship	Credit term	Payment method	Products sold by our Group	Registered capital/Issued share capital
	(RMB'000)							
Beijing Nowogen Technology Co., Ltd. . .	21,155	9.6%	A PRC company engaged in R&D and production of fuel cell stacks, graphite plate and water-cooled fuel cell and the R&D of methanol hydrogen technologies	2020	Within twelve months after acknowledgement of receiving goods	Bank transfer	Hydrogen fuel cell systems, components, and others	RMB55.7 million
Customer B	19,517	8.9%	A PRC company principally engaged in manufacture, testing and sales of proton exchange membranes and accessories for fuel cells, and technology development and consulting in relevant field	2022	Within 20 days after receipt of VAT invoice	Bank transfer	Hydrogen fuel cell systems, components, and others	RMB80.0 million

For the year ended December 31, 2022

Customers	Revenue Contribution	As a percentage of total revenue for the corresponding period	Company background	Year of commence of Relationship	Credit Term	Payment Method	Products sold by our Group	Registered capital/Issued share capital
	(RMB'000)							
FAW Jiefang Automotive Co., Ltd.	134,226	22.2%	A PRC company principally engaged in manufacture of commercial vehicles	2019	80% payment within three months and 20% payment within twelve months after receipt of VAT invoice and acknowledgement of receiving goods; back-to-back[(2)]	Bank or notes transfer	Hydrogen fuel cell systems and components	RMB10,803.0 million
Yutong Group[(1)]	112,563	18.6%	A group of PRC companies principally engaged in manufacture of commercial vehicles	2018	Within 60 days after receipt of VAT invoice	Bank or notes transfer	Hydrogen fuel cell systems and components	*See note (1)*
Customer C	73,461	12.1%	A PRC company principally engaged in manufacture of commercial vehicles	2021	Within 24 months after acknowledgement of receiving goods	Bank transfer	Hydrogen fuel cell systems and components	RMB100.0 million

Customers	Revenue Contribution	As a percentage of total revenue for the corresponding period	Company background	Year of commence of Relationship	Credit Term	Payment Method	Products sold by our Group	Registered capital/Issued share capital
	(RMB'000)							
Customer Group D[(2)]	69,438	11.5%	A group of PRC companies principally engaged in manufacture of commercial vehicles	2021	Within 24 months after acknowledgement of receiving goods	Bank transfer	Hydrogen fuel cell systems, components and other	*See note (2)*
Customer Group E[(3)]	43,917	7.3%	A group of PRC companies principally engaged in manufacture of commercial vehicles	2016	Within 24 months after the execution of contract; with acknowledgment of goods and receipt of VAT invoice	Bank or notes transfer	Hydrogen fuel cell systems, components and other	*See note (3)*

For the year ended December 31, 2021

Customers	Revenue Contribution	As a percentage of total revenue for the corresponding period	Company background	Year of commence of Relationship	Credit Term	Payment Method	Products sold by our Group	Registered capital/Issued share capital
	(RMB'000)							
Yutong Group[1]	117,394	22.4%	A group of PRC companies principally engaged in manufacture of commercial vehicles	2018	Within 60 days after receipt of VAT invoice	Bank or notes transfer	Hydrogen fuel cell systems and components	*See note (1)*
Customer Group E[3]	112,934	21.5%	A group of PRC companies principally engaged in manufacture of commercial vehicles	2016	Within 24 months after the execution of contract; with acknowledgment of receiving goods and receipt of VAT invoice	Bank or notes transfer	Hydrogen fuel cell systems, components and others	*See note (3)*
Customer F	75,737	14.5%	A PRC company principally engaged in manufacture of commercial vehicles	2021	Within 24 months after the execution of contract; with acknowledgment of receiving goods and receipt of VAT invoice	Bank transfer	Hydrogen fuel cell systems and components	RMB1,200.0 million

Customers	Revenue Contribution	As a percentage of total revenue for the corresponding period	Company background	Year of commence of Relationship	Credit Term	Payment Method	Products sold by our Group	Registered capital/Issued share capital
	(RMB'000)							
FAW Jiefang Automotive Co., Ltd.	54,248	10.4%	A PRC company principally engaged in manufacture of commercial vehicles	2019	80% payment within three months and 20% payment within twelve months after receipt of VAT invoice and acknowledgement of receiving goods; back-to-back[(2)]	Bank or notes transfer	Hydrogen fuel cell systems and components	RMB10,803.0 million
Customer Group D[(3)]. . . .	32,730	6.2%	A group of PRC company principally engaged in manufacture of commercial vehicles	2021	Within 24 months after acknowledgement of receiving goods	Bank transfer	Hydrogen fuel cell systems	See *note (3)*

Notes:

(1) In 2021, we had transactions with Yutong Bus Co., Ltd. and Yutong Commercial Vehicle Co., Ltd., of which the registered capital are RMB2,213.9 million and RMB400.0 million, respectively. In 2022, we had transactions with Yutong Bus Co., Ltd., Yutong Commercial Vehicle Co., Ltd., Yutong Light Commercial Vehicle and Zhengzhou Yutong Heavy Industries Co., Ltd., of which the registered capital are RMB2,213.9 million, RMB400.0 million, RMB200.0 million and RMB677.5 million, respectively. For the nine months ended September 30, 2023, we had transactions with Yutong Bus Co., Ltd., Yutong Commercial Vehicle Co., Ltd. and Zhengzhou Yutong Heavy Industries Co., Ltd., of which the registered capital are RMB2,213.9 million, RMB400.0 million and RMB677.5 million, respectively.

(2) Under back-to-back payment arrangements that were provided in the supplement agreements we entered into with FAW Jiefang Automotive Co., Ltd. in December 2023 and February 2024, the settlement of trade receivables from FAW Jiefang Automotive Co., Ltd. associated with its receipt of subsidies from government. We recognize revenue from contracts with customers when control of goods or services is transferred to the customers. The management of our Group considered that there is a low likelihood of significant

revenue reversals occurring in the amount of cumulative revenue recognized for the relevant sales contracts with FAW Jiefang Automotive Co., Ltd., based on our assessment of its credit risk and taking into account that it is highly probableb for FAW Jiefang Automotive Co., Ltd. to collect such subsidies once the required criteria are fulfilled. Such arrangement is common in our industry as it is still in the early stage of development, as confirmed by Frost & Sullivan.

(3) In 2021, we had transaction with one entity of Customer Group D, of which the registered capital is RMB150.0 million. In 2022, we had transactions with three entities of Customer Group D, of which the registered capital are RMB150.0 million, RMB100.0 million and RMB137.2 million, respectively.

(4) In 2021 and 2022, we had transactions with two entities of Customer Group E, of which the registered capital are RMB928.0 million and RMB755.4 million, respectively.

None of our Directors, their respective close associates, or any of our current Shareholders who, to the best knowledge of our Directors, owns more than 5% of our share capital of the Company, has any interest in any of our five largest customers.

Overlapping Customers and Suppliers

During the Track Record Period, Beijing Nowogen Technology Co., Ltd. ("Beijing Nowogen") was our major supplier and also our major customer. Beijing Nowogen is a company engaged in R&D and production of fuel cell stacks, graphite plate and hydrogen fuel cell systems and the R&D of methanol hydrogen technologies in China. We established business relationship with Beijing Nowogen in 2020. During the Track Record Period, we purchased fuel cell stacks from certain of its subsidiaries. In 2021, 2022 and for the nine months ended September 30, 2023, our procurement from Beijing Nowogen and its subsidiaries amounted to nil, RMB29.3 million, and RMB5.3 million, respectively. During the Track Record Period, products we supplied to Beijing Nowogen were primarily hydrogen fuel cell systems incorporating fuel cell stacks sourced from Beijing Nowogen. This collaboration was driven by our robust R&D capabilities, which enabled us to seamlessly integrate Beijing Nowogen's fuel cell stacks into the hydrogen fuel cell systems with optimized performances. Such transaction is generally consistent with industry practice, according to Frost and Sullivan. In 2021, 2022 and for the nine months ended September 30, 2023, our revenue generated from Beijing Nowogen amounted to RMB20.2 million, RMB33.8 million, and RMB21.2 million, respectively. Our Directors confirmed that the terms of transactions with Beijing Nowogen are of normal commercial terms and similar to those transactions with our other customers and suppliers.

To the best knowledge and belief of our Directors after making all reasonable enquiries, Beijing Nowogen and its respective ultimate beneficial owners are Independent Third Parties. As confirmed by our Directors, none of our Directors, Supervisors, their respective close associates, or any Shareholders who or which, to the best knowledge of our Directors, owned more than 5% of the issued share capital of our Company as of the Latest Practicable Date, has any interests in Beijing Nowogen during the Track Record Period.

Warranty

We generally offer a five-year or 200,000-kilometer limited warranty for our hydrogen fuel cell systems, whichever is reached first. We only allow product replacement due to quality issue. Upon receipt of a customer service request, for products covered by the quality warranty terms of our contracts we provide after-sales services, including issuance of after-sales service plan, remote consultation, and remote or on-site repair and maintenance.

If the quality issue is attributed to the customer's liability or beyond the scope of our warranty terms, the customer shall bear the cost of after-sales service. If the quality issue is caused by raw materials or components from our suppliers, we generally work together with such suppliers to resolve our customers' service requests before allocating liabilities between us and the suppliers. For product defects caused by raw materials or components from suppliers, we follow the warranty terms in the procurement agreements to make warranty claims against such suppliers accordingly.

We have three after-sales service centers in Shanghai, Foshan, and Zhengzhou, respectively and an after-sales service team consisting of 32 technicians. Upon the receipt of after-sales requests, our after-sales service center will take the lead and communicate with the customer in a timely manner. Upon communication with the customer and further analysis of the complaint, the technicians in charge of such compliant will provide remote consulting or remote or on-site repair and maintenance services depending on the issues on hand. During the Track Record Period, there were no product recalls or returns, product liability claims, or customer complaints that materially and adversely affected our business.

Pricing

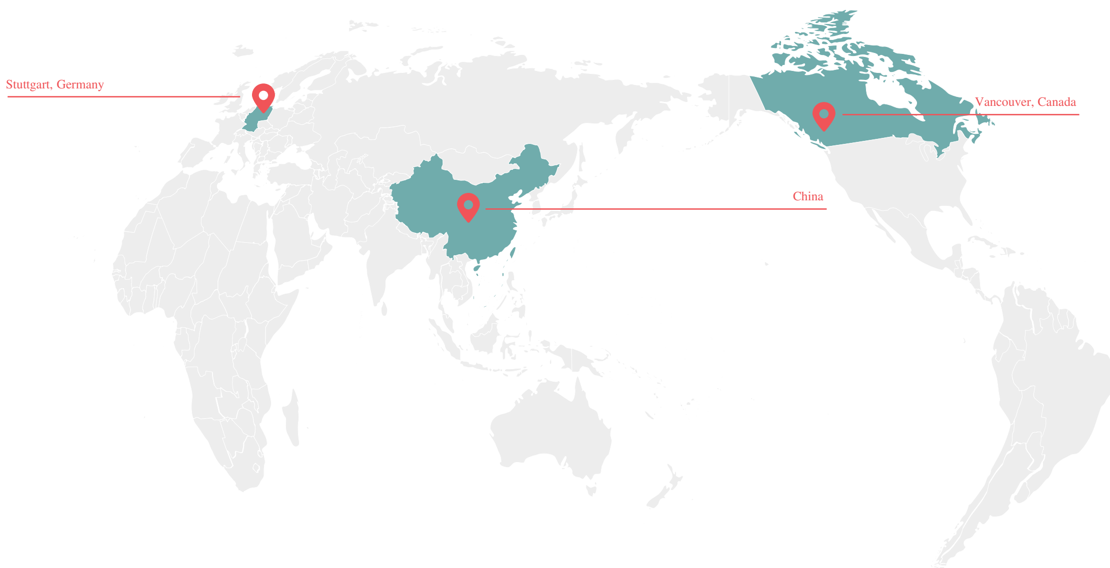
We price our hydrogen fuel cell systems and components based on various factors including raw material costs, production overheads, order volumes, warranty offered, competitors' pricings, prevailing market conditions, payment methods and specification of products requested by customers. We price our hydrogen production systems and related components based on factors including raw material costs, production overheads, order volumes, warranty offered, and prevailing market conditions.

We face competition in the hydrogen industry in China primarily from other competitors. We believe factors that are critical to our competitiveness in this market include strong R&D capabilities, breadth and quality of our product offerings, strong relationship with our customers, brand recognition, and after-sales services.

BUSINESS NETWORK

To meet the increasing downstream demands for hydrogen fuel cell systems and components resulted from favorable industry policies promulgated by the relevant governments, we strategically spread out our footprints internationally. As of September 30, 2023, our national business network in China consisted of our headquarter in Shanghai, three production plants in Changshu, Jiaxing, and Shanghai, three after-sales service centers in Shanghai, Foshan, Guangdong, and Zhengzhou, Henan. Meanwhile, we had two R&D bases, one in Shanghai, China, and the other in Vancouver, Canada. In addition, we had one office in Stuttgart, Germany.

By staying close to relevant overseas markets, we are not only able to get first-hand knowledge about industry trend and market preference in order to capture first-mover advantages in local regions, but also attract and retain local talents so as to enhance our global competitiveness in terms of technology advancement and latest technology applications.



RESEARCH & DEVELOPMENT

Since our establishment in 2015, we have continuously invested in research and development, innovation and optimization of hydrogen fuel cell systems and components. Since 2022, we started to devote ourselves to developing hydrogen production systems and related components. As of the Latest Practicable Date, we have obtained core technologies in hydrogen fuel cell system design, simulation, control, integration, and production, as well as design and production of fuel cell stack, MEA, and bipolar plate, which collectively contribute to great working efficiency, environment adaptability and service life of our hydrogen fuel cell systems and components. As evaluated by the China Society of Automotive Engineers and the Shanghai Society of Transportation Engineering (中國汽車工程學會和上海市交通工程學會), our hydrogen fuel cell system technologies applied in commercial vehicles are international superior, and excel in system control, low-temperature, damage-free freeze-start and durability.

Our independent research experience and mass-production experience also allows us to accumulate valuable technology and know-how that enabled us to streamline and modularize development process of hydrogen fuel cell systems and components. Our other core technologies include but not limited to high-performance controller and high robust control system design technology; iterative optimization control technology of hydrogen fuel cell system based on big data platform; non-destructive fast start technology for hydrogen fuel cell system at -30°C without auxiliary heat; fuel cell water-heat balance management technology and high-power system heat dissipation management technology; high-temperature resistance technology of fuel cell stacks; long lifespan technology of fuel cell stacks; highly-automated fuel cell stack production technology; long lifespan, high-temperature resistance, high consistency membrane electrode design, and mass production technology; high-strength, high-performance, and long-lifespan composite graphite bipolar plate seal structure design and mass production technology, etc.

The customers' needs for production types and power outputs differ in different application scenarios. By modularizing key parts of our hydrogen fuel cell systems, subsystems and fuel cell stacks, we are able to use certain components and parts in different products interchangeably, so as to save research and development costs, and shorten the development cycle. To be specific, we have a R&D platform for our Caven Series and Prisma Series, by modularizing key parts of hydrogen fuel cell systems in each series, we are able to reduce research and development resources, and spread costs among different products. Meanwhile, the product development cycle is reduced by 30% to 50%. In addition, by modularizing other parts, such as frame and end plates, we effectively reduce the volume and weight of the system, and complexity of the parts, and reduce the heat loss and condensate water accumulation during the transportation of hydrogen and oxygen, which in turn help increase the efficiency and stability of the system.

As of the Latest Practicable Date, we had a research and development team of 169 personnel from various countries, such as China, Germany, Japan, the U.S., and Canada led by Dr. Christopher John Guzy, Dr. Zhai Shuang (翟雙), Dr. Hu Zhe (胡哲), Mr. Liu Yun (劉贇), and Dr. Di Zhigang (邸志崗). Among our research and development team members, around 41.4% of whom earned a master's degree or higher. In addition, our R&D team members have extensive experience in hydrogen industry, with an average of ten years of relevant experience working in hydrogen industry. For each area of hydrogen fuel cell system and hydrogen production system, we have more than one chief scientific expert leading the continuous research and product innovation in hydrogen fuel cell systems and hydrogen production systems. We have participated in a number of national, provincial and municipal research projects as well as independent research and development projects to develop hydrogen fuel cell technology and accelerate product upgrades.

Our focus on research and development has fueled our growth and enabled us to strengthen our market position. We possess frontier technologies and technical know-how for our proprietary hydrogen fuel cell systems, fuel cell stacks, MEAs and other components.

Hydrogen fuel cell system design and iteration are conducted through our research and development platform, through which, we have categorized some components and parts of hydrogen fuel cell systems into standard parts. We developed standard parts adapt to all hydrogen fuel cell system products on our platform. We also have standard interface for our hydrogen fuel cell systems, so that standard parts can be easily installed or changed. By utilizing such underlying technologies and common designs that are not product-specific, we have significantly shortened development cycle of new products by 30%-50%, and saved research and development expenses attributable to each single new product.

In terms of hydrogen production equipment, we had both PEM and ALK electrolysis technologies and products. As compared with ALK electrolysis, PEM electrolysis is more efficient and consumes less energy in generating same quantity of hydrogen, it also has higher adaptability to renewable energy sources. On the other hand, at current stage, PEM electrolysis hydrogen production system is still relying on imported main components, while ALK electrolysis hydrogen production system is more cost-efficient, more mature, and widely accepted in China.

We believe that our proprietary technologies and platform enable us to achieve faster innovation and efficient development of future products to meet the market demand. We are of the view that our upgraded research and development platform will help us adapt to the fast-evolving hydrogen fuel cell systems and hydrogen production systems markets, and increase our market competitiveness.

During the Track Record Period, our research and development expenses amounted to RMB230.9 million, RMB198.7 million and RMB167.2 million in 2021, 2022, and the nine months ended September 30, 2023, respectively. Our research and development expenses have contributed to the enhancement, development and improvement of our proprietary hydrogen fuel cell systems, fuel cell stacks, other components and their productions.

Cooperation in Research and Development and Ongoing Research and Development Projects

During the Track Record Period, we have collaborated with top universities such as Tongji University (同濟大學), and key players in our industry that possess industry-leading technologies for further exploring the iteration of our technologies. We believe these collaborations provide us with insights into industry trends and emerging new technologies, which help direct the focus of our current and future research and development efforts. Some of our noteworthy ongoing R&D projects include:

- we cooperate with, amongst others, Tongji University (同濟大學), and Shanghai Municipal Science Commission (上海市科學技術委員會) to carry out research project for highly-integrated fuel cell system for industrialization, and we are responsible for the research and development of fuel cell system engineering. The intellectual property rights independently developed and completed by each party according to task allocation shall be solely owned by that corresponding party. For the public interests, Shanghai Municipal Science Commission (上海市科學技術委員會) has the royalty free right to use the intellectual property rights.

- we cooperate with, amongst others, FAW Jiefang (一汽解放), to carry out research project for high-load and long-lifespan fuel cell stacks and engines for heavy-duty trucks, aiming to enhance the fuel cell system efficiency, extend lifespan of fuel cell stacks, reduce costs, so that fuel cell systems can be commercially used in heavy-duty trucks. The intellectual property rights independently developed and completed by each party according to task allocation shall be solely owned by that corresponding party.

- we cooperate with, amongst others, Zhengzhou Yutong Bus Co., Ltd. (鄭州宇通客車股份有限公司), to carry out research project for hybrid power system platform for bus – research on fuel cell system benchmarking and durability testing technology. The intellectual property rights independently developed and completed by each party according to task allocation shall be solely owned by that corresponding party; and the intellectual property rights produced under the cooperation are jointly owned by us and the participating parties.

- we cooperate with, amongst others, Shanghai Municipal Science Commission (上海市科學技術委員會) to carry out research project for long lifespan high power fuel cell stacks and key components for vehicles, and we are responsible for the performance testing of fuel cell stacks. The intellectual property rights independently developed and completed by each party according to task allocation shall be solely owned by that corresponding party. For the public interests, Shanghai Municipal Science Commission (上海市科學技術委員會) has the royalty free right to use the intellectual property rights.

- we cooperate with, amongst others, Xi'an Jiaotong University (西安交通大學), to carry out research project for fuel cell air compressor for vehicles for enhanced performance and control of air compressors. The intellectual property rights independently developed and completed by each party according to task allocation shall be solely owned by that corresponding party; and the intellectual property rights produced under the cooperation are jointly owned by us and the participating parties.

- we cooperate with, amongst others, Tongji University (同濟大學) to carry out research project for reliability, durability and engineering manufacturing technologies of PEM fuel cell stack — research and development of fuel cell stack sealing and batch assembly technology and equipment. The intellectual property rights independently developed and completed by each party according to task allocation shall be solely owned by that corresponding party; and the intellectual property rights produced under the cooperation are jointly owned by us and the participating parties.

Breakthrough and Achievements

We believe that technology innovation is the key to our sustainable success and we are committed to the development of our proprietary technologies. Over the years, our dedicated efforts have allowed us to establish competitive edges over industry peers in terms of development, manufacturing and integration of hydrogen fuel cell systems and key components, including fuel cell stacks, MEAs, and bipolar plates. Through consistent breakthroughs and innovation in technology, we have successfully positioned our products, in particular our fuel cell systems, as a recognized brand. These products are characterized by their enhanced performance, great reliability, long lifespan, and great environmental adaptability. Some examples of our key achievements are as follows:

High-Performance Controller and Highly Robust Control System Design Technology

Our high-performance controller and highly robust control system design technology can effectively improve the reliability, lifespan, and robustness of hydrogen fuel cell systems in the complex application environment of commercial vehicles. Our controller is designed in accordance with the standards of electrical and electronic components in the automotive industry. It offers excellent compatibility with the application environment and has successfully passed tests and validations based on international standards and corresponding national standards, such as ISO16750, CISPR25, ISO7637, ISO11452, and ISO10605. Furthermore, our controller features a wide range of peripheral interfaces, allowing for quick integration of new sensors and actuators during the development and iteration of the hydrogen fuel cell system and have significantly shortened the system development time. In addition, we have developed an advanced model-based closed-loop control software system. This system ensures that the fuel cell stacks in our hydrogen fuel cell system operate in a reasonable and healthy state. It enables accurate reading, checking, risk identification, mitigation, and fault response for the hydrogen fuel cell system and components' operational status.

Iterative Optimization Control Technology of Hydrogen Fuel Cell System Based on Big Data Platform

To address the challenges commonly encountered in fuel cell vehicles, such as isolated vehicle information, multi-dimensional fault vectors, and difficulties in online historical data analysis, we have undertaken extensive technology development and engineering applications based on real vehicle data collected over a long time span on a cloud platform. Drawing upon our strong technical capabilities and rich experience in providing fuel cell vehicle solutions, we have developed a comprehensive suite of data-driven tools and technologies. These tools enable accurate and real-time monitoring of key metrics from the fuel cells installed in relevant vehicles. This capability facilitates cross-vehicle management, extends system lifespan, and reduces hydrogen consumption. Furthermore, our tools enable quick analysis and comparison of different failure events, allowing for efficient and effective solutions to be implemented. They also provide early warnings and effective preventive measures for similar events, enhancing and optimizing overall vehicle operation.

Non-Destructive Fast Start Technology for Hydrogen Fuel Cell System at -30°C Without Auxiliary Heat

One of the significant design challenges in hydrogen fuel cell systems is the low-temperature starting problem. It is crucial to achieve fast starting while minimizing energy loss to the vehicle's power system and preventing damage to the fuel cell's lifespan. To address this challenge, we have made several design improvements in the fuel cell design processes. These improvements focus on enhancing the ice-tolerance of the membrane electrode, preventing the local accumulation and blockage of condensate and ice, realizing dynamic control of concentration polarization through real-time impedance measurement, and minimizing the risk of icing inside the fuel cell and key components with our anisotropic system integration thermal conductivity design. Our design improvements enable fast freeze-starts without compromising fuel cell's lifespan, significantly optimize the customer's utilization experience of the fuel cell, and enhance the overall hydrogen safety design level of the hydrogen fuel cell system.

Fuel Cell Water-Heat Balance Management Technology and High-Power System Heat Dissipation Management Technology

The water balance and heat balance in a hydrogen fuel cell system significantly impact its reliable and long-term stable operation. To address this, we have established a series of control models, including the heat production model of the fuel cell stack, water temperature model, cooling system model, internal water balance model of the fuel cell stack, humidifier humidification model, and anode circuit component model. These models form the basis of our complete closed-loop control strategy. By leveraging these control models, we ensure that the fuel cell operates at a reasonable and healthy state and improve the lifespan, reliability, and overall performance of the system.

Furthermore, we conduct system design and control technology optimization with the focus on the characteristics of fuel cells, such as their high proportion of heat production and the lower permissible temperature of the fuel cell stack materials. Meanwhile, by establishing a whole vehicle heat dissipation model that takes into account factors like fan hysteresis, thermal inertia of the heat dissipation circuit, and other physical characteristics, combined with the system's water transfer characteristics, we achieve closed-loop decoupling control of the dynamic water temperature and hydrogen-air circuit operating conditions. This control mechanism effectively mitigates material damage caused by high temperature. Moreover, we have developed a route optimization system capable of analyzing different operating scenarios and requirements. This system reduces high-temperature operation throughout the entire life cycle of the vehicle and safeguard the lifespan of the hydrogen fuel cell system in high-power heat dissipation applications.

High-temperature resistance technology of fuel cell stacks

We have developed high-temperature resistant graphite compression plates, and single-cell sealing materials and corresponding sealing processes, through the optimization of temperature-resistant graphite composite resin materials, material ratios, and precision hot-press molding technology. We have also developed catalyst slurry ratios and coating processes based on high-temperature operating conditions to reduce platinum aggregation and carbon carrier corrosion rates at high temperatures, thereby improving proton exchange membrane conductivity and humidification properties under high-temperature conditions.

Furthermore, by optimizing the design and material selection of the three-chamber sealing system, we have improved sealing stability at high temperatures. We have also established fuel cell multi-physics coupling models suitable for high-temperature operation. Through the combination of precise flow field structure design and dimension and quality control, we are able to ensure consistent heat generation and dissipation distribution in the fuel cell stacks, thereby achieving effective thermal and water management to balance performance and lifespan under high-temperature operating conditions. As a result, working efficiency and environmental adaptability of our fuel cell stacks are expanded.

Long lifespan technology of fuel cell stacks

To ensure the long lifespan of 15,000 hours to 30,000 hours for our fuel cell stacks in complex fuel cell vehicle working environments, we employ corrosion-resistant graphite bipolar plates to prevent corrosion associated with prolonged use of metal bipolar plates. We also minimize performance degradation or internal leaks in single cells caused by deviations in system operating conditions, extreme operating conditions, and other uncontrollable factors through catalyst microstructure and active structure design, as well as the formulation of anti-poisoning anode slurries.

Furthermore, we enhances electrode impurity and corrosion tolerance by adding hydroxyl quenching agents to the membrane electrode assembly and optimizing the three-dimensional hierarchical diffusion layer structure for gas and liquid-phase mass transfer. We employ asymmetric membrane electrode assembly designs to strengthen surface reaction processes, significantly improving impurity tolerance and corrosion resistance. Through studying the degradation mechanisms, material selection criteria, and durability design guidelines for core fuel cell components, we have developed corresponding accelerated durability methods, which enable us to achieve long-lifespan engineering design configurations tailored to different application scenarios and requirements.

Highly-automated fuel cell stack production technology

We have established comprehensive performance evaluation system for fuel cell stack testing, covering dimensions, such as general performance, low-temperature characteristics, and safety requirements. This evaluation system encompasses temperature, pressure, excess factor, humidity, and other dimensions. We have designed micro-injection molding to achieve rapid, high-quality, and controllable molding of ultra-thin composite graphite bipolar plates for our fuel cell stacks. Through high-precision positioning, monitoring, error detection, and automated assembly, we have achieved automated stacking, compression, and fully automated welding processes for the bipolar plates.

We focus on intelligent design, operation, production (MES, control systems, intelligent detection and assembly equipment, intelligent logistics, and warehousing), and intelligent services. We integrate data and systems such as SAP, MES, and QMS into a unified platform. This integration enables functionality across various aspects of the product lifecycle, including design, manufacturing, assembly, logistics, and more, ultimately improving the research and production efficiency of fuel cell stacks.

Long lifespan, high-temperature resistance, high consistency membrane electrode design, and mass production technology

We have effective control of the catalyst layer's porous structure by customizing the selection of high oxygen permeable polymers, regulating the morphology, particle size, and slurry composition of the catalyst. By optimizing the hydrophilic/hydrophobic ratio and pore distribution of the diffusion layer, along with micro-scale gas-liquid mass transfer simulations, we are able to regulate the micro-scale water balance inside the electrode, therefore preventing flooding or excessive dryness during operation of the MEA. By selecting OER catalysts with special carriers and controlling the morphology of iridium and special carbon carriers, we improve the utilization efficiency of OER catalysts and increase the membrane electrode's resistance to degradation.

In terms of MEA mass-production, we have established evaluation systems for slurry dispersion, high-speed roll-to-roll process for membrane electrodes, integrated processes, dual-sided heating, and active area cooling hot-pressing processes, among other advanced technologies. These advancement enables the MEA to achieve high power density (>1.32W/cm^2), long estimated lifespan (>30,000 hours), low freeze-start temperature (-30°C), long anti-reverse polarity duration (>3 hours), high uniformity coating with high platinum loading CPK over 1.67, high coating size control accuracy with CCM wide-width CPK over 1.67, and high defect automatic classification accuracy (> 99%).

High-Performance, and Long-Lifespan Composite Graphite Bipolar Plate Seal Structure Design and Mass Production Technology

In order to meet high-performance and long-lifespan requirements in commercial vehicle applications, we have developed composite material formulations using natural graphite and highly durable resins. We have optimized space and structure of bipolar plates, and the distribution of the medium, achieving a conductivity of ≥100S/cm and durability of ≥30,000 hours.

In terms of mass production technology, we have improved the resin formula to optimize the polymerization mechanism and microscopic composite morphology of the resin and graphite. Through the use of ultra-high vacuum and precision fluid control technology, we have realized an automated mass production of the plates. With the advanced coating process to achieve the full intelligence and automation of the polar plate bonding, visual inspection to lamination, we have achieved a comprehensive yield rate of over 95% for bipolar plates.

AWARDS

Throughout the years, we have received numerous rewards and recognitions in respect of our market size, production capabilities, technological innovation, and others. Set forth below are some examples of our awards received during the Track Record Period:

Year of grant	Award of recognition	Accrediting/Issuing institution/Authority
2023	National Enterprise Technology Center of 2022 (29th Batch) (2022年(第29批)國家企業技術中心)	National Development and Reform Commission, Ministry of Science and Technology, Ministry of Finance, General Administration of Customs and General Administration of Taxation
2023	First Prize of Shanghai Industry-University-Research Cooperation Outstanding Projects in 2022 (2022年上海產學研合作優秀項目一等獎)	Shanghai Association for the Promotion of Scientific and Technological Achievements
2022	China Renewable Energy Society Science and Technology Progress Award in 2022 (2022年度中國可再生能源學會科學技術進步獎)	China Renewable Energy Society

Year of grant	Award of recognition	Accrediting/Issuing institution/Authority
2022	The First (Unit) of Major Technical Equipment Project in Energy Sector in 2021 (2021年度能源領域首台(套)重大技術裝備項目)	National Energy Administration
2022	Scientific Technology Advancement in Shanghai in 2022 (2022年度上海市科學技術獎)	People's Government of Shanghai
2022	Leading Enterprise of National Intellectual Property (國家知識產權優勢企業)	Department of Utilization and Promotion of State Intellectual Property Office
2022	TOP100 Enterprises of Shanghai Hardcore Science and Technology (2022上海市硬核科技企業TOP100)	Shanghai Industrial Technology Innovation Conference
2021	Science and Technology Award of China Machinery Industry (中國機械工業科學技術獎)	China Machinery Industry Federation
2021	Manufacturing Individual Champion Enterprise (製造業單項冠軍)	The Ministry of Industry and Information Technology
2021	The First APEC "Light of Innovation" Award for Outstanding Achievements in Small and Medium-sized Enterprises' Technological Innovation (首屆APEC"創新之光"中小企業技術創新優秀成果獎)	China SME Development Promotion Center
2021	High-tech Enterprises (高新技術企業)	Shanghai Science and Technology Commission

INTELLECTUAL PROPERTIES

Our success depends to a large extent on our ability to protect our core technology and intellectual property. We seek to protect our core technologies and proprietary technologies through a combination of copyrights, trademarks, trade secrets and confidentiality policies. As of the Latest Practicable Date, we had (i) 318 registered patents in China, including 108 invention patents, 197 utility model patents and 13 design patents, (ii) 103 registered trademarks in China, five registered trademarks in Japan, seven registered trademarks in European Union, eight registered trademarks in United States, and one registered trademark in Canada, (iii) 36 registered software copyrights and six registered work copyrights in China, as well as (iv) seven registered domain names in China. For details of our intellectual property portfolio, please see "Appendix VI — Statutory and General Information — Further Information About the Business of Our Company — 2. Intellectual property rights" in this document.

In addition, we have adopted and implemented policies to protect our core technologies, including (i) regularly monitoring the status of intellectual property rights of our products under development to avoid infringement; (ii) inclusion of confidentiality clauses as well as ownership and protection of intellectual property rights clauses in commercial and research and development agreements with business partners; (iii) registration of our research and development achievements as patents or inventions timely and (iv) the protection of sensitive information stored on employee computers through protective software.

We intend to protect our technology and proprietary rights vigorously. We have employed internal policies, confidentiality clauses, and data security measures to protect our proprietary rights. During the Track Record Period and up to the Latest Practicable Date, we did not initiate any material litigations for the infringement of our intellectual property rights, and no material claims or disputes were brought against us in relation to any infringement of trademarks, copyrights or other intellectual properties. In addition, from time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See "Risk Factors — Risks Relating to Our Business — We may not be able to adequately protect our intellectual property, which could cause us to be less competitive. Intellectual property infringement claims or other allegations by third parties and third-party infringements of our intellectual property rights may adversely affect our business".

SALES AND MARKETING

During the Track Record Period, we primarily focused our marketing and sales efforts on our hydrogen fuel cell systems and components. As of the Latest Practicable Date, we had a sales and marketing team of 77 employees, focusing on (i) business development in relation to the application of hydrogen energy technology in various scenarios, including commercial vehicles, power generation stations and construction machinery, (ii) cooperation within the industry value chain, as well as (iii) after-sales services. We maintain respective sales and marketing teams responsible for our sales efforts in different areas nationwide in accordance with our sales strategy. Our sales and marketing staff analyze the dynamics of existing customers and trends in key markets to determine where opportunities exist, and our regional sales and marketing teams implement strategies within their respective regions.

Our sales and marketing staff regularly contact our existing and potential customers about our current offerings and development plans. They actively collect customer feedback on our products and offer assistance in addressing their needs regarding product designs and other aspects. Besides maintaining frequent communication with our existing customers, our sales and marketing staff also seek to expand our customer base through presenting our strengths and showcasing our products and services to their own existing contacts and potential customers. In 2021, 2022 and the nine months ended September 30, 2023, our selling and marketing expenses were RMB90.5 million, RMB102.8 million and RMB81.5 million, respectively, accounting for 17.3%, 17.0% and 37.2%, respectively, of our revenue during the same periods.

In terms of customer management, our customer management team directly reaches out to our key customers by way of site visits or call communications on a regular basis to better understand their demands and promote our products. We also actively participate in industry conferences to track the market dynamics, explore market opportunities, enhance our brand recognition and obtain more orders.

BUSINESS SUSTAINABILITY

We were established in 2015. Since our inception, we have achieved growth. During the Track Record Period, our total revenue increased from RMB524.1 million in 2021 to RMB604.6 million in 2022, and increased from RMB115.4 million for nine months ended September 30, 2022 to RMB219.4 million for nine months ended September 30, 2023.

We have also recorded gross profit in 2021, 2022 and for nine months ended September 30, 2023, which amounted to RMB61.8 million, RMB49.8 million, and RMB34.7 million, respectively. The decrease in gross profit from 2021 to 2022 was mainly due to the increased impairment losses on inventories as a result of the rapid product iterations toward high-output fuel cell systems and the decline in market prices. Other than impairment losses on inventories, our cost of sales of goods and services as a percentage of our total revenue maintained a downward trend, reflecting our efforts in cost control.

Cost control and reduction is crucial for the overall development of hydrogen fuel cell industry, especially in the transition period from policy-driven to market-driven. According to Frost & Sullivan, fuel cell stack is the key component of the hydrogen fuel cell system, which in general accounts for around 63.0% of the total cost of a fuel cell system. Within a fuel cell stack, MEA and bipolar plate are important, which in general account for around 61.8% and 27.5% of the cost of a fuel cell stack. Attributable to our continuous research and development efforts and product iteration, outrunning other market players in the hydrogen fuel cell industry, rather than relying on third party suppliers, we have achieved self-development and production of fuel cell stacks, MEAs, and bipolar plates. We started to produce our proprietary fuel cell stacks in 2020, our proprietary MEAs in 2021, our proprietary graphite bipolar plates in 2023. The self-development and production of key components of fuel cell systems help us drive down costs, which enabled us to realize an upward trend in our gross profit margin for our sales of fuel cell systems, which increased from 21.6% in 2021 to 23.2% in 2022, and increased from 17.6% for nine months ended September 30, 2022, to 29.3% for nine months ended September 30, 2023.

We have collaboration with internationally renowned component suppliers and commercial vehicle manufacturers, so as to further develop innovative products. We also expand our product application from commercial vehicles to diversified markets, such as power generation stations, construction machinery, rail transportation, and other new application scenarios. In addition to our vertical growth, we are also expanding our presence horizontally from hydrogen fuel cell to hydrogen production, where we have self-developed PEM water electrolysis hydrogen production system, and related components, and started to generate revenue in such business segment in 2023.

However, despite our continuous growth in revenue, we are not yet profitable. We have incurred net losses during the Track Record Period. In 2021, 2022 and for nine months ended September 30, 2023, we recorded net losses of RMB654.3 million, RMB546.1 million and RMB459.9 million, respectively. Our net loss position was primarily because we are vigorously expanding our product portfolio, and exploring upstream and downstream network and collaborations in order to achieve the synergies among "electricity-hydrogen-electricity" in our business model, and thus incur significant amount of research and development expenses, selling and marketing expenses, as well as various other operating expenses.

Considering that hydrogen industry is still in its early developing stage, and is gradually shifting from policy-driven to market-driven, to pave the way for a long-term success in such new and fast-growing market, we believe it is more important to focus on building and developing our research and development and production capacity, rather than seeking immediate financial returns or profitability, so as to lay a solid foundation for future growth as the hydrogen industry continues to mature. In the medium term, we aim to maintain sustainability and achieve profitability through: (i) business expansion and revenue growth; (ii) ability to manage costs and enhance operating leverage; and (iii) improving cash flow and ability to raise funds. With our improved profitability, we also expect our cash flow to improve concurrently.

Business Expansion and Revenue Growth

Favorable Policies in Hydrogen Industry

We are operating in one of the fastest-growing industries in China with strong government support. The PRC government has been announcing various favorable policies to develop the hydrogen industry. In particular, in December 2023, the NDRC released the Catalogue for the Guidance of Industrial Structure Adjustment (2024) (《產業結構調整指導目錄(2024年本)》), in which hydrogen related industries, such as, hydrogen fuel cell systems, hydrogen production, are encouraged. In June 2023, the National Energy Administration released the Blue Book on the Development of New Power Systems (《新型電力系統發展藍皮書》), promotes the low-carbon development of energy used in various industries by 2030, the transfer of industries from the eastern to central and western regions, and the increase in the proportion of non-fossil energy consumption to 25 percent. In March 2022, the NDRC issued the Medium- and Long-term Development Plan for Hydrogen Industry (2021–2035) (《氫能產業發展中長期規劃(2021–2035年)》), proposing to (i) promote the diversified hydrogen energy applications including fuel cell systems; (ii) improve the core technologies of fuel cell systems; (iii) accelerate the construction of hydrogen energy infrastructure; and (iv) support enterprises with strong innovative capabilities. For more information, see "Regulatory Overview — Regulations Relating to Our Industry and Products". Many local governments in China have also proposed specific plan and target supporting the development of hydrogen industry and fuel cells systems. For example, in July 2021, Hebei Province issued the Development Plan of Hydrogen Energy Industry in Hebei Province for the "14th Five Year Plan" Period (《河北省氫能產業發展「十四五」規劃》), proposing that a total of 100 hydrogen refueling stations will be built and the number of fuel cell vehicles in Hebei province will reach 10,000 by 2025. In February 2021, Shanghai issued the Implementation Plan for Accelerating the Development of New Energy Vehicle Industry in Shanghai for 2021–2025 (《上海市加快新能源汽車產業發展實施計劃(2021–2025年)》), proposing to achieve goals including construction and operation of over 70 hydrogen refueling stations and promotion of nearly 10,000 fuel cell vehicles in Shanghai by 2025. The favorable government policies will further drive growth in hydrogen industry.

According to Frost & Sullivan, China's hydrogen consumption measured by volume is expected to increase from 35.2 million tons in 2022 to 53.4 million tons in 2027. In particular, the consumption of China's low carbon hydrogen measured by volume is expected to increase from 2.3 million tons in 2022 to 12.3 million tons in 2027, with a CAGR of 40.5%. China's hydrogen fuel cell industry measured by sales value is expected to increase from RMB2,920 million in 2022 to RMB29,330 million in 2027, with a CAGR of 58.6%. China's electrolyzer industry measured by shipment value is expected to increase from RMB1.7 billion in 2022 to RMB18.7 billion in 2027, with a CAGR of 61.9%. For more information, please see "Industry Overview" in this document.

Business Development

We are a leading market-driven hydrogen technology company in China with global perspective. Our revenue growth will be driven by the following factors:

- ***Further upgrading products and expanding application scenario***: As fuel cell vehicles are more adaptable to the environment, have a longer driving range and are faster to refuel, we plan to focus on the market of medium to long-distance, heavy-duty transportation, power generation, construction machinery and other potential applications to expand our business scale. We intend continue to develop components by ourselves, so that we are able to replace third-party supplied components in our fuel cell systems. We also plan to develop next-generation fuel cell stacks with reduced production costs and extended lifespan, next generation high power output fuel cell systems with enhanced working efficiency. In addition, we plan to expand the commercial application scenarios to railway, airplane, special purpose vehicles, as well as passenger vehicles. We believe that our strong R&D capabilities will allow us to enjoy the first-mover advantage in developing these products, enabling us to capture the new product premium and ultimately increase our sales and improve our profitability.

- ***Expanding geographical presence and production capacity***: As the hydrogen industry is gradually transforming from policy-driven to market-driven, we have been dedicated to promoting our products in non-demonstration cities without hydrogen energy-related policy support. In addition to Shanxi province, Shaanxi province, Shandong province, we aim to further penetrate into regions with rich industrial by-product hydrogen resources, as well as low-price hydrogen market. By incorporating our high-power and low hydrogen consumption hydrogen fuel cell systems in heavy-duty trucks, the abundant by-product hydrogen resources in such regions can be fully utilized in heavy-duty truck transportation scenarios on the one hand; the operation costs of heavy-duty trucks in the transportation of bulk materials, such as coke, steel, and chlor-alkali, can be significantly reduced by utilizing such by-product hydrogen, which is generally cheaper than other hydrogen resources and fossil fuel resources. In anticipating our increasing sales volume of hydrogen fuel cell systems, we will expand our production capacity of fuel cell stacks, MEAs and bipolar plates, accordingly. For more information, see "Future Plans and Use of [**REDACTED**]" in this document.

- ***Accelerating global expansion***: As a pioneer in exploring international market in hydrogen fuel cell industry, distinguishing us from other market players, we have obtained multiple international certifications, evidencing that our products have reached international standards. Also, we have collaborated with international commercial vehicle manufacturers and suppliers in the development of fuel cell vehicles and components. We believe that our first-mover advantage in international market will enable us to take advantage of the development of global hydrogen fuel cell industry.

- ***Developing hydrogen production products***: As we gradually extend our business to the supply side of hydrogen by providing hydrogen production systems, we can satisfy the full-service needs of our customers in hydrogen industry, especially conglomerates that seek comprehensive solutions for hydrogen generation and application. Our extensive product portfolio can also increase the client adherence and loyalty, and cross-sell our products. We aim to build production capacity for hydrogen production products in the near future, and produce hydrogen production systems and related key components. For more information, see to "Future Plans and Use of [**REDACTED**]" in this document.

- ***Enhancing marketing efforts***: We plan to attend or hold more industrial forums, events and activities so as to increase adherence of existing customers and gain new customers. We intend to offer attractive performance-based compensation schemes to incentivize marketing team to enhance their efforts and achieve our marketing goal. In addition, we plan to actively promote the application of our products by (i) assisting commercial vehicle manufacturers in their research and development and testing of fuel cell vehicle prototypes; and (ii) leveraging the various local supportive policies for the hydrogen fuel cell industry to enter different markets and expand our sales channels.

Management of Cost and Enhancement of Operational Leverage

Cost of Sales

In 2021, 2022 and for nine months ended September 30, 2023, our cost of sales accounted for 88.2%, 91.8% and 84.2% of our total revenue. The cost of sales as percentage of total revenue increased in 2022, mainly due to an increase in impairment losses on inventories as a result of the rapid product iterations toward high-output fuel cell systems and the decline in market prices. Other than the impairment losses on inventories, our cost of sales of goods and services as a percentage of total revenue exhibited a downward trend, declining from 79.1% in 2021 to 78.2% in 2022, and further to 74.7% for the nine months ended September 30, 2023, reflecting our successful efforts in cost control.

During the Track Record Period, the major component of our cost of sales was cost of raw materials. In order to reduce raw material costs, we have enhanced our R&D capability and strengthen our supply chain. In particular, we have made remarkable progress in developing and producing key components of fuel cell systems, leading independent R&D of MEAs, bipolar plates, and hydrogen production systems in the hydrogen fuel cell system industry in China. Meanwhile, we intensified domestic raw material procurement, establishing stable partnerships with reliable domestic suppliers. This allowed us to maintain supply of raw materials at competitive prices and ensure our ability to manufacture and deliver high-quality products promptly according to customer demand. Additionally, we actively promoted technological advancements and iterative updates to our products, further contributing to the reduction of our cost of sales. As a result, during the Track Record Period, the average cost of sales per kW of our fuel cell systems decreased from RMB3,070.1 in 2021 to RMB2,448.7 in 2022, and further to RMB2,092.3 for the nine months ended September 30, 2023.

Looking ahead, we plan to further enhance the degree of self-development and production of key components. Also, we will increase the procurement of domestically sourced raw materials. These measures, combined with the continued evolvement of industry, technology advancement, and the gradual maturity of the domestic fuel cell raw material supply system, are expected to help us lower average cost of sales and optimize our gross profit margin further.

Specifically, to further manage cost of sales and improve cost efficiency, we plan to carry out the following measures:

- Supply Management: We plan to increase the proportion of domestically sourced raw materials, and collaborate suppliers who can provide quality products at competitive prices. We anticipate a further decrease in purchase cost from domestic suppliers, driven by (i) advancements in suppliers' technologies and increased production resulting from industry development and (ii) domestic procurement of raw materials by such suppliers. Additionally, we aim to optimize production plans and manage inventory more efficiently through collaboration with domestic suppliers, to improve production efficiency while reducing costs. As our business scales, our purchases from suppliers will increase and we expect to negotiate with suppliers to secure more favorable prices under similar quality and conditions.

- In-house Development and Product Upgrades: Over the past eight years, we achieved significant breakthroughs in the field of hydrogen fuel cell systems, conducting independent R&D of crucial components to lower prices. We are the first company in hydrogen fuel cell industry in China that has independently developed and realized mass-production of hydrogen fuel cell systems, fuel cell stacks, MEAs, and bipolar plates. With ongoing updates to our fuel cell systems, we expect to optimize performance, increase the use of in-house developed and self-produced fuel cell stacks and other components to achieve better cost control. Approximately 24.6% of the net [**REDACTED**] from the [**REDACTED**] is intended to be used to fund the R&D activities for power-efficient and cost-effective hydrogen fuel cell systems and related key components. For more information, see "Future Plans and Use of [**REDACTED**]" in this document;

- Manufacturing Improvement: We plan to optimize production processes and equipment to increase efficiency and reduce average production costs. In particular, we will upgrade facilities and equipment, utilize advanced and more automated production, and streamline production process to enhance overall production efficiency. This is expected to reduce the manpower required on the production line while improving production accuracy and quality. Approximately 34.8% of the net [**REDACTED**] from the [**REDACTED**] is intended to be used to expand our production capacity for components of hydrogen fuel cell systems. For more information, see "Future Plans and Use of [**REDACTED**]" in this document.

Other Major Operating Expenses

During the Track Record Period, we incurred substantial operating expenses, including research and development expenses, sales and marketing expenses, and administrative expenses to support product development, business expansion, and brand awareness enhancement. During the Track Record Period, the proportion of our operating expenses to total revenue exhibited a decreasing trend.

In 2021, 2022 and the nine months ended September 30, 2022 and 2023, our selling and marketing expenses were RMB90.5 million, RMB102.8 million, RMB63.7 million and RMB81.5 million, representing 17.3%, 17.0%, 55.2% and 37.2% of our revenue, respectively. Our administrative expenses were RMB218.2 million, RMB242.7 million, RMB165.5 million and RMB224.1 million, representing 41.6%, 40.1%, 143.4% and 102.1% of our revenue in 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. Our research and development expenses were RMB230.9 million, RMB198.7 million, RMB142.2 million and RMB167.2 million, representing 44.1%, 32.9%, 123.2% and 76.2% of our revenue in 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

As we continued to invest in business expansion, brand promotion, and marketing activities, the absolute amounts of our sales and marketing expenses and administrative expenses experienced an increase. However, with our expanding business scale and brand awareness, our revenue increased at a faster pace than the our operating expenses, and thus the proportion of our operating expenses to our total revenue continued to decrease during the Track Record Period. Due to seasonality nature of our business, these expenses maintained a higher proportion of total revenue in the first three quarters when revenue base was relatively low.

Going forward, we do not expect our operating expenses to grow substantially as we work to improve the efficiency of our research and development and sales activities and optimize our organizational structure. We predict a further decrease in the proportion of operating expenses to our total revenue as our sales grow and we achieve greater economies of scale.

Improving Cash Flow and Ability to Raise Funds

To mitigate the risks associated with net operating cash outflows, we plan to improve our cash flow situation by enhancing operational capital efficiency. We believe that our working capital condition will improve, and we have the capability to raise funds when necessary, considering the following factors:

- Increasing Revenue and Enhancing Operational Leverage: Through measures such as (i) boosting revenue by improving product performance and expanding product applications, and (ii) managing cost of sales and increasing operational leverage, we anticipate improving our net operating cash position.

- Enhancing Collection Efforts: We have and will continue to improve our trade receivables collection process. We have implemented our sales and collection policy, which specifies our cash flow and liquidity management policy, as well as specific measures for collections of receivables. Our financial team regularly monitors our bank accounts and compiles trade receivables data, while our sales team maintains close communication with customers regarding outstanding payments. We will regularly follow up on overdue trade receivables. Additionally, with ongoing product improvements and increased brand recognition, we plan to negotiate more favorable credit terms with customers, such as shortening credit periods, and requiring customers to make a certain proportion of prepayments before shipment.

- Prudent Credit Assessment: We undertake continuous credit assessments for both new and existing customers. Before entering into any sales contracts, we assess the credit quality and associated risks of potential customers, including their business operations and past financial performance. We collect background information and establish customer profiles for new clients, evaluating their credit risk as part of our customer engaging process.

- Strengthening Supply Management: As our business scale expands, we expect our purchases from suppliers to further increase and we plan to negotiate more favorable terms with suppliers, such as (i) extending payment periods and (ii) negotiating flexible payment methods, including bills payables and supply chain finance products, to reduce daily operating cash expenditures.

- Effective Inventory Management: We will optimize inventory control to improve production planning and inventory turnover days. We believe that maintaining appropriate inventory levels will help us to better plan our raw material purchases and timely delivery of products without adding pressure on working capital.

- Available Financial Resources: We have obtained, and believe that we can continue to obtain, credit facilities from banks for our utilization when needed. If necessary, we may further raise funds through equity and debt financing. As of January 31, 2024, we had unutilized banking facilities of RMB256.2 million, all of which were committed and unrestricted. Additionally, we anticipate to receive the estimated net [**REDACTED**] from the [**REDACTED**].

Our future profitability is uncertain and subject to various factors, including our ability to develop new products and models and effectively implement our business strategies, compete effectively and successfully, and to continuously grow revenues and profit margin, and expand our customer base in a cost-effective way by improving our operational efficiency. The foregoing forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

The relevant risks are set forth in the Risk Factors. See "Risk Factors — Risks Relating to Our Industry — We are in a new industry where emerging technologies used in fuel cell systems or hydrogen production system may not be mature. Any major product defects, malfunctions or negative news concerning the hydrogen industry may damage our reputation and adversely affect our business, financial condition and results of operations" and "Risk Factors — Risks Relating to Our Business — We recorded net losses in the past and had negative cash flows from operating activities, all of which may continue if we may not be able to implement our business plans successfully in the future."

SEASONALITY

During the Track Record Period, we received customer orders, manufactured products and arranged deliveries to customers throughout the year. As we are subject to the seasonality of the hydrogen industry, the majority of our production activities generally take place during the second half of each year. We adopt an "on-demand manufacturing" approach for the batch production of hydrogen fuel cell systems. However, our customers will generally assess and determine their product and sales plans in the first a few months of the year, and then determine how much supplies they need from us, as a result, our production activities are subject to seasonality, which is common in hydrogen industry, according to Frost & Sullivan. We generally start negotiating with our customers during the first half of the year regarding purchase orders, after which we commence production in the second half of the year. Therefore, the final production completion and delivery time will usually be in the second half of the year.

The following tables set forth the quarterly estimated production capacity, actual quarterly production volume and the utilization rate of our hydrogen fuel cell systems:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2021				
Estimated production capacity (units)	1,250	1,250	1,250	1,250
Actual production volume (units)	22	246	215	879
Utilization rate (%)	1.8	19.7	17.2	70.3
2022				
Estimated production capacity (units)	1,250	1,250	1,250	1,250
Actual production volume (units)	36	61	252	974
Utilization rate (%)	2.9	4.9	20.2	77.9
Nine months ended September 30, 2023				
Estimated production capacity (units)	1,250	1,250	1,250	N/A
Actual production volume (units)	181	303	330	N/A
Utilization rate (%)	14.5	24.2	26.4	N/A

In line with the seasonality of our products' demands, most of our revenue was recognized in the second half of the year, especially in the fourth quarter. In 2021 and 2022, our revenue for the second half of the year, especially the fourth quarter, accounted for a majority of our total revenue in the same year. The following table sets forth our revenue and gross profit for the sales of goods and services by quarters during the Track Record Period:

		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Full Year
		RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*
2021	Revenue	6,037	1.2	15,339	2.9	1,756	0.3	500,977	95.6	524,109
	Gross profit	2,294	2.1	3,401	3.1	855	0.8	102,905	94.0	109,456
2022	Revenue	18,581	3.1	42,904	7.1	53,950	8.9	489,213	80.9	604,648
	Gross profit	3,145	2.4	5,198	3.9	16,601	12.6	106,992	81.1	131,936
Nine months ended September 30, 2023	Revenue	38,406	N/A	106,007	N/A	75,074	N/A	N/A	N/A	N/A
	Gross profit	1,958	N/A	26,816	N/A	26,722	N/A	N/A	N/A	N/A

To cope with the seasonality and the high production demand in the third and fourth quarter, we generally have control procedures to strengthen the management of production orders. In particular, our sales and marketing teams regularly provide and update sales and production forecasts to facilitate us to effectively plan and ensure timely deliveries, considering our customers' demands. Once the production planning forecast is updated, we would share and synchronize a raw material forecast with suppliers. In cases involving longer delivery time of raw materials, staff responsible for procurement would initiate raw material stocking requests for long-cycle items according to our internal raw material management processes to ensure an uninterrupted supply of these raw materials. Meanwhile, the production plants will appropriately allocate production resources based on the products' manufacturing cycle to ensure customers' seasonal production demands are satisfied. We generally arrange more shifts for our production in the third and fourth quarter to ensure we have sufficient manpower. We will also make appropriate equipment investments in advance in accordance with our analysis for our production capacities, forecasts for volume of orders and customers' demands. In addition, we expect to further expand our production capability, which would enable us to ensure product availability, achieve economies of scale, enhance production efficiency and reduce average production cost to alleviate the effects of seasonality.

COMPETITION

According to Frost & Sullivan, the hydrogen fuel cell industry has been experiencing high growth in recent years. From 2018 to 2022, sales volume of hydrogen fuel cell systems in China jumped from 58.6MW to 603.0MW, with a CAGR of 79.1%, benefiting from the rapid growth of sales of fuel cell vehicles in China.

Since 2021, the PRC government has pushed vigorously to establish Fuel cell vehicle demonstration city clusters and provided awards based on the performance of different projects. In addition, many cities and local governments nationwide proposed initiatives and set targets for fuel cell vehicles and related core technologies. For instance, Beijing has set its targets of having a total ownership of 10,370 fuel cell vehicles and build 74 hydrogen refueling stations in Beijing by 2025. Therefore, we expect more players to enter this market and the competition to become more intense. We believe that the key competitive factors in this market are technological innovation, product quality and safety, stable customer and supplier relationships, and brand reputation.

See "Industry Overview" for more details of the competitive landscape of the industry in which we operate. For risks relating to our competitiveness in the industry, see "Risk Factors — Risks Relating to Our Industry — We face intense market competition and the industry may undergo unforeseen changes under a rapid development. If we fail to compete successfully, our business and results of operations may be materially and adversely affected" in this document.

INSURANCE

We obtained property insurance for our equipment, machinery and inventories, as well as marine, air and highway cargo insurance. These insurance policies cover the risk of damage arising from natural disasters and certain accidents. Most of our insurance policies are subject to standard deductions, exclusions and limitations. For our employees, we are required by PRC social insurance laws and regulations to make contributions for social insurance funds for our employees. We have also purchased employees' supplementary medical insurance to cover the employee's medical expenses in the event of accidental death, accidental disability and sickness.

In addition, to minimize our business risks during the operations, we have purchased (i) the employer's liability insurance to cover our liability for medical expenses and financial compensation in the event of disability or death caused by an accident arising out of and in the course of the employee's employment and in connection with his/her occupation, or disability or death caused by an occupational disease arising out of and in the course of the employee's employment and in connection with his/her occupation; (ii) the public liability insurance to cover our liability for personal injury or property damage to third parties caused by accidents arising out of and in the course of our business operation; and (iii) the patent and trademark insurance cover any investigation fees and legal costs incurred by us arising out of the infringement or being infringed on trademarks and patents.

We believe that our insurance coverage is in line with industry practice in China, including with respect to the terms and coverage of the insurance policies. However, there is no assurance that the insurance policies we maintain are sufficient to cover all of our operational risks. For more information, please see "Risk Factors — Risks Relating to Our Business — We have limited insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs" in this document.

INTERNAL CONTROL AND RISK MANAGEMENT

We are dedicated to the establishment and maintenance of a robust risk management and internal control system. We have adopted and have been continually improving our internal control mechanisms to ensure the compliance of our business operations. Furthermore, we conduct periodic review of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency. We have been committed to promoting a compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance matters.

We are exposed to various risks during our operations. For more information, please see "Risk Factors" in this document. In order to address these risks, we have in place a set of internal control and risk management procedures to address various potential operational, financial, legal and market risks identified in relation to our operations, including revenue and receivables, inventory management, procurement and payment, fixed assets management, treasury management, human resources, financial reporting, tax management and information technology and other various financial and operational controls and monitoring procedures. These risk management policies set forth procedures for reporting risks identified in our operations.

To monitor the continuous implementation of risk management policies and corporate governance measures after the [**REDACTED**], we have adopted or will continue to adopt, among other things, the following risk management measures:

- ***Compliance with the Listing Rules***: we adopt various policies to ensure compliance with the Listing Rules, including aspects related to corporate governance, connected transactions and information disclosure, such as:

  (i) ***Anti-corruption risk and anti-fraud management***: our Office of the Board is directly responsible for the anti-corruption and anti-fraud risk management. We have established a whistle-blower inbox encouraging the internal report of suspicious activities. We have zero-tolerance of corruption and do not accept employment or promotion of persons responsible for corruption incidents. We require all suppliers to execute anti-corruption commitments before engagement;

(ii) ***Connected transactions management***: we have put in place connected transactions management policies for all of our Directors and employees to comply with. Trainings will be arranged for all of our Directors, Supervisors and senior management members so as to discuss and study the relevant regulatory requirements in relation to our responsibilities and duties under these policies.

- ***Business operations risk management***: we have adopted various measures and procedures regarding each aspect of our business operations, including the protection of intellectual property, see "— Intellectual Properties" in this section of the document, information system risk management, and human resources risk management. We provide periodic training on these measures and procedures to our employees as part of our employee training program. We also regularly monitor the implementation of those measures and procedures through our on-site internal control team for each stage of the produce development process;

- ***Financial reporting risk management***: we have in place a set of accounting policies in connection with our financial reporting risk management. We have various procedures in place to implement accounting policies, and our financial department reviews our management accounts based on such procedures;

- ***Audit Committee and Board Oversight***: to monitor the ongoing implementation of our risk management policies, we have established an Audit Committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The audit committee consists of Mr. CHEN Fei (陳飛), Dr. QIAN Meifen (錢美芬) and Mr. LI Wei (李偉), with Mr. CHEN Fei (陳飛) being the chairperson of the committee. Please see "Directors, Supervisors and Senior Management — Board of Directors" in this document.

Our internal control department is responsible for reviewing the effectiveness of internal controls and improving our internal control system by identifying its weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board of Directors on a timely basis.

We have engaged an Independent Third Party consultant (the "Internal Control Consultant") to perform a review over selected areas of the internal controls over financial reporting (the "Internal Control Review"). The selected areas of our Group's internal controls that were reviewed by the Internal Control Consultant included entity level controls and business process level controls, to identify deficiencies and improvement opportunities, provide recommendations on remedial actions, and review the implementation status of these remedial actions.

Our Internal Control Consultant mainly provided the following recommendations:

(i) improving the construction of corporate governance structure so that it meets the requirements of the Listing Rules and to employ qualified personnel as the company secretary;

(ii) establishing systematic risk assessment procedures, risk prevention and control mechanisms to identify risks that lead to misstatement of financial reports, property losses and fraud occurrence, and analyze their related impacts;

(iii) establishing a comprehensive legal management system to standardize the daily legal work and management procedures to ensure the compliance with laws and regulations;

(iv) developing policies or procedures related to compliance with U.S. OFAC sanctions including identification of behaviors, prevention and reporting processes, and recordkeeping;

(v) formulating comprehensive mechanism and policies for the identification and management of anti-money laundering and other misconduct, regulating the definition of anti-money laundering and other misconduct, identification and monitoring, responsibility, investigation procedures, recordkeeping and reporting, and whistleblower protection measures;

(vi) formalizing conflict of interest system, with clear definitions of conflict of interest, declaration procedures, and handling methods, and stipulating that employees in sensitive or important positions are required to periodically confirm that they are aware of the requirements of the conflict of interest policy and declare that they have not violated it; and

(vii) strengthening the security control of information technology systems, developing a mechanism for data backup, server room management and regular review of information access authority.

In response to the recommendations provided by the Internal Control Consultant, we enhanced the following internal control measures:

(i) we have formulated the policies and working procedures in respect of corporate governance, and has engaged a professional institution to provide company secretarial services;

(ii) we have formulated and issued the Risk Management Policy (《風險管理制度》), established risk assessment procedures and management standards for risk prevention and control mechanisms, and required the systematic identification, assessment and timely supervision and management of all types of risks that we may be involved in;

(iii) we have formulated and issued the Legal Affairs Management System (《法律事務管理制度》), which specifies the management mechanism on case litigation, review of legal documents, issuance of legal opinions, training and publicity of legal knowledge, management of legal information, management of legal risks, periodic reports on legal affairs and rewards and punishments;

(iv) we have formulated and issued the Management Measures for Compliance with the U.S. OFAC Sanctions Program (《遵守美國OFAC制裁計劃管理辦法》), which regulates the responsibilities and management requirements, including identification of behaviors, prevention and reporting processes, and recordkeeping, for compliance with the U.S. OFAC Sanctions Program;

(v) we have formulated and issued the Anti-Bribery Management System (《反賄賂管理制度》), the Anti-Fraud Management System (《反舞弊管理制度》) and the Anti-Money Laundering Management System (《反洗錢管理制度》), and established the mechanism for identifying and dealing with misconduct in anti-bribery, anti-fraud and anti-money laundering;

(vi) we have formulated and issued the Conflict of Interest Declaration System (《利益衝突申報制度》), which specifies the definition of conflict of interest, the declaration procedures and the handling methods; and

(vii) we have formulated and issued the IT Operation and Maintenance Management System (《IT運維管理制度》), which regulates the procedures for server room management, server management, data backup and inspection, IT software management, password management, enterprise ERP application account and authority management, and information system modification management.

During the Internal Control Review, certain internal control matters were identified and we have adopted corresponding internal control measures to improve on these matters. We have adopted the recommendations made by the Internal Control Consultant, and the Internal Control Consultant has completed a follow-up review on our internal control system with regard to those actions taken by us and did not have any further recommendation.

PROPERTIES

We are headquartered in Shanghai, China. As of the Latest Practicable Date, most of our owned or leased properties are located in China. We also leased one property in Vancouver, Canada as our R&D base and office, and one property in Stuttgart, Germany as our office.

As of September 30, 2023, none of our property interests had a carrying amount of 15% or more of our consolidated total assets. According to [**REDACTED**] of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

The table below sets forth a summary of our properties related to production and operation in China as of the Latest Practicable Date:

Property right	Property number	Function	Approximate Gross Floor area
			(sq.m.)
Owned property	2	For offices, storage, production, research and development purposes	14,094.9
Land use rights	3	For offices, storage, production, research and development purposes	95,563.6
Leased property	22	For offices, storage, production, research and development, parking and staff dormitory purposes	50,832.4

Owned Land and Properties

As of the Latest Practicable Date, we had the right to use three properties with a total gross land area of approximately 95,563.6 sq.m. located in China. As of the Latest Practicable Date, our PRC Legal Adviser confirmed that we had obtained all relevant land use rights certificates of such three properties in China.

As of the Latest Practicable Date, we owned two properties in Changshu, Jiangsu, with an aggregate area of approximately 14,094.9 sq.m. primarily used for offices, storage, production, research and development purposes. As of the Latest Practicable Date, our PRC Legal Adviser confirmed that, we are legally entitled to have ownership of such properties.

Leased Properties

As of the Latest Practicable Date, we had 22 properties in China that are related to our production and operation with a total area of 50,832.4 sq.m, which were used for offices, storage, production, research and development, parking and staff dormitory purposes.

As of the Latest Practicable Date, 20 of the above-mentioned leases have not been registered and filed with the relevant PRC authorities. We sought cooperation from the landlords of the leased properties to register such executed lease agreements. Registration of lease agreements requires the submission of certain documents of landlords, including their identity documentation and property ownership certificates, to the relevant authorities and therefore the registration is subject to cooperation of landlords of which we have limited control. Our PRC Legal Adviser is of the view that the non-registration and filing of the relevant property lease will not affect the validity of the lease contracts and the legal use of the leased properties, but relevant local housing authorities may require us to complete the filing within the prescribed period and we may be subject to penalties of RMB1,000 to RMB10,000 for each of such properties if we fail to file within the prescribed period. In accordance with the relevant provisions of the Civil Code of PRC, the lack of registration and recording of the property leases did not affect the validity of such leases, therefore, we did not receive any rectification order or been subject to any fines in respect of non-registration of any of our lease as of the Latest Practicable Date. Accordingly, our PRC Legal Adviser and we believe that the failure to register these lease agreements will not have any material adverse effect on our operations and financial position. In order to ensure on-going compliance with the PRC law and regulations relating to the registration of executed lease agreements, we will continue to seek cooperation from the landlords of the leased properties to register executed lease agreements with the relevant PRC government authorities and will adopt a variety of measures, such as to mitigate such regulatory risk in the future.

As of the Latest Practicable Date, merely one leased property of the above-mentioned leases has not provided title certificate of leased premise mainly because the landlord was not willing to cooperate and provide us with the title certificate. The reasons that the landlord failed to provide us with the relevant title certificate are beyond our control. We have maintained regular and active communications with such landlord regarding the progress of their rectification of the title defect and we have obtained confirmation from all the relevant lessor in which they promised to guarantee our use under the lease agreements. In addition, we have enhanced our internal control procedures to improve our evaluation of the newly leased buildings from a compliance perspective, and we will make careful inspections of the title of leased buildings before signing the lease in the future. We will also consult our external legal adviser with regard to reviewing the title certificates and other documents of our new leased buildings in order to ensure ongoing compliance with applicable Chinese laws and regulation. The leased property that has not provided title certificate of leased premise has not been put into operation and is not main production and operation premises. As such, our PRC Legal adviser and our Directors are of the view that such title defect will not result in any material adverse impact on our production and operation.

As of the Latest Practicable Date, we had not received any notice from any regulatory authority with respect to potential administrative penalties, nor have we experienced any termination or interruption of business operations or major property loss because of the failure to file the lease agreements described above.

EMPLOYEES

As of the Latest Practicable Date, the majority of our employees were based in China. The following table sets forth the total number of employees by function as of the Latest Practicable Date:

Function	Number of employees	% of total
Management and operation	174	32.8
Finance	20	3.8
Sales and marketing	77	14.5
Research and development	169	31.8
Production	91	17.1
Total	**531**	**100.0**

We have entered into contracts with our employees in accordance with the PRC labor laws. We believe that we have maintained good working relationships with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major labor disputes, work stoppages or labor strikes or any work safety related incidents that led to disruptions in our Group's operations.

We recruit our employees based on the relevant requirements of the position, the employee's experience and qualification and the prevailing market conditions. During the Track Record Period, we did not encounter any strikes, protests or other material labor conflicts that may materially impair our business and image, and we did not encounter any major difficulties in recruiting and retaining senior employees.

We believe that our success depends on our employees' ability to provide continuous, high-quality and reliable services. We value employee trainings and expect to provide our employees with industrial knowledge and technical skills through our training programs. For example, our new employees must attend introductory training courses, and may attend internal training and seminars from time to time to improve their professional knowledge, skills, and safety awareness.

We provide employees with basic salary and bonus. We also contribute to mandatory social security funds (including endowment insurance, work-related injury insurance, maternity insurance, medical insurance and unemployment insurance) for employees as required by the PRC laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

We seek to be a responsible corporate in fulfilling environmental, social and governance responsibilities by advancing the use of clean energy, supporting social causes and exploring ways to protect the environment.

Identification, Assessment and Management

We are currently in the process of developing and implementing ESG policies under the oversight of our Board. Our Board is placing an emphasis on and giving significant attention to the areas of environmental impact management, social responsibilities, and corporate governance that are significant to our operations. We are dedicated to taking proactive measures to address associated risks and implement mitigating strategies in the future. Leading by our Board, we also closely follow the latest legal developments on ESG matters and will correspondingly update our ESG measures to ensure that we comply with the latest regulatory requirements. For example, we are aware of the Hong Kong Stock Exchange's ESG disclosure requirements, and our Board and our general manager will oversee the compilation of our ESG report and the Board shall review the content and quality of the ESG reports after we are [**REDACTED**] on the [**REDACTED**].

We have identified several KPIs during the business operation to assess and manage our short, medium and long term ESG-related risks, including:

- Resource consumption, including energy consumption, water consumption, hydrogen consumption and nitrogen consumption
- Waste management
- Employee health and safety
- Diversity and inclusion
- Corporate governance
- Supply chain related risks
- Human resource risks
- Climate-related risks

We intend to adopt various strategies and measures to assess and manage the above-mentioned risks, including but not limited to:

- regularly reviewing and assessing the ESG issues under the oversight of our Board to ensure that all relevant ESG-related risks are identified on a timely basis;

- discussing with key stakeholders on an ongoing basis on key ESG principles and practices as well as their concerns and expectations to ensure that the significant aspects are covered;

- setting targets for each major ESG risks with reference to guidance on ESG released by the Stock Exchange evaluating the ESG results regularly; and

- reviewing the ESG-related studies in the industry periodically and optimize ESG measures continuously.

Our Directors believe that under our current business operations, our long term risks include resource consumption and climate-related risks, our medium term risks include waste management, diversity and inclusion and supply chain related risks and our short term risks are mainly employee health and safety, corporate governance and human resources related risks.

Where appropriate, our management are responsible to set targets for those KPIs that are material to the Group in accordance with the requirements of Appendix C2 to the Listing Rules. On a regular basis, the relevant targets on material KPIs will be reviewed and monitored to ensure the appropriateness to the needs of our operation.

As such, we intend to establish and implement the following principal ESG policies and implement mitigating measures accordingly.

Environmental Protection

With a focus on environmental consciousness, we strive to conserve our environment by using resources responsibly, reducing waste, and maintaining a neutral carbon footprint. We commercialize and produce hydrogen fuel cell products which are currently an important way to reduce carbon emissions in the decarbonizing transportation sector, featuring environmentally friendly, high energy conversion efficiency and zero emissions. Fuel cell stacks and hydrogen fuel cell systems reduce the use of petroleum and carbon dioxide emissions, making an important contribution to the overall green transformation of domestic economic and social development. As of September 30, 2023, our products helped to reduce carbon emissions by about 90,000 tons. We aim to continue to bring positive impact on the global climate by contributing to the development of hydrogen applications.

We are committed to exploring ways to protect the environment as we continue to grow our revenue and expand our production facilities. We strive to minimize our environmental impact through developing and integrating environmentally sustainable practices into our operations.

Metrics and Targets for ESG-Related Risks

We strictly monitor our consumption to ensure the efficient use of natural resources such as energy and water consumption. The following is the metric of our environmental and climate related indicators in our production process during the Track Record Period.

		Year ended December 31,		Nine months ended September 30,
		2021	**2022**	**2023**
Energy consumption	kWh	7,130,696	7,130,064	7,311,058
Energy consumption intensity	kWh/number of employee	11,319	11,805	11,605
Water consumption	m^3	15,522	14,374	20,472
Water consumption intensity	m^3/number of employee	25	24	32
Hydrogen consumption	kg	149,331	147,606	147,780
Hydrogen consumption density	kg/number of employee	237	244	235
Nitrogen consumption	kg	87,420	56,040	106,655
Nitrogen consumption density	kg/number of employee	139	93	169

During the Track Record Period, resources that we consumed primarily consisted of electricity, water, hydrogen and nitrogen were in correlation with our production and R&D activities. We have closely monitored our consumption of resources. We assess the power and thermal efficiency, water consumption and gas consumption during the production process on a monthly basis and review the information against historical data and design intent to identify deviations and assess potential risks. In addition, we are committed to environment protection by optimizing our production technology to reduce electric heating and energy consumption and configuring efficient environmental protection treatment systems to reduce environmental emissions. When we install new machines or software, we have a team of technicians and engineers to perform inspection tests and monitor the results. We closely follow the energy and water control measures implemented by the local governments including any potential restrictions. As of the Latest Practicable Date, we have not experienced any significant interruptions due to resource shortage.

To continuously improve the energy performance and lower carbon footprint, we always look for possible energy-saving opportunities, especially on choosing environmental friendly equipment and facilities of the Group. We intend to encourage our staff members to use electronic records to gradually replace paper-based records. We also plan to transit to green plants by installing energy-saving lighting systems and appliances in our office building and production facilities. In the operation of our business, we always recycle product packaging and reuse the crates to reduce the production of paper shells. Employees are also regularly reminded to adopt energy efficient measures in the workspace. To enhance the environment protection and save energy consumption, we have established the energy saving measures, including (i) lighting should be switched off while employees are off duty; and (ii) employees are encouraged to switch off all non-essential items during non-office hours, such as computers and photocopiers.

During the Track Record Period, the pollutants that we discharged primarily consist of exhaust fumes, solid waste and waste water. The environment, health and safety ("**EHS**") personnel monitor the emission of exhaust fumes and waste water on a regular basis in accordance with local government regulations and internal management requirements, to ensure that all emissions comply with the required standards. The equipment management personnel formulate the maintenance plan and conduct regular maintenance and overhaul for the environmental protection equipment to ensure its efficient operation to reduce exhaust fumes, solid waste and waste water. We produced industrial solid waste during the production process. The solid waste that we discharged are collected and disposed of by qualified industrial waste processing and environmental protection entities on a regular basis.

In 2021, 2022 and the nine months ended September 30, 2023, our cost of compliance with the applicable environmental rules and regulations was approximately RMB0.2 million, RMB0.5 million and RMB0.4 million, respectively. During the Track Record Period, as confirmed by our PRC Legal Adviser, we have complied with applicable national and local environmental protection laws and regulations in all material aspects, and we have not received any warning or sanctions or fines imposed by the PRC environmental authorities for incidents of material non-compliance with respect to our production facilities. We expect that the annual cost of compliance with such rules and regulations will be consistent with our production expansion and business operations.

Supplier Qualification Requirements

In order to strengthen the environmental management of raw materials, we have taken certain measures in raw material procurement. We procure raw materials in compliance with the relevant environmental protection requirements and implement a qualified supplier assessment and entry mechanism and regularly evaluate our suppliers in terms of compliance with the relevant safety and environmental control requirements. We conduct due diligence on our suppliers, including their financial credibility, ISO14001 certification, OHSAS18001 certification, to ensure their supplies quality, timeliness of delivery, responsiveness to our service requests.

Social Responsibility

We are subject to the PRC laws and regulations in respect of occupational health and safety. We are committed to complying with the PRC's regulatory requirements to prevent and reduce the hazards and risks associated with our operations, and ensuring the health and safety of our employees and the surrounding communities. We have adopted and maintained policies and measures to maintain a safe environment for our employees, including safety incident management policies, occupational hazard monitoring and management policies.

To ensure the compliance with applicable laws and regulations, we expect to seek compliance advice and adjust our human resources policies to accommodate significant changes in the relevant labor and safety laws and regulations from time to time.

We also encourage our employees to be vigilant and responsible for their safety and health whilst performing their work obligations. We have formulated internal management policies to identify, assess, classify and control the dangers and risks, including hazardous materials management policies, fire safety management policies, and electrical safety management policies. We organize various types of EHS inspections periodically to discover unsafe behaviors conditions and eliminate relevant risks in a timely manner. We also provide regular trainings and organize drills to help employees to identify abnormal conditions, increase their safety awareness and improve their capabilities to handle emergencies. Our operations have not experienced any material incidents and we maintain insurance plans and proper records for incidents of work injuries that happened.

Governance

Our Board oversees our ESG practice. The primary responsibility of our Directors is to collectively identify and assess our ESG related risks and opportunities, review and approve the ESG policies, set up our annual ESG targets, and evaluate our annual performance against the targets and revise the ESG strategies as appropriate if significant variance from the target is identified.

Our Board helps promote a safe and healthy workplace and tackles environmental challenges. The Board incorporates the requirements of the PRC laws and regulations, such as incorporating the Production Safety Law and Environmental Protection Law in making annual action plans for safety, workplace health and environmental protection measures. The Board also incorporates requirements of the Hong Kong Stock Exchange by assessing current ESG policies and improving measures taken. For example, the Board assesses and manages climate-related risks and opportunities and advises us based on relevant results. The Board also makes and updates employee protocols and regularly organizes internal discussions of issues found across our Company based on the ESG policies. For example, the Board has established precautionary measures to classify and manage safety risks identified. Pursuant to the internal protocols, we would also investigate any violations and take mitigation measures accordingly. As confirmed by our PRC Legal Adviser, we complied in all material respects with the applicable environmental laws and regulations during the Track Record Period.

CERTIFICATE, PERMIT AND LICENSE

As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits, approvals and certificates necessary to conduct our operations in all material respects from the relevant government authorities in China, and such licenses, permits, approvals and certificates remained in full effect. We are required to renew such licenses, permits, approvals and certificates from time to time. As advised by our PRC Legal Adviser, we do not expect any legal obstacles in such renewals so long as we meet the applicable requirements and conditions set by the relevant government agencies and adhere to procedures set forth in the relevant laws and regulations.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, our Directors are not aware of any litigation, arbitration or administrative proceedings pending or threatened against the Company or any of our Directors which could have a material adverse effect on our financial condition or results of operations and we did not experience any material insufficient contributions to social security insurance or housing provident fund. Potential future litigation or any other legal or administrative proceeding, regardless of the merit or outcome, is likely to result in substantial costs, diversion of our resources, and have a negative impact on our reputation and brand image, which in turn, would have a negative impact on our business, financial condition, and results of operations. For potential impact of legal or administrative proceedings on us, see "Risk Factors — Risks Relating to Government Regulations — We may be subject to claims, especially of product liability, disputes, lawsuits and other legal and administrative proceedings, which may result in significant direct or indirect costs and adversely affect our results of operations, financial condition and development prospects."

Social Insurance and Housing Provident Funds

During the Track Record Period, we failed to make full contributions to social insurance and housing provident fund for certain of our employees in accordance with the relevant PRC laws and regulations. In 2021, 2022 and the nine months ended September 30, 2023, the shortfall amounts were approximately RMB0.2 million, RMB0.3 million and RMB0.3 million, respectively.

Our failure to make full contributions to social insurance and housing provident fund was primarily due to some of our employees requesting us not to make contributions to social insurance and housing provident funds for them, as they did not want to bear the amount of their portion of the relevant contribution. Some employees did not want to participate in the social welfare schemes for personal reasons, and some have worked at or plan to work abroad, and therefore did not want to participate in the social welfare schemes of cities where they may reside only temporarily. We generally respected these requests.

In respect of the legal consequences and potential maximum penalties for our failure to make full contributions to social insurance and housing provident fund, according to the relevant PRC laws and regulations, the relevant PRC authorities may (i) demand us to pay the outstanding social insurance contributions within a prescribed period and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If we fail to make such payments, we may be liable to a penalty of one to three times the amount of the outstanding contributions; and (ii) order us to pay the outstanding housing provident fund contributions within a prescribed time period, failing which the relevant PRC authorities may apply to the People's Court for compulsory enforcement. If we were ordered to make such a payment, we would do so within the prescribed time period.

For social insurance, pursuant to the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on 21 September 2018, it is prohibited for administrative enforcement authorities to organize a centralized collection of enterprises' historical social insurance arrears.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties. In addition, as of the Latest Practicable Date,(i) we had not received any notification from the relevant PRC authorities requiring us to pay shortfalls or the penalties with respect to social insurance and housing provident funds, and (ii) we were neither aware of any material pending employee complaints nor were involved in any material pending labor disputes with our employees with respect to social insurance and housing provident funds.

As advised by our PRC Legal Adviser, based on the relevant regulatory policies, the confirmation and the facts as stated above, and the written confirmations dated from October 24, 2023 to November 15, 2023 that we obtained from competent social insurance and housing provident fund authorities including Shanghai Public Credit Information Service Center, Hangzhou Public Credit Information, Credit China (Guangdong), Human Resources and Social Security Bureau of Changde, Human Resources Bureau of Zhengzhou High-tech Industrial Development Zone, Organization and Human Resources Department of Datong Economic Development Zone, Human Resources and Social Security Bureau of Haidian District of Beijing, Human Resources and Social Security Bureau of Changshu, Pinghu Branch Center of Housing Provident Fund Management Service Center of Jiaxing, Suzhou Housing Provident Fund Management Center, Changde Housing Provident Fund Management Center, Beijing Housing Provident Fund Management Center, Datong Housing Provident Fund Management Center and Zhengzhou Housing Provident Fund Management Center, in respect of the relevant periods stated therein, no administrative penalties had been imposed and/or the relevant subsidiary was in compliance with relevant laws and regulations. In addition, as confirmed by our PRC Legal Adviser, the likelihood that we would be subject to material administrative penalties is relatively low and our Directors are of the opinion that our failure to make full contribution to social insurance and housing provident funds for certain of our employees will not have a material adverse impact on our business operations or financial condition as a whole.

During the Track Record Period and save as disclosed above in this subsection, as advised by our PRC Legal Adviser, our company and PRC subsidiaries had complied with the applicable PRC laws and regulations in relation to our business operations in the PRC in all material respects and we were not involved in any non-compliance incident which our Directors believe would, individually, or in aggregate, have a material adverse effect on our business as a whole.

BOARD OF DIRECTORS

Our Board currently consists of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. Our Board serves a term of three years and is responsible for, and has general powers for, the management and conduct of our business.

The following table sets forth general information regarding our Directors:

Name	Age	Position(s)	Date of appointment as Director	Date of founding/ joining our Group	Role and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. LIN Qi (林琦)	42	Chairperson of our Board, executive Director and chief executive officer	September 18, 2015	September 18, 2015	Primarily responsible for overseeing overall strategic management, organizational development and strategic project development of our Group	None
Dr. HU Zhe (胡哲)	39	Executive Director, chief operating officer and president	July 15, 2017	November 7, 2015	Primarily responsible for overseeing overall business operation and management of our Group	None
Ms. MA Audrey Jing Nan (馬晶楠) (whose former Chinese name is 馬晶嵐) . . .	38	Executive Director and vice president	December 27, 2023	September 1, 2017	Primarily responsible for overseeing development and management of our overseas business	None
Dr. ZHAI Shuang (翟雙)	41	Executive Director and deputy executive director of the R&D center	September 8, 2020	March 30, 2016	Primarily responsible for devising technology strategies, leading R&D of new products and overseeing talent development of project teams	None

Name	Age	Position(s)	Date of appointment as Director	Date of founding/ joining our Group	Role and responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. ZHAO Yongsheng (趙泳生)	39	Executive Director and director of the supply chain center	April 13, 2023	April 1, 2017	Primarily responsible for overseeing daily operation and management of the supply chain center	None
Mr. LIU Huiyou (劉會友)	59	Non-executive Director	December 27, 2023	December 27, 2023	Primarily responsible for providing professional opinion and judgment to our Board	None
Mr. LI Wei (李偉)	53	Independent non-executive Director	September 8, 2020	September 8, 2020	Primarily responsible for providing independent advice and judgement to our Board	None
Dr. QIAN Meifen (錢美芬)	41	Independent non-executive Director	September 8, 2020	September 8, 2020	Primarily responsible for providing independent advice and judgement to our Board	None
Mr. CHEN Fei (陳飛)	40	Independent non-executive Director	December 27, 2023	December 27, 2023	Primarily responsible for providing independent advice and judgement to our Board	None

The following sets forth the biographies of our Directors:

Executive Directors

Mr. LIN Qi (林琦), aged 42, founded our Group in September 2015, and has served as an executive Director and our chief executive officer since then. He has also been the chairperson of our Board since July 2017. Mr. Lin currently also holds directorships and/or senior management positions at our various subsidiaries, including REFIRE Technology, Zhejiang Unilia Hydrogen Technology Ltd. (浙江韻量氫能科技有限公司) and Shanghai Unilia. He is primarily responsible for overseeing overall strategic management, organizational development and strategic project development of our Group.

Mr. Lin has over 19 years of experience in the fuel cell industry. Prior to founding our Group, from December 2004 to January 2010, he was an engineer at Shanghai Shenli Technology Co., Ltd. (上海神力科技有限公司), a company principally engaged in development and industrialization of fuel cell technology, where he was primarily responsible for developing fuel cell control systems. From March 2010 to September 2015, he was a system engineer at SAIC Motor Corporation Limited (上海汽車集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600104) and principally engaged in automotive manufacturing, where he was primarily responsible for developing fuel cell control systems.

Besides, Mr. Lin is currently a director of four companies in which our Company has a minority equity stake, namely, Shanghai Taiqingchen Energy Technology Co., Ltd. (上海泰氫晨能源科技有限公司) (a company principally engaged in manufacturing and sales of hydrogen energy equipment (other than full cells) and provision of related technology), with a non-executive role as nominated by our Company, Shanghai Hydrogen Energy Technology Co., Ltd. (上海氫意氫能科技有限公司) (the operating entity of Shanghai Fuel Cell Manufacturing Industry Innovation Center (上海市燃料電池製造業創新中心) which is a research platform for technologies pertaining to fuel cells established under the guidance of Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會)), Yulin Xuri Hydrogen Wind Energy Technology Co., Ltd. (榆林旭日氫風能源科技有限公司) (an investment platform with investments in a company principally engaged in provision of solutions relating to hydrogen power generation applications and a digital marketing solution provider), and Shaanxi HydroTransformer Energy Technology Limited Company (陝西氫易能源科技有限公司) (a company principally engaged in provision of integrated solutions for organic liquid hydrogen storage and supply), with a non-executive role as nominated by our Company.

Mr. Lin obtained his bachelor's degree in software engineering from Nanchang University (南昌大學) in Jiangxi in November 2004. He further obtained his executive master of business administration from the Guanghua School of Management of Peking University (北京大學光華管理學院) in Beijing in July 2023. Mr. Lin has been certified as a senior engineer of product engineering by the China Society of Automotive Engineers (中國汽車工程學會) since December 2022.

Dr. HU Zhe (胡哲), aged 39, joined our Group in November 2015 as our manager and has been our chief operating officer and president since January 2024. He was appointed as a Director on July 15, 2017, and was re-designated as an executive Director on January 21, 2024. Dr. Hu currently also holds directorships, supervisorships and/or senior management positions at our various subsidiaries, including Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司). He is primarily responsible for overseeing overall business operation and management of our Group.

Dr. Hu has over 13 years of experience in the automotive industry. Prior to joining our Group, from April 2010 to November 2015, he was an engineer at SAIC Motor Corporation Limited (上海汽車集團股份有限公司), where he was primarily responsible for R&D of fuel cell systems and R&D and application of the durability of automotive fuel cells.

Besides, Dr. Hu is currently a director of three companies in which our Company has a minority equity stake, namely, Shanghai Pegasus Hydrogen Technology Co., Ltd. (上海驥翀氫能科技有限公司) (a company principally engaged in R&D, manufacturing and sales of metal plate stacks), Aerospace Hydrogen Energy (Shanghai) Technology Co., Ltd. (航天氫能(上海)科技有限公司) (a company principally engaged in R&D, manufacturing and sales of metal plate stacks), and Beijing Yuzhou Tongda Hydrogen Energy Technology Co., Ltd. (北京豫舟同達氫能科技有限公司) (a company principally engaged in R&D of metal bipolar plates), all with a non-executive role as nominated by our Company.

Dr. Hu obtained his bachelor's degree in automotive engineering in July 2009 and his master's degree in automotive engineering in March 2010, both from Tongji University (同濟大學) in Shanghai. He further obtained his doctor's degree in automotive engineering from Tongji University in December 2019. Dr. Hu has been certified as a senior engineer of product engineering by the China Society of Automotive Engineers (中國汽車工程學會) since December 2022.

Ms. MA Audrey Jing Nan (馬晶楠), aged 38, joined our Group in September 2017 as the director of the business development department at our subsidiary, REFIRE Technology, and has been our vice president since January 2020. She was appointed as a Director on December 27, 2023, and was re-designated as an executive Director on January 21, 2024. Besides, Ms. Ma is currently a managing director of our subsidiary, REFIRE Europe GmbH, and a director of our subsidiary, Unilia (Guangdong) Fuel Cells Inc. (韻量燃料電池(廣東)有限公司). She is primarily responsible for overseeing development and management of our overseas business.

Ms. Ma has over seven years of experience in business development. Prior to joining our Group, from August 2016 to January 2017, she served as the deputy general manager of Hong Kong Nation-Synergy Hydrogen Power Technology Co., Limited (香港國鴻氫能科技有限公司), a company principally engaged in provision of technologies relating to fuel cell systems.

Ms. Ma obtained her bachelor's degree in architectural studies from Carleton University in Canada in June 2009. She obtained her master's degree in urban design from the University of Hong Kong in Hong Kong in November 2012.

Dr. ZHAI Shuang (翟雙), aged 41, joined our Group in March 2016 as a senior manager of the preliminary design department at our subsidiary, REFIRE Technology. He has been the chief engineer of the product engineering department at REFIRE Technology since March 2019, and has been a deputy executive director of the R&D center at our Company since March 2022. He was appointed as a Director on September 8, 2020, and was re-designated as an executive Director on January 21, 2024. He is primarily responsible for devising technology strategies, leading R&D of new products and overseeing talent development of project teams.

Dr. Zhai has over 11 years of experience in the automotive industry. Prior to joining our Group, from December 2012 to March 2016, he was an engineer at SAIC Motor Corporation Limited (上海汽車集團股份有限公司), where he was primarily responsible for constructing simulation platforms for fuel cell systems.

Dr. Zhai obtained his bachelor's degree in mathematics and applied mathematics from Xinyang Normal University (信陽師範大學 (formerly known as Xinyang Normal Institute (信陽師範學院)) in Henan in July 2007. He further obtained his doctor's degree in vehicle engineering from Tongji University (同濟大學) in Shanghai in November 2012. Dr. Zhai has been certified as a senior engineer by the Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) since December 2021.

Mr. ZHAO Yongsheng (趙泳生), aged 39, joined our Group in April 2017 as a senior manager of the procurement department at our subsidiary, REFIRE Technology, and has been the director of the supply chain center since December 2022. He was appointed as a Director on April 13, 2023, and was re-designated as an executive Director on January 21, 2024. He is primarily responsible for overseeing daily operation and management of the supply chain center.

Mr. Zhao has over 13 years of experience in the automotive industry. Prior to joining our Group, from April 2010 to March 2017, he worked at SAIC Motor Corporation Limited (上海汽車集團股份有限公司).

Mr. Zhao obtained his bachelor's degree in automotive engineering (vehicle) in July 2009 and his master's degree in power machinery and engineering in March 2010, both from Tongji University (同濟大學) in Shanghai.

Non-executive Director

Mr. LIU Huiyou (劉會友), aged 59, joined our Group in December 2023 and has served as a Director since then. He was re-designated as a non-executive Director on January 21, 2024. He is primarily responsible for providing professional opinion and judgment to our Board.

Mr. Liu has over 38 years of experience in the energy industry. From July 1985 to October 1997, he was successively a deputy section chief, a section chief and deputy chief economist at the Gudong Oil Production Factory (孤東採油廠) of Sinopec Shengli Petroleum Administrative Bureau Co., Ltd. (中國石化集團勝利石油管理局有限公司) ("**Sinopec Shengli Petroleum**"). From October 1997 to March 2003, he was successively a deputy director of the planning management division at Sinopec Shengli Petroleum, a deputy director of the planning department of Sinopec Shengli Petroleum and a deputy director of the planning division at Sinopec Shengli Oilfield Company (中國石化勝利油田有限公司). From March 2001 to May 2003, he was a manager at Sinopec Shengli Oilfield Construction Project Economic and Technical Evaluation Consulting Co., Ltd. (勝利油田建設專案經濟技術評估諮詢公司), where he was primarily responsible for overseeing daily operation and management of construction projects. From May 2003 to August 2009, he was the director of the planning division of Sinopec Shengli Oilfield Company, where he was primarily responsible for strategic planning. From August 2009 to July 2013, he was a deputy chief economist at Sinopec Shengli Petroleum, where he was primarily responsible for economic and financial analyses. From July 2013 to June 2016, he was the chief of the Petroleum Engineering Cost Management Center (石油工程造價管理中心) of China Petroleum & Chemical Corporation (中國石油化工股份有限公司), a company listed on the Stock Exchange (stock code: 386) and the Shanghai Stock Exchange (stock code: 600028) and principally engaged in oil and gas exploration, refining and marketing, where he was primarily responsible for overseeing daily management and operation of the cost management center. Besides, Mr. Liu has successively been a deputy chief and a deputy general manager of the development planning department of China Petroleum &

Chemical Corporation since June 2016, and has been the chief of the new energy office of China Petroleum & Chemical Corporation since October 2018, where he has been primarily responsible for overseeing daily operation and management of the development planning department and the new energy office, respectively. Since January 2022, he has also been the chief expert in energy conservation and environmental protection (new energy) at China Petroleum & Chemical Corporation, where he has been primarily responsible for providing professional advice relating to the new energy sector.

Mr. Liu obtained his bachelor's degree in oil production engineering from China University of Petroleum (中國石油大學(華東)) (formerly known as Huadong Petroleum College (華東石油學院)) in Shandong in July 1985.

Independent Non-executive Directors

Mr. LI Wei (李偉), aged 53, joined our Group in September 2020 and has served as our independent non-executive Director since then. He is primarily responsible for providing independent advice and judgment to our Board.

Mr. Li has over 17 years of experience in finance. From June 2006 to November 2008, he was the head of the investment banking division at Shenyin & Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司), a company principally engaged in investment banking and securities brokerage, where he was primarily responsible for overseeing the operation and management of the securities brokerage business. From December 2008 to 2020, he was the managing director of the investment banking division at China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司), a company listed on the Stock Exchange (stock code: 6881) and the Shanghai Stock Exchange (stock code: 601881) and principally engaged in investment banking and securities brokerage, where he was primarily responsible for overseeing the operation and management of the securities brokerage business. Since October 2022, he has also served as an independent non-executive director of Hanhua Financial Holding Co., Ltd. (瀚華金控股份有限公司), a company listed on the Stock Exchange (stock code: 3903) and principally engaged in provision of diversified and comprehensive financial services for domestic small, medium and micro enterprises and individuals.

Mr. Li obtained his bachelor's degree in economics in June 1992 and his master's degree in economics in July 1995, both from Renmin University of China (中國人民大學) in Beijing.

Dr. QIAN Meifen (錢美芬), aged 41, joined our Group in September 2020 and has served as our independent non-executive Director since then. She is primarily responsible for providing independent advice and judgement to our Board.

Dr. Qian has over 11 years of experience in higher education. From June 2012 to June 2015, she was a lecturer at Jiangxi University of Finance and Economics (江西財經大學). Dr. Qian has successively been a lecturer and an associate professor at the school of management of Zhejiang University (浙江大學) since September 2015, and has been a deputy director of the finance and accounting department of the school of management of Zhejiang University since March 2019.

Besides, Dr. Qian has served as an independent director of Hangzhou Flariant Co., Ltd. (杭州福萊蒽特股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 605566) and principally engaged in manufacturing of dyeing products) since December 2022, and Zhejiang Rongpeng Air Tools Co., Ltd. (浙江榮鵬氣動工具股份有限公司) (a company listed on the National Equities Exchange and Quotations (stock code: 874187) and principally engaged in manufacturing of air tools) since March 2023.

Dr. Qian obtained her bachelor's degree in public finance in June 2005 and her master's degree in finance in June 2007, both from Zhejiang University (浙江大學) in Zhejiang. She further obtained her doctor's degree in finance from Australian National University in Australia in November 2012.

Mr. CHEN Fei (陳飛), aged 40, joined our Group in December 2023 and has served as our independent non-executive Director since then. He is primarily responsible for providing independent advice and judgment to our Board.

Mr. Chen has over 15 years of experience in investment banking and financial management. From July 2008 to May 2010, he was an investment banker at The Hongkong and Shanghai Banking Corporation, where he was primarily responsible for advising on financings, mergers and acquisitions for domestic and foreign clients. From May 2010 to May 2018, Mr. Chen was an investment banker at UBS AG Hong Kong Branch, where he was primarily responsible for advising on financings, mergers and acquisitions for domestic and foreign clients. From May 2018 to April 2022, Mr. Chen was the chief financial officer and board secretary at Tubatu Group Co., Ltd. (土巴兔集團股份有限公司), a company principally engaged in online home furnishing platform operation in China, where he was primarily responsible for overseeing financial and investment activities of the company. Besides, Mr. Chen has served as an executive director since April 2022 and the chief financial officer since May 2022, of YSB Inc., a digital pharmaceutical platform listed on the Stock Exchange (stock code: 9885), where he has been primarily responsible for overseeing corporate finance, investment activities and legal matters of the company.

Mr. Chen obtained his bachelor's degree in finance in July 2006 and his master's degree in finance in July 2008, both from Peking University (北京大學) in Beijing. Mr. Chen has been certified as a chartered financial analyst by the CFA Institute since September 2012, and obtained a certificate of board secretaries from the Shenzhen Stock Exchange in November 2020.

General

Our Directors have confirmed that:

(1) each of our Directors obtained the legal advice referred to under Rule 3.09D of the Listing Rules on January 8, 2024, and understood his/her obligations as a director of [**REDACTED**];

(2) save as disclosed in the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders — 3. Service Contracts" in Appendix VI to this document, none of our Directors has any existing or proposed service contract with our Group other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation);

(3) save as disclosed in the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VI to this document and above, each of our Directors has no interest in the Shares within the meaning of Part XV of the SFO;

(4) save as disclosed above, each of our Directors has not been a director of any other publicly listed company during the three years prior to the Latest Practicable Date and as of the Latest Practicable Date;

(5) save as disclosed in this document, other than being a Director of our Group, none of our Directors has any relationship with any other Directors, Supervisors, senior management or substantial shareholders of our Company; and

(6) none of our Directors completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Each of our independent non-executive Directors has confirmed that:

(1) his/her independence after taking into consideration each of the factors referred to under Rules 3.13(1) to 3.13(8) of the Listing Rules;

(2) he/she does not have any past or present financial or other interest in the business of our Company or our subsidiaries, or any connection with any core connected person of our Company; and

(3) there are no other factors which may affect his/her independence at the time of his/her appointment as our independent non-executive Director.

SUPERVISORS

The PRC Company Law requires a joint stock company with limited liability to establish a supervisory committee. Our Supervisory Committee currently consists of five members. Pursuant to the Articles of Association, at least one-third of our Supervisors must be employees' representatives elected by our employees. Except for the employees' representative Supervisors, the other Supervisors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The following table sets forth general information regarding our Supervisors:

Name	Age	Position(s)	Date of appointment as Supervisor	Date of joining our Group	Role and responsibilities	Relationship with Directors, other Supervisors and senior management
Mr. WU Yang (武洋)	36	Chairperson of our Supervisory Committee	January 20, 2023	January 20, 2023	Primarily responsible for supervising our Board and management	None
Mr. ZHOU Wei (周瑋)	43	Supervisor	May 18, 2022	May 18, 2022	Primarily responsible for supervising our Board and management	None
Mr. JI Yizhi (季一志)	54	Supervisor	January 20, 2023	January 20, 2023	Primarily responsible for supervising our Board and management	None
Mr. WANG Chuqi (汪楚棋, whose former name was WANG Qi (汪奇))	40	Supervisor	September 8, 2020	October 22, 2015	Primarily responsible for supervising our Board and management	None
Mr. SUN Bei (孫北)	37	Supervisor	May 18, 2022	April 26, 2016	Primarily responsible for supervising our Board and management	None

The following sets forth the biographies of our Supervisors:

Mr. WU Yang (武洋), aged 36, joined our Group in January 2023 and has been our shareholders' representative Supervisor and the chairperson of our Supervisory Committee since then.

Mr. Wu has over seven years of experience in market research and equity investment management. Since May 2016, he has been the investment director at Shenzhen Qianhai Chun Yang Asset Management Co., Ltd. (深圳前海春陽資產管理有限公司), a company principally engaged in private equity investment, where he has been primarily responsible for investment decisions and post-investment management.

Mr. Wu obtained his bachelor's degree in logistics management from Nanjing University of Finance and Economics (南京財經大學) in Jiangsu in June 2010.

Mr. ZHOU Wei (周瑋), aged 43, joined our Group in May 2022 and has been our shareholders' representative Supervisor since then.

Mr. Zhou has over nine years of experience in investment. From December 2014 to December 2019, he worked at SINO-IC Capital LTD. (華芯投資管理有限責任公司), a company principally engaged in investment management. From March 2017 to October 2022, Mr. Zhou served as an independent director of XCMG Construction Machinery Co., Ltd. (徐工集團工程機械股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000425) and principally engaged in manufacturing and sales of construction equipment. Since January 2020, Mr. Zhou has been the investment director at National Manufacturing Transformation and Upgrade Fund Co., Ltd. (國家製造業轉型升級基金股份有限公司), a company principally engaged in investment management and consulting and our Shareholder, where he has primarily been responsible for investment management.

Mr. Zhou graduated from Tsinghua University (清華大學) in Beijing with a major in physical electronics and optoelectronic technology in July 2002 and a major in electronic science and technology in July 2005.

Mr. JI Yizhi (季一志), aged 54, joined our Group in January 2023 and has been our shareholders' representative Supervisor since then. Besides, he is currently a director of our subsidiary, Foshan Diyi Element New Energy Technology Co., Ltd. (佛山迪一元素新能源科技有限公司).

Mr. Ji has over 31 years of experience in the automotive industry. From July 1992 to July 2017, he was successively a technician, a device administrator, an assistant to the manager of the technology division, a deputy manager of the technology division, a deputy manager of the cooperation division and the procurement head of the manufacturing division, a deputy manager of the planning and finance division, the manager of the planning and finance department, a deputy chief economist, an assistant to the manager of the factory and a deputy manager at the Wuxi Diesel Engine Works (無錫柴油機廠) of FAW Jiefang Automotive Co., Ltd. (一汽解放汽車有限公司), a company principally engaged in manufacturing and sales of trucks and buses and our Shareholder, where he was primarily responsible for technical designs, product developments, procurement of materials, costs management, sales and marketing of products and daily operation and management of the factory. From October 2017 to October 2022, Mr. Ji was successively an executive deputy general manager of the engine department, the general manager of the bus business department, the deputy general manager of the marketing department and the general manager of the new energy department at FAW Jiefang Automotive Co., Ltd., where he was primarily responsible for overseeing the operation and management of the relevant departments. From September 2018 to July 2019, he was successively the general manager and the head of finance at the Dalian Diesel Engine branch of FAW Jiefang Automotive Co., Ltd., where he was primarily responsible for overseeing the operation and management of the company. Since October 2022, he has been a deputy general manager of FAW Jiefang Group Co., Ltd. (一汽解放集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000800) and principally engaged in manufacturing and sales of automobiles, where he has been primarily responsible for financial matters, audits and the development and sales of new energy vehicles. Further, Mr. Ji has served as a director of Changchun FAW Baoyou Steel Processing and Distribution Co., Ltd. (長春寶友解放鋼材加工配送有限公司) since November 2022, a director of FAW Finance Co., Ltd. (一汽財務有限公司) since October 2022, a director of Xin'n Automobile Insurance Co., Ltd. (鑫安汽車保險股份有限公司) since March 2023, and a director of Changchun FAW Angang Steel Processing and Distribution Co., Ltd. (長春一汽鞍鋼鋼材加工配送有限公司) since June 2023, where he has been primarily responsible for overseeing the management of the aforementioned companies.

Mr. Ji obtained his bachelor's degree in mechanical design and manufacturing from Nanjing University of Science and Technology (南京理工大學) (formerly known as East China Institute of Engineering (華東工程學院)) in Jiangsu in July 1992. He obtained his master's degree in business administration from Shanghai University of Finance and Economics (上海財經大學) in Shanghai in October 2011. Mr. Ji has been certified as a senior engineer by China First Automobile Group Co., Ltd. (中國第一汽車集團有限公司) since January 2022.

Mr. WANG Chuqi (汪楚棋), aged 40, joined our Group in October 2015 and has been a director of the data optimization, digitalization and intellectualization department at our Company since then. In this capacity, he is primarily responsible for overseeing intellectualization of the optimization management, data management and information system of our Group. He has been our employees' representative Supervisor since September 2020. Besides, Mr. Wang is currently a supervisor of our subsidiary, REFIRE Technology.

Mr. Wang has over 19 years of experience in information technology. Prior to joining our Group, from January 2005 to July 2014, he worked at Zhejiang SIF Technology Co., Ltd. (浙江網新富士科技有限公司), a company principally engaged in software development. From August 2014 to October 2015, he worked at Brother System Technology Development (Hangzhou) Ltd. (濱江兄弟信息技術(杭州)有限公司), a company principally engaged in software development.

Mr. Wang obtained his bachelor's degree in software programming from Nanchang University (南昌大學) in Jiangxi in November 2004.

Mr. SUN Bei (孫北), aged 37, joined our Group in April 2016 as the executive president of the applied engineering department at our subsidiary, REFIRE Technology. Between April 2016 and January 2022, he was a deputy director of the R&D center at REFIRE Technology. Since February 2022, he has been the general manager of the sales center of the system business department at our Company. In this capacity, he is primarily responsible for overseeing overall operation and management of the sales center of our Group. He has been our employees' representative Supervisor since May 2022.

Mr. Sun has over 12 years of experience in the automotive industry. Prior to joining our Group, from July 2011 to April 2016, he worked at United Automotive Electronic Systems Co., Ltd. (聯合汽車電子有限公司), a company principally engaged in R&D, manufacturing and sales of gasoline engine management systems, transmission control systems and automotive drive control systems.

Mr. Sun obtained his bachelor's in automotive engineering (vehicle) in July 2008 and his master's degree in automotive engineering in March 2011, both from Tongji University (同濟大學) in Shanghai.

General

Save as disclosed in this document, each of our Supervisors has confirmed that:

(1) he does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date;

(2) other than being a Supervisor of our Group, none of our Supervisors has any relationship with any Directors, any other Supervisors, any senior management or substantial shareholders of our Company;

(3) he does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date; and

(4) he has not completed their respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The table below sets out certain information in respect of the senior management of our Group:

Name	Age	Position(s)	Date of appointment as senior management	Date of founding/ joining our Group	Role and responsibilities	Relationship with Directors, Supervisors and other senior management
Mr. LIN Qi (林琦)	42	Chairperson of our Board, executive Director and chief executive officer	September 18, 2015	September 18, 2015	Primarily responsible for overseeing overall strategic management, organizational development and strategic project development of our Group	None
Dr. HU Zhe (胡哲)	39	Executive Director, chief operating officer and president	November 7, 2015	November 7, 2015	Primarily responsible for overseeing overall business operation and management of our Group	None
Ms. MA Audrey Jing Nan (馬晶楠) (whose former Chinese name is 馬晶嵐) . . .	38	Executive Director and vice president	September 1, 2017	September 1, 2017	Primarily responsible for overseeing development and management of our overseas business	None
Mr. ZHENG Zhong (鄭重) .	35	Vice president and Board secretary	September 8, 2020	May 7, 2018	Primarily responsible for overseeing equity financing and handling matters relating to investor relations, legal affairs and intellectual properties of our Group	None

Name	Age	Position(s)	Date of appointment as senior management	Date of founding/ joining our Group	Role and responsibilities	Relationship with Directors, Supervisors and other senior management
Mr. XIE Hongyu (謝紅雨)	45	Vice president	December 9, 2020	December 17, 2018	Primarily responsible for overseeing daily operation and management of our hydrogen equipment component business	None
Mr. YANG Jinfu (楊錦夫)	44	Vice president	June 3, 2022	February 1, 2021	Primarily responsible for overseeing development of our business ecosystems	None
Dr. Christopher John GUZY . .	68	Chief technology officer	March 23, 2020	March 23, 2020	Primarily responsible for overseeing advanced technology development and devising technology strategies	None
Mr. SHAO Liangming (邵良明)	42	Financial controller	January 7, 2024	June 25, 2018	Primarily responsible for overseeing financial management of our Group	None

The following sets forth the biographies of our senior management:

Mr. LIN Qi (林琦) is the chairperson of our Board, our executive Director and chief executive officer. For further details, see "— Board of Directors — Executive Directors" in this section.

Dr. HU Zhe (胡哲) is our executive Director, chief operating officer and president. For further details, see "— Board of Directors — Executive Directors" in this section.

Ms. MA Audrey Jing Nan (馬晶楠) is our executive Director and vice president. For further details, see "— Board of Directors — Executive Directors" in this section.

Mr. ZHENG Zhong (鄭重), aged 35, joined our Group in May 2018 as an assistant to the chairperson of the board of directors of our subsidiary, REFIRE Technology. He was an assistant to the chairperson of our Board between January 2020 and September 2020, and has been our Board secretary since September 2020 and our vice president since January 2024. Mr. Zheng currently also holds supervisorships at our various subsidiaries, including Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司) and Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. (上海重塑斑斕氫能科技有限公司). He is primarily responsible for overseeing equity financing and handling matters relating to investor relations, legal affairs and intellectual properties of our Group.

Mr. Zheng has over 13 years of experience in legal profession. Prior to joining our Group, from July 2010 to March 2017, he was a lawyer at the Shanghai office of Tian Yuan Law Firm (北京市天元律師事務所上海分所), where he was primarily responsible for providing legal services in respect of investments, financings, mergers and acquisitions. From April 2017 to May 2017, he was a lawyer at the Shanghai office of Hai Run Law Firm (北京市海潤律師事務所上海分所), where he was primarily responsible for providing legal services in respect of investments, financings, mergers and acquisitions. From June 2017 to April 2018, he served as the legal director of Hongling Siqi (Zhuhai) Equity Investment Management Enterprise (Limited Partnership) (宏瓴思齊(珠海)股權投資管理企業(有限合夥)), where he was primarily responsible for overseeing risk management and compliance matters. Besides, Mr. Zheng is currently a director of Jiangsu Jiahua Hydrogen Technology Co., Ltd. (江蘇嘉化氫能科技有限公司), a company in which our Group has equity interest.

Mr. Zheng obtained his bachelor's degree in law from Fudan University (復旦大學) in Shanghai in June 2010. He obtained his qualification of legal profession from the Ministry of Justice of the PRC (中華人民共和國司法部) in August 2010, his fund practice qualification from the Asset Management Association of China (中國證券投資基金業協會) in July 2017, and a certificate of board secretaries from the Shanghai Stock Exchange in December 2020.

Mr. XIE Hongyu (謝紅雨), aged 45, joined our Group in December 2018 as a deputy general manager of our subsidiary, REFIRE Technology, and has been our vice president since December 2020. Further, Mr. Xie is currently a director of our subsidiaries, Shanghai PANDO Electric Technology Co., Ltd. (上海磐動電氣科技有限公司) and PANDO (Zhejiang) Electric Technology Co., Ltd. (磐動(浙江)電氣科技有限公司). He is primarily responsible for overseeing daily operation and management of our hydrogen equipment component business.

Mr. Xie has over 21 years of experience in new energy and new materials industries. Prior to joining our Group, from January 2003 to October 2018, he worked at Hunan Corun New Energy Co., Ltd. (湖南科力遠新能源股份有限公司) (formerly known as Changsha Lyrun Materials Co., Ltd. (長沙力元新材料股份有限公司)), a company listed on the Shanghai Stock Exchange (stock code: 600478) and principally engaged in R&D, manufacturing and sales of foam metal materials, where he was successively a section chief of the production department, a manager of the R&D department, the director of the quality management department and an assistant to the general manager of Hunan Corun New Energy Co., Ltd., and was primarily responsible for overseeing daily operation and management of the aforementioned departments and assisting the general manager with daily operation of the company. During the same period, Mr. Xie also served as the general manager of certain subsidiaries of Hunan Corun New Energy Co., Ltd., including Changde Liyuan New Materials Co., Ltd. (常德力元新材料有限責任公司) (a company principally engaged in R&D, manufacturing and sales of energy-saving and new energy automotive base materials, civil battery base materials and nickel-plated steel strips) and Hunan Copower EV Battery Co., Ltd. (湖南科霸汽車動力電池有限責任公司) (a company principally engaged in R&D, manufacturing and sales of batteries for hybrid electric vehicles), where he was primarily responsible for overseeing daily operation and corporate management of the aforementioned companies.

Mr. Xie obtained his college diploma in chemical technology from Hunan Chemical Vocational Technology College (湖南化學工業職業技術學院) (formerly known as Hunan Chemical Engineering School (湖南省化學工業學校)) in Hunan in June 1998.

Mr. YANG Jinfu (楊錦夫), aged 44, joined our Group in February 2021 as the general manager of our subsidiary, Shanghai Unilia. He has been our vice president since June 2022. Besides, Mr. Yang is currently a director of our subsidiary, Unilia (Guangdong) Fuel Cells Inc. (韻量燃料電池(廣東)有限公司). He is primarily responsible for overseeing development of our business ecosystems.

Mr. Yang has over 19 years of experience in the automotive industry. Prior to joining our Group, from January 2005 to October 2007, he was an engineer at Hella Automotive Electronics Development (Shanghai) Co., Ltd. (海拉汽車電子研發(上海)有限公司). From November 2007 to July 2008, he was a senior business development officer of the sensor system department at Hella Shanghai Electronics Co., Ltd. (上海海拉電子有限公司), a company principally engaged in sales of automotive electronic component products, where he was primarily responsible for product design and management, as well as project management. From July 2008 to August 2010, he was a senior manager at Shanghai SIIC Transportation Electric Co., Ltd. (上海實業交通電器有限公司), a company principally engaged in sales of automotive component products, where he was primarily responsible for technology management. From August 2010 to August 2015, Mr. Yang was successively the director of products of the industrial business department (China) and the director of business development of the lighting business department (China) at Hella Corporate Center China (海拉(上海)管理有限公司), a company principally engaged in sales of industrial lighting products and automotive lighting products, where he was primarily responsible for product development, production center management and business development of automotive lighting products in China. From September 2015 to August 2018, he was the R&D director at Magna (Taicang) Automotive Technology Co., Ltd. (麥格納(太倉)汽車科技有限公司), a company principally engaged in sales of automotive component products, where he was primarily responsible for product development. From September 2018 to January 2021, he was the engineering director (Asia) at Magna Automotive Technology and Service (Shanghai) Co., Ltd. (麥格納汽車技術(上海)有限公司), a company principally engaged in sales of automotive components.

Mr. Yang obtained his bachelor's degree in mechanical design, manufacturing and automation in July 2002 and his master's degree in instrument and meter engineering in January 2005 from Tsinghua University (清華大學) in Beijing.

Dr. Christopher John GUZY, aged 68, joined our Group in March 2020 and has been our chief technology officer since then. He is primarily responsible for overseeing advanced technology development and devising technology strategies.

Dr. Guzy has over 40 years of experience in engineering and higher education. Prior to joining our Group, from 1983 to 1986, he was an assistant professor at the David H. Koch School of Chemical Engineering Practice of Massachusetts Institute of Technology in the United States. From 2000 to 2001, he was the global general manager at GE Lighting, a company principally engaged in lighting production and service, where he was primarily responsible for the development of linear fluorescent technology. From 2001 to 2005, Dr. Guzy was the general manager of global products of GE HealthCare (formerly known as GE Medical Systems), a company principally engaged in R&D, manufacturing and sales of medical devices, where he was primarily responsible for oversight of technology operations. From January 2005 to March 2016, he was a vice president and the chief technology officer of BALLARD Power Systems, a company principally engaged in provision of clean energy fuel cell solutions and products, where he was primarily responsible for leading product development, applications, engineering and technology research. From May 2016 to March 2020, Dr. Guzy was a professor at Foshan University (佛山科學技術學院).

Dr. Guzy obtained his bachelor's degree in chemical engineering in May 1977 and his master's degree in chemical engineering in May 1979, both from Clarkson University in the United States. He further obtained his doctor's degree in engineering from University of New Mexico in the United States in July 1982. Dr. Guzy was accredited as an expert under the Chinese Government Friendship Award (中國政府友誼獎) in September 2019 by the Department of Foreign Expert Services of the Ministry of Science and Technology of the PRC in recognition of his significant contributions to China's hydrogen and fuel cell industries. Further, he was awarded Shanghai Magnolia Silver Award (白玉蘭紀念獎) in 2023 in recognition of his contribution to the development of Shanghai.

Mr. SHAO Liangming (邵良明), aged 42, joined our Group in June 2018 as a finance manager at our subsidiary, REFIRE Technology. He was a senior manager of the internal audits department at our Company from September 2020 to August 2023, and has been a senior manager of the operation and management department since September 2023 and our financial controller since January 2024. He is primarily responsible for overseeing financial management of our Group.

Mr. Shao has over 16 years of experience in audits and financial management. Prior to joining our Group, from September 2007 to June 2018, he was successively an audit manager and a senior manager at BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)), where he was primarily responsible for audits.

Mr. Shao graduated from Shanghai Jiao Tong University (上海交通大學) in Shanghai through online courses in accounting in July 2008. Mr. Shao has been certified as a certified public accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since December 2007, and has been certified as a medium-level accountant (中級會計職稱) by Shanghai Municipal Bureau of Human Resources and Social Security (上海市人力資源和社會保障局) since May 2009.

General

Save as disclosed in this document, each of our senior management members has confirmed that:

(1) he/she does not hold and has not held any other positions in our Group and any other members of our Group as of the Latest Practicable Date;

(2) other than being a Director and/or member of our Group's senior management, he/she does not have any relationship with any Directors, Supervisors, other members of senior management or substantial shareholders of our Company as of the Latest Practicable Date;

(3) he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date; and

(4) he/she has not completed his respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

JOINT COMPANY SECRETARIES

Mr. ZHENG Zhong (鄭重) was appointed as one of our joint company secretaries on January 7, 2024. Mr. Zheng is our vice president and Board secretary. For further details, see "— Senior Management" in this section.

Mr. POON Ping Yeung (潘秉揚) was appointed as one of our joint company secretaries on January 7, 2024. Mr. Poon is the manager of the listed & fiduciary corporate services of Trident Corporate Services (Asia) Ltd., a global professional services firm. He has 10 years of professional experience in company secretarial field. He is currently a joint company secretary of Boyaa Interactive International Limited, a company listed on the Stock Exchange (stock code: 434).

Mr. Poon obtained his bachelor's degree in arts (major in social policy and administration) from The Hong Kong Polytechnic University in Hong Kong in October 2012. He further obtained his master's degree in corporate governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in Hong Kong in October 2019.

Mr. Poon is an associate member (a holder of practitioner's endorsement) of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

COMPLIANCE ADVISER

We have appointed Maxa Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules is contemplated, including share issues and share repurchases;
- where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and
- where the [**REDACTED**] makes an inquiry of us regarding unusual [**REDACTED**] and [**REDACTED**] or other issues under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, Maxa Capital Limited will, in a timely manner, inform us of any amendment or supplement to the Listing Rules and new or amended laws and regulations in Hong Kong applicable to us.

The terms of the appointment shall commence on the [**REDACTED**] and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the [**REDACTED**].

BOARD COMMITTEES

We have established the following committees on our Board: an audit committee, a remuneration and appraisal committee, a nomination committee and a strategy committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The audit committee consists of Mr. CHEN Fei (陳飛), Dr. QIAN Meifen (錢美芬) and Mr. LI Wei (李偉), with Mr. CHEN Fei (陳飛) being the chairperson of the committee. Mr. Chen holds the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the audit committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board, which includes amongst other things:

- proposing to our Board the appointment and replacement of external audit firms;
- supervising the implementation of our internal audit system;
- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties conferred by our Board.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The remuneration and appraisal committee consists of Mr. LI Wei (李偉), Mr. LIU Huiyou (劉會友) and Dr. QIAN Meifen (錢美芬), with Mr. LI Wei (李偉) being the chairperson of the committee.

The primary duties of the remuneration and appraisal committee are to develop remuneration and appraisal policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefits, which include amongst other things:

- establishing, reviewing and making recommendations to our Board on our policy and structure concerning remuneration and appraisal of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and appraisal;

- determining the terms of the specific remuneration package of each Director and members of senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time;
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and
- other duties conferred by our Board.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with paragraph B.3 of part 2 of the Corporate Governance Code. The nomination committee consists of Dr. QIAN Meifen (錢美芬), Mr. LI Wei (李偉) and Mr. LIN Qi (林琦), with Dr. QIAN Meifen (錢美芬) being the chairperson of the committee.

The primary duties of the nomination committee are to make recommendations to our Board in relation to the appointment and removal of Directors which includes, amongst other things:

- reviewing the structure, size and composition of our Board on a regular basis and making recommendations to our Board regarding any proposed changes;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- assessing the independence of independent non-executive Directors;
- making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors; and
- other duties conferred by our Board.

Strategy Committee

We have established a strategy committee with written terms of reference. The strategy committee consists of Mr. LIN Qi (林琦), Dr. HU Zhe (胡哲), Mr. ZHAO Yongsheng (趙泳生), Mr. LIU Huiyou (劉會友) and Mr. CHEN Fei (陳飛), with Mr. LIN Qi (林琦) being the chairperson of the committee.

The primary duties of the strategy committee are to formulate, evaluate and facilitate long-term development strategies and major investment decisions of our Group, which includes, amongst other things:

- evaluating and advising on our long-term strategic plans and other significant matters that may affect our development strategies; and

- other duties conferred by our Board.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the corporate governance requirements under the Corporate Governance Code after the [**REDACTED**].

Code Provision A.2.1 of the Corporate Governance Code

Mr. Lin is the chairperson of our Board and our chief executive officer. With considerable experience in the fuel cell industry and having served in our Group since its establishment, Mr. Lin is in charge of the overall corporate and business strategies of our Group. Our Board considers that vesting the roles of the chairperson of our Board and our chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of our Board and our senior management, which comprises experienced and visionary individuals. Upon [**REDACTED**], our Board will comprise five executive Directors, one non-executive Director and three independent non-executive Directors, and therefore will have a strong independence element in its composition.

Save as disclosed above, our Company intends to comply with all applicable code provisions under the Corporate Governance Code after the [**REDACTED**].

Board Diversity

We seek to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. We have adopted a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry, regional experience and length of service. Furthermore, our nomination committee is responsible for reviewing the diversity of our Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the Board Diversity Policy remains effective.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to automotive manufacturing, R&D of fuel cell systems, business development, finance and investment. They obtained degrees in various majors including software engineering, automotive engineering, business administration, mathematics, economics and finance. Furthermore, our Board has a relatively wide range of ages, ranging from 38 years old to 59 years old, and consists of seven male members and two female members. Our Company has reviewed the membership, structure and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

Our Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, our Company will take opportunities to increase the proportion of female members of our Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to our Board. We believe that such merit-based selection process with reference to our Board Diversity Policy and the nature of our business will be in the best interests of our Group and our Shareholders as a whole.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, which focuses on the design, development, manufacturing and sales of hydrogen fuel cell systems, hydrogen production systems and related components, as well as providing fuel cell engineering and technical services, and requires disclosure under Rule 8.10 of the Listing Rules.

COMPENSATION OF DIRECTORS, SUPERVISORS AND MANAGEMENT

We offer our executive Directors, employees' representative Supervisors and senior management members, who are also employees of our Group, emolument the form of salaries, bonuses, allowances, and benefits in kind, performance related bonuses, share-based payment and pension scheme contributions. Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or the chairperson of Board committees).

The aggregate amounts of remuneration (including salaries, bonuses, allowances and benefits in kind, performance related bonuses, share-based payment expenses, pension scheme contributions and social welfare) which were paid or payable to our Directors and Supervisors for the two financial years ended December 31, 2021, 2022 and the nine months ended September 30, 2023 were RMB25.1 million, RMB27.0 million and RMB34.6 million, respectively.

It is estimated that the aggregate amount of remuneration (including salaries, bonuses, allowances and benefits in kind, performance related bonuses, share-based payment expenses, pension scheme contributions and social welfare) payable to our Directors and Supervisors for the financial year ended December 31, 2023 would be approximately RMB46.1 million under arrangements in force as of the date of this document.

For the two financial years ended December 31, 2021, 2022 and the nine months ended September 30, 2023, the aggregate amounts of remuneration (including salaries, bonuses, allowances and benefits in kind, performance related bonuses, share-based payment expenses, pension scheme contributions and social welfare) which were paid or payable by our Group to our five highest paid individuals, all of whom were our Directors and Supervisors during the relevant year/period, were RMB19.4 million, RMB20.7 million and RMB31.1 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors or past Directors or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived or agreed to waive any emoluments.

Except as disclosed above, no other payment has been paid, or is payable, by our Group to our Directors, Supervisors or the five highest paid individuals of our Group during the Track Record Period.

For additional information on Directors' and Supervisors' remuneration during the Track Record Period as well as information on the five highest paid individuals, see notes 8 and 9 to the Accountants' Report in Appendix IA and notes 7 and 8 as set out in Appendix IB to this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and without taking into account any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**] and any Domestic Shares which may be issued pursuant to the exercise of the options granted under the Pre-[**REDACTED**] Share Option Scheme, the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the [**REDACTED**] under the provisions of [**REDACTED**] of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares(1)	Approximate percentage of shareholding in the total issued share capital of our Company(1)
			(%)	*(%)*
Mr. Lin(2)	Beneficial owner; Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Shanghai Weiqing(2)(3)	Beneficial owner	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Shanghai Weijun(3)	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Sinopec Capital Co., Ltd. (中國石化集團資本有限公司) ("**Sinopec Capital**")(4) . . .	Beneficial owner	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
China Petrochemical Corporation (中國石油化工集團有限公司)(4)	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
China Petroleum & Chemical Corporation (中國石油化工股份有限公司)(4)	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Ms. ZHANG Xiuying (張秀英)	Beneficial owner	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[1]	Approximate percentage of shareholding in the total issued share capital of our Company[1]
			(%)	(%)
National Manufacturing Transformation and Upgrade Fund Co., Ltd. (國家製造業轉型升級基金股份有限公司)	Beneficial owner	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ningbo Meishan Free Trade Port Zone Pengfan Zhibin Investment Partnership (Limited Partnership) (寧波梅山保稅港區鵬凡之濱投資合夥企業(有限合夥)) ("**Pengfan Zhibin**")[5][6] . .	Beneficial owner	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ms. LIANG Lanyin (梁蘭茵)[5]	Interest in controlled corporations	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Chunyang Asset Management Co., Ltd. (深圳前海春陽資產管理有限公司) ("**Chunyang Capital**")[6] . .	Interest in controlled corporations	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shenzhen Chunyang Chuangxian Information Consulting Partnership (Limited Partnership) (深圳春陽創先資訊諮詢合夥企業(有限合夥))[6]	Interest in controlled corporations	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. FU Junru (傅軍如)[6] . . .	Interest in controlled corporations	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Huiyang Jingneng Investment Management (Beijing) Co., Ltd. (惠洋京能投資管理(北京)有限公司)[7]	Interest in controlled corporations	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. LU Qingping (魯清平)[7] .	Interest in controlled corporations	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership) (上海摯信新經濟股權投資管理合夥企業(有限合夥))[8]	Interest in controlled corporations	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares(1)	Approximate percentage of shareholding in the total issued share capital of our Company(1)
			(%)	(%)
Shanghai Trustbridge Investment Management Co., Ltd. (上海摯信投資管理有限公司)(8)	Interest in controlled corporations	[REDACTED]	[REDACTED]	[REDACTED]
Mr. LI Shuzhao (李曙照)(8)	Interest in controlled corporations	[REDACTED]	[REDACTED]	[REDACTED]
Zhengzhou Spruce Automotive Industry Equity Investment Fund (Limited Partnership) (鄭州雲杉汽車產業股權投資基金(有限合夥)) ("**Zhengzhou Spruce**")(9)	Beneficial owner; Interest held jointly with another person	[REDACTED]	[REDACTED]	[REDACTED]
Yutong Bus Co., Ltd. (宇通客車股份有限公司) ("**Yutong Bus**")(9)	Beneficial owner; Interest held jointly with another person	[REDACTED]	[REDACTED]	[REDACTED]
Mr. WAN Jingzhao (萬景照)(9)	Beneficial owner; Interest held jointly with another person	[REDACTED]	[REDACTED]	[REDACTED]
Zhengzhou Yunshan Investment Management Co., Ltd. (鄭州雲杉投資管理有限公司)(9)	Interest in controlled corporations	[REDACTED]	[REDACTED]	[REDACTED]
Lhasa Centennial Deyu Industrial Co., Ltd. (拉薩百年德宇實業有限公司)(9)	Interest in controlled corporations	[REDACTED]	[REDACTED]	[REDACTED]
Zhengzhou Yutong Group Co., Ltd. (鄭州宇通集團有限公司)(9)	Interest in controlled corporations	[REDACTED]	[REDACTED]	[REDACTED]
Zhengzhou Tongtai Zhihe Enterprise Management Center (Limited Partnership) (鄭州通泰志合企業管理中心(有限合夥))(9)	Interest in controlled corporations	[REDACTED]	[REDACTED]	[REDACTED]

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[(1)]	Approximate percentage of shareholding in the total issued share capital of our Company[(1)]
			(%)	*(%)*
Zhengzhou Tongtai Hezhi Management Consulting Co., Ltd. (鄭州通泰合智管理諮詢有限公司)[(9)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Mr. TANG Yuxiang (湯玉祥)[(9)]	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Lhasa Deyu Xinrong Industrial Co., Ltd. (拉薩德宇新融實業有限公司)[(9)] . . .	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
FAW Jiefang Automotive Co., Ltd. (一汽解放汽車有限公司)[(10)].	Beneficial owner	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
FAW Jiefang Group Co., Ltd. (一汽解放集團股份有限公司)[(10)].	Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Domestic Shares in issue and [**REDACTED**] H Shares (assuming the [**REDACTED**] is not exercised and the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised) in issue upon [**REDACTED**].

(2) The [**REDACTED**] Domestic Shares Mr. Lin beneficially holds include 1,000,000 Domestic Shares, which is the maximum number of Domestic Shares which Mr. Lin is entitled to receive pursuant to the exercise of options granted to him under the Pre-[**REDACTED**] Share Option Scheme, subject to the terms and conditions of these options. Mr. Lin is the executive partner of Shanghai Weilan, Shanghai Weiqing and Shanghai Weijing and is responsible for their respective management. As such, under the SFO, Mr. Lin is deemed to be interested in the [**REDACTED**] Domestic Shares held by Shanghai Weilan, Shanghai Weiqing and Shanghai Weijing.

(3) As of the Latest Practicable Date, Shanghai Weijun held approximately 54.18% partnership interest in Shanghai Weiqing as one of its limited partners. As such, under the SFO, Shanghai Weijun is deemed to be interested in the [**REDACTED**] Domestic Shares held by Shanghai Weiqing.

(4) As of the Latest Practicable Date, Sinopec Capital was held as to 51% by China Petrochemical Corporation (中國石油化工集團有限公司) and 49% by China Petroleum & Chemical Corporation (中國石油化工股份有限公司) (which is a non-wholly owned subsidiary of China Petrochemical Corporation and listed on the Stock Exchange (stock code: 386) and the Shanghai Stock Exchange (stock code: 600028)), respectively. China Petrochemical Corporation is wholly owned by the State-owned Assets Supervision and Administration Commission (國務院國有資產監督管理委員會). As such, under the SFO, each of China Petrochemical Corporation and China Petroleum & Chemical Corporation is deemed to be interested in the [**REDACTED**] H Shares and [**REDACTED**] Domestic Shares held by Sinopec Capital.

(5) As of the Latest Practicable Date, Ms. LIANG Lanyin (梁蘭茵) held approximately 99.81% partnership interest in Pengfan Zhibin as its sole limited partner and approximately 99.78% partnership interest in Ningbo Meishan Free Trade Port Zone Jinglong Baoluo Investment Partnership (Limited Partnership) (寧波梅山保稅港區京隆寶羅投資合夥企業(有限合夥)) as its sole limited partner. As such, under the SFO, Ms. LIANG Lanyin is deemed to be interested in the [**REDACTED**] H Shares held by Pengfan Zhibin and Ningbo Meishan Free Trade Port Zone Jinglong Baoluo Investment Partnership (Limited Partnership).

(6) Chunyang Capital is the general partner of each of Pengfan Zhibin, Shenzhen Chunyang Songteng Venture Capital Partnership (Limited Partnership) (深圳春陽頌騰創業投資合夥企業(有限合夥)) and Ningbo Meishan Free Trade Port Zone Jinglong Baoluo Investment Partnership (Limited Partnership) (寧波梅山保稅港區京隆寶羅投資合夥企業(有限合夥)). Shenzhen Chunyang Hongxin Venture Capital Partnership (Limited Partnership) (深圳春陽泓信創業投資合夥企業(有限合夥)) is managed by its general partner, Shenzhen Qianhai Chunyang Venture Capital Partnership (Limited Partnership) (深圳前海春陽創業投資合夥企業(有限合夥)), whose general partner is Chunyang Capital.

As of the Latest Practicable Date, Chunyang Capital was held as to 80% by Shenzhen Chunyang Chuangxian Information Consulting Partnership (Limited Partnership) (深圳春陽創先資訊諮詢合夥企業(有限合夥)) whose general partner is Mr. FU Junru (傅軍如).

As such, under the SFO, each of Chunyang Capital, Shenzhen Chunyang Chuangxian Information Consulting Partnership (Limited Partnership) and Mr. FU Junru is deemed to be interested in the [**REDACTED**] H Shares held by Pengfan Zhibin, Shenzhen Chunyang Songteng Venture Capital Partnership (Limited Partnership), Ningbo Meishan Free Trade Port Zone Jinglong Baoluo Investment Partnership (Limited Partnership) and Shenzhen Chunyang Hongxin Venture Capital Partnership (Limited Partnership).

(7) Each of Qingdao Huiqing Jingnuo Investment Partnership (Limited Partnership) (青島惠清京諾投資合夥企業(有限合夥)) and Qingdao Luping Jingneng Investment Partnership (Limited Partnership) (青島魯平京能投資合夥企業(有限合夥)) is managed by its general partner, Huiyang Jingneng Investment Management (Beijing) Co., Ltd. (惠洋京能投資管理(北京)有限公司), which is wholly owned by Mr. LU Qingping (魯清平). As such, under the SFO, each of Huiyang Jingneng Investment Management (Beijing) Co., Ltd. and Mr. LU Qingping is deemed to be interested in the [**REDACTED**] H Shares held by Qingdao Huiqing Jingnuo Investment Partnership (Limited Partnership) and Qingdao Luping Jingneng Investment Partnership (Limited Partnership).

(8) Ningbo Trustbridge II Equity Investment Partnership (Limited Partnership) (寧波摯信二期股權投資合夥企業(有限合夥)) is managed by its general partner, Ningbo Trustbridge Investment Management Partnership (Limited Partnership) (寧波摯信投資管理合夥企業(有限合夥)), whose general partner is Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership) (上海摯信新經濟股權投資管理合夥企業(有限合夥)), whose general partner is Shanghai Trustbridge Investment Management Co., Ltd. (上海摯信投資管理有限公司), which was held as to 99.9% by Mr. LI Shuzhao (李曙照) as of the Latest Practicable Date.

Besides, Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership) is the general partner of Ningbo Trustbridge New Economy II Equity Investment Partnership (Limited Partnership) (寧波摯信新經濟二期股權投資合夥企業(有限合夥)).

As such, under the SFO, each of Shanghai Trustbridge New Economy Equity Investment Management Partnership (Limited Partnership), Shanghai Trustbridge Investment Management Co., Ltd. and Mr. LI Shuzhao is deemed to be interested in the [**REDACTED**] H Shares held by Ningbo Trustbridge II Equity Investment Partnership (Limited Partnership) and Ningbo Trustbridge New Economy II Equity Investment Partnership (Limited Partnership).

(9) Zhengzhou Spruce, Yutong Bus and Mr. WAN Jingzhao (萬景照) beneficially hold [**REDACTED**] H Shares, [**REDACTED**] H Shares and [**REDACTED**] H Shares, respectively. As confirmed by Zhengzhou Spruce, Yutong Bus and Mr. Wan Jingzhao, they are parties acting in concert in exercising Shareholders' rights pertaining to our Company. As such, under the SFO, each of Zhengzhou Spruce, Yutong Bus and Mr. WAN Jingzhao is interested in the respective H Shares they beneficially hold and is deemed to be interested in the H Shares held by the other two parties.

Besides, Zhengzhou Spruce is managed by its general partner, Zhengzhou Yunshan Investment Management Co., Ltd. (鄭州雲杉投資管理有限公司), which was wholly owned by Lhasa Centennial Deyu Industrial Co., Ltd. (拉薩百年德宇實業有限公司), which was wholly owned by Zhengzhou Yutong Group Co., Ltd. (鄭州宇通集團有限公司), which was in turn held as to 85% by Zhengzhou Tongtai Zhihe Enterprise Management Center (Limited Partnership) (鄭州通泰志合企業管理中心(有限合夥)), whose general partner is Zhengzhou Tongtai Hezhi Management Consulting Co., Ltd. (鄭州通泰合智管理諮詢有限公司), which was in turn held as to 52% by Mr. TANG Yuxiang (湯玉祥) as of the Latest Practicable Date. Further, as of the Latest Practicable Date, Zhengzhou Spruce was held as to approximately 79.84% by Lhasa Deyu Xinrong Industrial Co., Ltd. (拉薩德宇新融實業有限公司) as the largest limited partner.

Besides, Yutong Bus was held as to approximately 37.70% directly by Zhengzhou Yutong Group Co., Ltd. as of the Latest Practicable Date.

As such, under the SFO, (i) each of Zhengzhou Yunshan Investment Management Co., Ltd., Lhasa Centennial Deyu Industrial Co., Ltd. and Lhasa Deyu Xinrong Industrial Co., Ltd. is deemed to be interested in the H Shares in Zhengzhou Spruce is interested and is deemed to be interested, and (ii) each of Zhengzhou Yutong Group Co., Ltd., Zhengzhou Tongtai Zhihe Enterprise Management Center (Limited Partnership), Zhengzhou Tongtai Hezhi Management Consulting Co., Ltd. and Mr. TANG Yuxiang is deemed to be interested in the H Shares in Zhengzhou Spruce and Yutong Bus are interested and are deemed to be interested.

(10) FAW Jiefang Automotive Co., Ltd. (一汽解放汽車有限公司) is a wholly-owned subsidiary of FAW Jiefang Group Co., Ltd. (一汽解放集團股份有限公司), which is listed on the Shenzhen Stock Exchange (stock code: 000800). As such, under the SFO, FAW Jiefang Group Co., Ltd. is deemed to be interested in the [**REDACTED**] Domestic Shares held by FAW Jiefang Automotive Co., Ltd..

For details of the substantial shareholders who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company, see "Further Information about Our Directors, Supervisors and Substantial Shareholders — 1. Disclosure of Interests" in Appendix VI to this document.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised), without taking into account the [**REDACTED**] that may be taken up under the [**REDACTED**], have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of [**REDACTED**] of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

This section presents certain information regarding our share capital prior to and upon the completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB81,311,371 comprising 81,311,371 Domestic Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised and without taking into account any Domestic Shares which may be issued pursuant to the exercise of the options granted under the Pre-[**REDACTED**] Share Option Scheme, the share capital of our Company will be as follows:

Description of Shares	**Number of Shares**	**Approximate percentage of the total issued share capital**
		(%)
Domestic Shares in issue*(note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Domestic Shares*(note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is fully exercised and without taking into account any Domestic Shares which may be issued pursuant to the exercise of the options granted under the Pre-[**REDACTED**] Share Option Scheme, the share capital of our Company will be as follows:

Description of Shares	**Number of Shares**	**Approximate percentage of the total issued share capital**
		(%)
Domestic Shares in issue*(note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be converted from Domestic Shares*(note)*	[**REDACTED**]	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Note: For details of the identities of the Shareholders whose Domestic Shares will be converted into H Shares upon [**REDACTED**], see "History, Development and Corporate Structure — Capitalization of Our Company" in this document.

SHARE CLASSES

Upon completion of the [**REDACTED**] and conversion of [**REDACTED**] Domestic Shares into H Shares, our Shares will consist of Domestic Shares and H Shares. Both Domestic Shares and H Shares are ordinary shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in the PRC, certain qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] by or [**REDACTED**] among legal and natural persons of the PRC. On the other hand, Domestic Shares can only be [**REDACTED**] for by and [**REDACTED**] between legal or natural PRC persons, qualified foreign institutional investors and foreign strategic investors, and may only be [**REDACTED**] for and [**REDACTED**] in Renminbi.

Domestic Shares and H Shares are regarded as one class of shares under our Articles of Association, and Domestic Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. Other than cash, dividends could also be paid in the form of shares or a combination of cash and shares.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

All our Domestic Shares are not listed or traded on any stock exchange. The holders of our Domestic Shares may, at their own option, authorize us to apply to the CSRC for conversion of their respective Domestic Shares to H Shares. After the conversion of Domestic Shares, such converted Shares may be listed or traded on an overseas stock exchange, provided that such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and the filing procedure with the CSRC shall have been completed. The [**REDACTED**] of such converted Shares on the [**REDACTED**] will also require the approval of the [**REDACTED**]. In addition, such conversion, trading and listing shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

Based on the procedures for the conversion of our Domestic Shares into H Shares as disclosed in this section, we can apply for the [**REDACTED**] of all or any portion of our Domestic Shares on the [**REDACTED**] as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the [**REDACTED**] and delivery of Shares for entry on the H Share register. As any [**REDACTED**] of additional Shares after our initial [**REDACTED**] on the [**REDACTED**] is ordinarily considered by the [**REDACTED**] to be a purely administrative matter, it will not require such prior [**REDACTED**] for [**REDACTED**] at the time of our initial [**REDACTED**] in Hong Kong.

No class Shareholder voting is required for the [**REDACTED**] and [**REDACTED**] of the converted Shares on the [**REDACTED**]. Any application for [**REDACTED**] of the converted Shares on the [**REDACTED**] after our initial [**REDACTED**] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Domestic Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the [**REDACTED**] to issue H Share certificates. Registration on our H Share register will be conditional on (a) our [**REDACTED**] lodging with the [**REDACTED**] a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates; and (b) the [**REDACTED**] of the H Shares to [**REDACTED**] on the [**REDACTED**] in compliance with the Listing Rules, the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time. Until the converted shares are re-registered on our H Share register, such Shares would not be [**REDACTED**] as H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within one year from the [**REDACTED**].

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-Share Listed Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC, the domestic shareholders of Domestic Shares shall handle share transfer registration business in accordance with the relevant business rules of the China Securities Depository and Clearing Corporation Limited. Further, H-share companies should submit the relevant status reports to the CSRC within 15 days after the transfer registration with the China Securities Depository and Clearing Corporation Limited of the Domestic Shares involved in the application is completed.

CIRCUMSTANCES UNDER WHICH A GENERAL MEETING IS REQUIRED

For details of circumstances under which a Shareholders' general meeting is required, see "7 General Provisions of General Meetings" in Appendix V to this document.

You should read the following discussion and analysis relating to our Group in conjunction with our consolidated financial information included in "Appendix IA — Accountants' Report" and "Appendix IB — Unaudited Interim Financial Information" to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, see "Forward-looking Statements" and "Risk Factors" in this document.

OVERVIEW

We are a leading market-driven hydrogen technology company in China with global perspective. Our vision is to "create a sustainable future with hydrogen energy technology." We focus on the design, development, manufacturing and sales of hydrogen fuel cell systems, hydrogen production systems and related components, as well as providing fuel cell engineering and technical services. Our comprehensive product and service portfolio, covering the entire hydrogen industrial chain — from upstream hydrogen generation to downstream applications in vehicles and machinery, enables us to achieve the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity". Since our inception, we have continued to improve our hydrogen fuel cell technology to develop products with enhanced performance, long lifespan, great environmental adaptability and cost-effectiveness. In terms of the total power output of sold hydrogen fuel cell systems that have been used for heavy-duty trucks in 2022, we ranked the first in the hydrogen fuel cell system market in China, with a market share of 25.9%.

During the Track Record Period, we sold fuel cell systems with different rated power. These hydrogen fuel cell systems were mainly sold to fuel cell commercial vehicle manufacturers and some fuel cell stack manufacturers, with the end customers including, among others, logistics companies and bus companies. Based on our technical expertise and experience in the application of fuel cells in various end-use scenarios, we also offer components including hydrogen supply systems, fuel cell engine accessories, among others, and integrate them with our fuel cell systems to deliver comprehensive solutions to our customers. Leveraging our extensive engineering and technical expertise in hydrogen fuel cells, we also offered professional and tailored engineering application development services, including customized design and development of fuel cell systems, calibration and related assessment services and others. Furthermore, in August 2023, we started to launch products used for high purity hydrogen production, such as proton-exchange membrane water electrolysis hydrogen production systems, hydrogen production power sources, and advanced electrodes for alkaline electrolysis cells, which are mainly sold to hydrogen production facilities and hydrogen production system manufacturers, allowing us to realize the synergies among hydrogen and electricity, therefore forming a new business model of "electricity-hydrogen-electricity".

As of September 30, 2023, our fuel cell systems have powered over 5,000 fuel cell vehicles on the road across China, accumulating over 160 million kilometers of operations and reducing carbon emissions by over 90,000 tons, building an industry leading record. According to Frost & Sullivan, we ranked the first in the hydrogen fuel cell system market in China, in terms of accumulated mileage operated by fuel cell vehicles powered by fuel cell systems sold up to September 30, 2023, which amounted to around 168 million kilometers. Moreover, we have received numerous scientific research project awards, led several major national scientific research projects, and contributed to national and industry standards. We have also established solid long-term partnerships with commercial vehicle manufacturers in China such as Yutong Group (宇通) and FAW Jiefang (一汽解放), along with good business relationships with renowned international enterprises in hydrogen fuel cell industry, such as Schaeffler Group in Germany and Toyota Motor in Japan.

Through continuous technology innovations and product iterations, we have achieved a steady development during the Track Record Period. Our revenue increased by 15.4% from RMB524.1 million in 2021 to RMB604.6 million in 2022, and further increased by 90.1% from RMB115.4 million for the nine months ended September 30, 2022 to RMB219.4 million for the nine months ended September 30, 2023. Accordingly, our gross profit amounted to RMB61.8 million, RMB49.8 million and RMB34.7 million for 2021, 2022 and the nine months ended September 30, 2023. For the same periods, we incurred net loss of RMB654.3 million, RMB546.1 million and RMB459.9 million, respectively. Excluding the effects of share-based payment, our adjusted net loss (non-IFRS measure) amounted to RMB623.0 million, RMB519.0 million and RMB401.7 million for 2021, 2022 and the nine months ended September 30, 2023. See "— Non-IFRS Measure" in this section for more information on our adjusted net loss (non-IFRS measure).

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

PRC Government's Policies Supporting the Hydrogen Industry

We primarily engage in the design, development, manufacture, and sales of hydrogen fuel cell systems, hydrogen production systems, and related components, as well as providing fuel cell engineering and technical services. As a market player in emerging markets, business development in this industry is highly driven by policy, particularly government awards, subsidies or government sponsored projects that directly promote market demand.

In recent years, the PRC government and industry associations have implemented a series of favorable policies to support the hydrogen industry, including the fuel cell vehicle industry and the hydrogen production industry. For example, the PRC government established five demonstration city clusters in 2021 in addition to other initiatives to pilot and incentivize fuel cell vehicle adoption among market participants. Also, according to the 14th Five Year Plan ("十四五"規劃) issued in June 2022, large-scale production and application of hydrogen from renewable energy received further support from favorable policies. See "Industry Overview" in this document for further details.

We anticipate that these favorable policies and development plans will continue to drive the growth of the hydrogen industry, consequently boosting the sales of our hydrogen fuel cell systems, hydrogen production systems and components, thereby enhancing our revenue and profitability. Nonetheless, the evolving nature of China's regulatory framework and governmental policies regarding fuel cell vehicles and hydrogen production introduces inherent limitations and uncertainties beyond our control. Moreover, the Chinese government may continuously adjust and modify these policies. Any alterations to advantageous industry policies (such as awards or other economic incentives) by relevant government departments due to policy changes, fiscal tightening, or other reasons, or any reduction in guidance supporting the demand for fuel cell vehicles, could potentially weaken the market demand for hydrogen fuel cell systems and components. In such circumstances, this could adversely impact our business, financial condition, and operational performance.

Competition and Pricing

Competition within the hydrogen fuel cell system market and our pricing strategies significantly influence our financial performance. Key determinants of our competitiveness in this market encompass research and development capabilities, product quality, customer relationships, marketing and distribution channels, competitive pricing, brand recognition, and after-sales services. We believe that our competitive advantage is derived from our robust research and development capabilities, the quality of our competitively priced products and services, strong customer relationships, extensive sales, marketing, and service networks, as well as substantial brand recognition. However, intensified competition or an inability to sustain this advantage may adversely affect our operational performance.

Our pricing strategies directly influence our revenue, gross margins, and overall operational performance. When setting prices for our products, we consider various factors such as prevailing market conditions, production costs, longevity of business relationships, government incentive policies, and anticipated profit margins.

During the Track Record Period, the average selling price of our hydrogen fuel cell systems has shown a general downward trend. This trend, confirmed by Frost & Sullivan, aligns with industry patterns and is primarily attributed to factors such as product commercialization, advancements in technological capabilities, and improvements in cost-efficiency. For further details, see "— Description of Selected Components of Consolidated Statements of Profit or Loss — Revenue" in this section.

Research and Development and Product Upgrades

The hydrogen fuel cell system market is characterized by ongoing technological development, the evolving nature of industry and national standards, an expanding array of product types, shifting customer demands, frequent introductions and enhancements of new products. If our competitors adopt new technologies, introduce new product types, establish new industry and national standards, changes in customer demand, or changes in government policies and regulations, our existing products may become obsolete, lose market appeal, or decrease our competitive advantage. Our success hinges upon our ability to refine our existing product offerings to address evolving customer needs, adapt to technological and competitive developments, align with emerging industry standards, efficiently execute R&D initiatives, and timely introduce new products.

We prioritize R&D efforts that we believe hold substantial potential, focusing our R&D endeavors on core technologies related to hydrogen fuel cell systems, fuel cell stacks and membrane electrode assemblies, as well as hydrogen production systems. In 2021, 2022, and for the nine months ended September 30, 2023, our research and development expenses amounted to RMB230.9 million, RMB198.7 million, and RMB167.2 million, respectively, accounting for 44.1%, 32.9%, and 76.2% of our revenues for the respective periods. As of the Latest Practicable Date, we were in the process of upgrading existing product models and developing new products. We also aim to continuously optimize the performance of existing products through ongoing R&D efforts. As the market evolves, there is a continual need to enhance the specifications of our products. Our ability to design and develop new products to meet evolving demands has been, and will continue to be, crucial to our survival in this market. Therefore, we anticipate continued substantial investments in R&D, particularly in designing and developing more advanced and cost-competitive hydrogen fuel cell systems, components and hydrogen production systems.

Ability to Collect Trade Receivables

We typically grant credit terms to our customers, which are negotiated based on various factors such as business relationship and customer credentials. As of December 31, 2021, 2022, and September 30, 2023, our trade and bills receivables (net of impairment) represented 47.8%, 36.7% and 42.4%, respectively, of our total assets as of the same dates. According to Frost & Sullivan, in China's fuel cell vehicle industry, commercial vehicle manufacturers usually sell their vehicles before they receive government subsidies, charging customers a price net of applicable subsidies. These subsidies from the government typically involve lengthy processing times. Consequently, commercial vehicle manufacturers might face working capital constraints due to this timing gap, ultimately affecting the settlement of our trade receivables.

We expect the improvements in the turnover days of our trade receivables to gradually occur as the industry matures. According to Frost & Sullivan, recent government policies indicate that government subsidies are expected to arrive more promptly and consistently in the near future, thereby accelerating customer payments. For example, the 2021 subsidy allocated for demonstrative application of fuel cell vehicles in Shanghai was distributed by the government in December 2023, indicating that subsidy disbursement for the fuel cell demonstration city clusters has been progressing favorably. We received the first disbursement of RMB141.1 million in December 2023 on behalf of our customers which will be distributed to these customers later and we will also be paid off, which will ultimately enhance our trade receivables collection. In addition to Shanghai, several provinces, including Hebei and Zhejiang, have issued notices on the advancement of the 2024 budget for energy conservation and emission reduction grants, which include the annual incentives for the demonstration application of fuel cell vehicles. Moreover, we anticipate controlling existing discrepancies by implementing ongoing, effective measures to manage receivable and payable cycles, maintaining robust operational cash flows, negotiating favorable terms with new and existing customers, and implementing measures detailed in "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables" below in this section. As we continue to grow, we plan to engage in negotiations with customers for more favorable terms.

Cost of Raw Materials

Our cost of sales primarily comprises the expenses incurred in acquiring raw materials, which consist of raw materials for fuel cell systems, such as fuel cell stacks, air compressors and controllers, as well as raw materials for fuel cell vehicles, such as hydrogen supply systems and fuel cell engine accessories. The costs associated with raw materials accounted for approximately 87.0%, 83.2%, and 88.5% of our total costs of sales for 2021, 2022 and the nine months ended September 30, 2023, respectively. We face inherent risks associated with fluctuations in the prices of these materials. Any volatility in the supply and pricing of raw materials could significantly impact our costs of sales and operational performance.

For 2021, 2022 and the nine months ended September 30, 2023, the average costs of sales per kW of our fuel cell systems were approximately RMB3,070.1, RMB2,448.7 and RMB2,092.3, respectively. This downward trend is attributed to (i) decreased production costs driven by our efforts to develop key components in-house and to enhance domestic sourcing of raw materials; (ii) technological advancements; and (iii) increasing maturity of the supply chain. In particular, we are the first company in hydrogen fuel cell industry in China that has independently developed and realized mass-production of hydrogen fuel cell systems, fuel cell stacks, MEAs, and bipolar plates. We have established stable partnership with reliable domestic suppliers, which enabled us to maintain a stable supply of raw materials at competitive prices, and helped us to ensure our capability to produce and deliver quality products in a timely manner in response to our customers' demand. In the future, we anticipate that the average costs of sales per kW of our fuel cell systems will continue to decline with the future advancements of the technology, the increasing improvement of the domestic fuel cell raw material supply system, and the higher degree of our self-development, self-production and localization of key components.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"). All IFRSs effective for the accounting period commencing from January 1, 2023, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period.

The historical financial information has been prepared under the historical cost convention, except for derivative financial instrument, structured deposits, private equity fund and equity investments which have been measured at fair value.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of our significant accounting policies and estimates are set forth in note 2.3 and note 3 to the Accountants' Report in Appendix IA to this document. The estimates and judgments we use in applying our accounting policies have a significant impact on our financial position and operating results. Some of the accounting policies require us to apply estimates and judgments on matters that are inherently uncertain. Set forth below are discussions of the accounting policies applied in preparing our financial information that we believe are most dependent on the application of these estimates and judgments and, in addition, certain other accounting policies that we believe are material to an understanding of our financial information.

Revenue Recognition

Revenue From Contracts With Customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of hydrogen fuel cell systems, components and hydrogen production systems

We manufacture and sell hydrogen fuel cell systems, components and hydrogen production systems in the market. Revenue from sales of hydrogen fuel cell systems, components and hydrogen production systems is recognized at the point in time when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or we have objective evidence that all criteria for acceptance have been satisfied.

Certain sales contracts have back-to-back terms that the settlement of accounts receivables from the customer associated with the customer's receipt of subsidies from government, which give rise to variable consideration.

(b) Provision of fuel cell engineering and technical services and others

We recognize revenue from the fuel cell engineering and technical services at a point in time when the relevant services are rendered and acknowledged for receipt by the customers. Contract costs include contract fulfilment costs. Costs incurred for provision of fuel cell engineering and technical services are recognized as contract fulfilment costs, which is recognized as the cost of sales when recognizing revenue. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, we make provision for impairment on the excess portion and recognizes it as asset impairment losses.

Revenue from provision of separate after-sales services is recognized over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by us.

Other Income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3% to 5%
Leasehold improvements	Over the shorter of the lease terms and 16%
Vehicles	19% to 25%
Machinery	9% to 33%
Office equipment and electronic devices	9% to 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible Assets (Other Than Goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each of the financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful lives of 5 to 10 years, which is mainly determined by reference to the licensed period of the purchased software.

Patents and Licences

Purchased patents and licences are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives of 5 years, which is mainly determined by reference to the period during which such assets is expected to bring economic benefits to the Group.

Research and Development Costs

All research costs are charged to the statement of profit or loss as incurred.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Investments and Other Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which we have applied the practical expedient of not adjusting the effect of a significant financing component, we initially measure a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which we have applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Our business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that we commit to purchase or sell the asset.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial Assets at Amortized Cost (Debt Instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial Assets at Fair Value Through Other Comprehensive Income (Debt Instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

Financial Assets Designated at Fair Value Through Other Comprehensive Income (Equity Investments)

Upon initial recognition, we can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when we benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes equity investments which we had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Share-Based Payments

Several employee incentive schemes are operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Our employees (including directors) receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by a third-party valuer based on a recent transaction price. Further details are contained in note 34 to the Accountants' Report in Appendix IA and note 33 as set out in Appendix IB to this document.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Provision for Expected Credit Losses on Trade Receivables and Commercial Acceptance Bills Receivables, Other Receivables and A Financial Guarantee Obligation

Provision for impairment of trade receivables is made based on an assessment of expected credit losses ("**ECLs**") on trade receivables. The assessment of expected credit losses requires management's judgement and estimates. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trading receivables are grouped based on aging of bills of various customer segments with similar loss patterns and collectively assessed for impairment allowance.

Under the collective approach, we use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on aging analysis of customers that have similar loss patterns. The provision matrix is initially based on our historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

The information about the ECLs on our trade receivables is disclosed in note 22 to the Accountants' Report in Appendix IA and note 21 as set out in Appendix IB to this document.

Provision was mainly made for our financial guarantee obligation in respect of borrowings of our joint venture, namely Guangdong Guohong Refire Energy Technology Co., Ltd. ("**Guohong Refire**"). The amount represented management's best estimate of loss that a default of the associated enterprise will cause to the Group. The loss provision was measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

DESCRIPTION OF SELECTED COMPONENTS OF 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,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Revenue	524,109	100.0	604,648	100.0	115,435	100.0	219,445	100.0
Cost of sales	(462,324)	(88.2)	(554,825)	(91.8)	(141,252)	(122.4)	(184,755)	(84.2)
– Cost of sales of goods and services	(414,653)	(79.1)	(472,712)	(78.2)	(89,492)	(77.5)	(163,948)	(74.7)
– Impairment losses on inventories	(47,671)	(9.1)	(82,113)	(13.6)	(51,760)	(44.8)	(20,807)	(9.5)
Gross profit	**61,785**	**11.8**	**49,823**	**8.2**	**(25,817)**	**(22.4)**	**34,690**	**15.8**
Other income and gains	53,950	10.3	59,792	9.9	45,514	39.4	38,365	17.5
Selling and marketing expenses	(90,475)	(17.3)	(102,826)	(17.0)	(63,736)	(55.2)	(81,548)	(37.2)
Administrative expenses	(218,227)	(41.6)	(242,695)	(40.1)	(165,482)	(143.4)	(224,061)	(102.1)
Research and development expenses	(230,891)	(44.1)	(198,688)	(32.9)	(142,184)	(123.2)	(167,246)	(76.2)
Fair value gains on financial assets at fair value through profit or loss, net	436	0.1	881	0.1	881	0.8	95	0.0
Fair value loss on a derivative financial instrument	(607)	(0.1)	(19,681)	(3.3)	(19,681)	(17.0)	–	–
Impairment losses on financial assets and a financial guarantee obligation, net	(144,636)	(27.6)	(15,459)	(2.6)	(16,719)	(14.5)	(21,594)	(9.8)
Other expenses	(23,363)	(4.5)	(6,156)	(1.0)	(1,634)	(1.4)	(2,286)	(1.0)
Finance costs	(50,058)	(9.6)	(49,019)	(8.1)	(37,242)	(32.3)	(36,141)	(16.5)
Share of losses of:								
A joint venture	(5,750)	(1.1)	(18,750)	(3.1)	(18,750)	(16.2)	–	–
Associates	(2,466)	(0.5)	(2,695)	(0.4)	(2,495)	(2.2)	(3,057)	(1.4)
Loss before tax	**(650,302)**	**(124.1)**	**(545,473)**	**(90.2)**	**(447,345)**	**(387.5)**	**(462,783)**	**(210.9)**
Income tax credit/(expense)	(3,990)	(0.8)	(626)	(0.1)	4,155	3.6	2,854	1.3
Loss for the year/period	**(654,292)**	**(124.8)**	**(546,099)**	**(90.3)**	**(443,190)**	**(383.9)**	**(459,929)**	**(209.6)**

Revenue

During the Track Record Period, we generated revenue primarily from the (i) sales of hydrogen fuel cell systems and components; (ii) provision of fuel cell engineering and technical services; (iii) sales of hydrogen production systems and related components, and (iv) others, which primarily included provision of after-sales services. In 2021, 2022 and the for the nine months ended September 30, 2022 and 2023, our revenue amounted to RMB524.1 million, RMB604.6 million, RMB115.4 million and RMB219.4 million, respectively. The following table sets forth a breakdown of our revenue by business activity for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Sales of hydrogen fuel cell systems and components								
– Hydrogen fuel cell systems	452,725	86.4	423,265	70.0	42,694	37.0	151,242	68.9
– Components[(1)]	61,017	11.6	150,297	24.9	49,567	42.9	56,420	25.7
Subtotal	**513,742**	**98.0**	**573,562**	**94.9**	**92,261**	**79.9**	**207,663**	**94.6**
Provision of fuel cell engineering and technical services	7,251	1.4	26,473	4.4	20,931	18.1	6,407	2.9
Sales of hydrogen production systems and related components	–	–	–	–	–	–	433	0.2
Others[(2)]	3,116	0.6	4,613	0.8	2,243	1.9	4,943	2.3
Total revenue	**524,109**	**100.0**	**604,648**	**100.0**	**115,435**	**100.0**	**219,445**	**100.0**

Notes:

(1) Components mainly included hydrogen supply systems, fuel cell engine accessories, energy storage systems and others for fuel cell vehicles, and DC-to-DC boost converters, hydrogen circulation systems and others for fuel cell systems.

(2) Others mainly included provision of after-sales services.

During the Track Record Period, 98.7% of our total revenue in 2021, 2022 and the nine months ended September 30, 2023 was generated from Mainland China, with 1.3% generated from overseas areas.

Sales of Hydrogen Fuel Cell Systems and Components

During the Track Record Period, our largest revenue contributor was the sales of hydrogen fuel cell systems and components, accounting for 98.0%, 94.9%, 79.9% and 94.6% of our total revenue in 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

Sales of Hydrogen Fuel Cell Systems

During the Track Record Period, we sold fuel cell systems with different rated power, including fuel cell systems equipped with fuel cell stacks provided by our Group and third-party suppliers. The following table sets forth a breakdown of our revenue from sales of hydrogen fuel cell systems by producer of fuel cell stack manufacturer for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Fuel cell systems equipped with fuel cell stacks provided by:								
– Our Group	320,563	70.8	308,565	72.9	20,528	48.1	101,497	67.1
– Third party suppliers	132,163	29.2	114,701	27.1	22,166	51.9	49,746	32.9
Total	**452,725**	**100.0**	**423,265**	**100.0**	**42,694**	**100.0**	**151,242**	**100.0**

For 2021, 2022 and nine months ended September 30, 2022 and 2023, we recognized revenue of RMB452.7 million, RMB423.3 million, RMB42.7 million and RMB151.2 million from sales of hydrogen fuel cell systems, which accounted for 86.4%, 70.0%, 37.0% and 68.9% of our total revenue, respectively.

Our hydrogen fuel cell systems are typically equipped with our in-house manufactured fuel cell stacks, as well as some fuel cell stacks procured from third-party suppliers. We launched Caven Series in 2016. Since 2020, we have launched more advanced series with greater working efficiency, environment adaptability and service life, namely Prisma Series, which are all equipped with our in-house developed fuel cell stacks. In addition, during the Track Record Period, in offering customized fuel cell product solutions to cater to specific needs from relevant customers, we sold customized hydrogen fuel cell systems that incorporated fuel cell stacks designated and/or provided by relevant customers. Furthermore, upon requests, we may provided certain types of subsystems, such as air supply subsystems, hydrogen management subsystems, cooling subsystems, to our customers. For further information, see "Business — Our Business — Hydrogen Fuel Cell Systems and Components Business Segment — Hydrogen Fuel Cell Systems" in this document. During the Track Record Period, a majority of our sales of hydrogen fuel cell systems derived from sales of hydrogen fuel cell systems equipped with our in-house manufactured fuel cell stacks.

The fluctuations in sales of hydrogen fuel cell systems were primarily caused by changes in sales volume and average selling price of our hydrogen fuel cell systems. The following table sets forth a breakdown of our sales volume, sales power output and average selling price of our hydrogen fuel cell systems for the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,	
	2021	2022	2022	2023
Sales volume (unit)				
Fuel cell systems equipped with fuel cell stacks provided by:				
– Our Group	639	790	47	230
– Third party suppliers	507	456	57	255
Total	**1,146**	**1,246**	**104**	**485**
Sales power output (kW)				
Fuel cell systems equipped with fuel cell stacks provided by:				
– Our Group	69,155	82,958	4,650	26,690
– Third party suppliers	46,438	49,757	6,417	24,420
Total	**115,593**	**132,715**	**11,067**	**51,110**
Average selling price (RMB per kW)				
Fuel cell systems equipped with fuel cell stacks provided by:				
– Our Group	4,635	3,720	4,415	3,803
– Third party suppliers	2,846	2,305	3,454	2,037
Overall	**3,917**	**3,189**	**3,858**	**2,959**

The hydrogen fuel cell industry, propelled by collective efforts from both upstream and downstream participants, has witnessed remarkable advancements in product performance, technological capabilities, and cost efficiency over recent years. This progress, coupled with increased procurement of domestic produced raw materials and components, resulted in a downward trajectory in the prices of hydrogen fuel cell systems throughout the Track Record Period, according to Frost & Sullivan.

As one of the leading industry players, we have been at the forefront, driving advancements within the hydrogen fuel cell industry. We are the first company in hydrogen fuel cell industry in China that has independently developed and realized mass-production of hydrogen fuel cell systems, fuel cell stacks, MEAs, and bipolar plates. The increased adoption of proprietary components and domestic procured raw materials and components, along with our enhanced technology and capabilities, enable us to lower selling prices of our hydrogen fuel cell systems, enhancing market competitiveness of our hydrogen fuel cell products. As a result, during the Track Record Period, the average selling price for our hydrogen fuel cell systems decreased from RMB3,917/kW for 2021 to RMB3,189/kW for 2022, and further decreased from RMB3,858/kW for the nine months ended September 30, 2022 to RMB2,959/kW for the nine months ended September 30, 2023.

During the Track Record Period, the sales volume of our hydrogen fuel cell systems generally maintained an upward growth trend, with a total sales power output amounting to 115,593kW, 132,715kW, 11,067kW and 51,110kW for 2021, 2022, and the nine months ended September 30, 2022 and 2023, respectively. Key factors contributing to this growth include (i) our continuous research and development initiatives enhancing product performance and reliability, (ii) the increased downstream demand driven by the favorable supportive policies, including but not limited to, the establishment for five demonstration city clusters proposed by the PRC government in 2021, (iii) our deliberate efforts to drive down costs and selling prices, fostering commercialization, (iv) sustained collaborations with both new and existing customers, such as Yutong Group and FAW Jiefang, and (v) our expansion of product portfolio and applications to address diversified marketed need, which further reinforced our market position.

We generally deliver our products to our customers in the second half of a year. According to Frost & Sullivan, the production and sales of fuel cell vehicles in China are seasonal, and our business is also affected by such seasonality. For more information, see "Business — Seasonality" in this document. Such seasonality, together with the temporary impact of COVID-19 on our customers' procurement, production and logistics that resulted in a delay in customer's demand for our products, led to the low sales volume of our hydrogen fuel cell systems in the nine months ended September 30, 2022. Since the fourth quarter of 2022, our customers have resumed regular business operations and experienced an increase in demand for our products, which led to the elevated sales of our fuel cell systems sold in late 2022 and in 2023. This, coupled with our continued efforts to expand markets, resulted in a year-over-year increase in the sales of our fuel cell systems for the full year 2022 and the nine months ended September 30, 2023.

The following table sets forth a breakdown of our revenue from sales of hydrogen fuel cell systems by location of end-user customers for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Mainland China								
– Fuel cell vehicle demonstration city clusters[(1)]	357,853	79.0	305,046	72.1	27,103	63.5	126,772	83.8
– Others[(2)]	89,715	19.8	110,839	26.2	10,753	25.2	23,714	15.7
Subtotal	**447,568**	**98.9**	**415,886**	**98.3**	**37,856**	**88.7**	**150,486**	**99.5**
Overseas [(3)]	5,158	1.1	7,380	1.7	4,838	11.3	756	0.5
Total revenue	**452,725**	**100.0**	**423,265**	**100.0**	**42,694**	**100.0**	**151,242**	**100.0**

Notes:

(1) Demonstration city clusters include Shanghai city cluster, Beijing-Tianjin-Hebei city cluster, Guangdong city cluster, Henan city cluster, Hebei city cluster.

(2) Other regions in Mainland China mainly included Gansu, Shanxi, Shaanxi and Hubei.

(3) Overseas regions mainly included Hong Kong, Germany, and Japan.

Our sales outside of fuel cell vehicle demonstration city clusters experienced year-over-year increase during the Track Record Period. This was mainly attributable to the high reliability and stability of our products and our strong commercialization capability, indicating that our products have been recognized and commercially applied in regional markets that do not enjoy national subsidies for fuel cell demonstration application as demonstration city clusters do.

Sales of Components

We have developed and produced various types of Components for Fuel Cell Systems for incorporation into our hydrogen fuel cell systems sold to customers, including but not limited to fuel cell stacks, MEAs and bipolar plates, hydrogen circulation systems, DC-to-DC boost converters and fuel cell controllers. We sold a few stand-alone fuel cell stacks and DC-to-DC boost converters to our customers. In addition, leveraging our expertise and extensive experience in the application of fuel cells across multiple end-user scenarios, we offer a wide range of Components for Fuel Cell Vehicles, including hydrogen supply systems, fuel cell engine accessories, among others. These components, when integrated with our fuel cell systems, form comprehensive solutions delivered to our customers, aiding customers in optimizing fuel cell applications within their specific end-user scenarios.

When purchasing fuel cell systems from us, our customers generally raise specific demands in relation to expected end-user application scenarios of relevant systems, which carry diversified and distinctive features, particular those in relation to fuel cell systems used in long-distance heavy-duty logistics. These demands typically are associated with specific ranges of power output, as well as expectations on cost efficiency and reliability. To cater to these customized demands, we not only provide tailored fuel cell systems with specific power outputs, but also configure accompanying components, particularly, those that work integrated with fuel cell system and whose function attributes to overall performance results of relevant vehicles or products under the specified end-user application scenarios. During the Track Record Period, the Components for Fuel Cell Vehicles we configure for our customers came from external suppliers, such as hydrogen fuel cell engine accessories and hydrogen supply systems, while the Components for Fell Cell Systems are manufactured in house, including fuel cell stacks and DC-to-DC boost converters.

For 2021, 2022 and nine months ended September 30, 2022 and 2023, we recognized revenue of RMB61.0 million, RMB150.3 million, RMB49.6 million and RMB56.4 million from sales of components, which accounted for 11.6%, 24.9%, 42.9% and 25.7% of our total revenue, respectively. The increase in revenue from sales of components during the Track Record Period was attributable to the rise in customer requests for these components within our product solutions, reflecting our customers' growing trust and confidence in our capabilities and our commitment to providing comprehensive product solutions that precisely meet our customers' needs.

The following table sets forth a breakdown of our revenue from sales of components by product type for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Components for Fuel Cell Vehicles								
– Hydrogen supply systems[1]	40,641	66.6	90,911	60.5	19,504	39.3	23,000	40.8
– Energy storage systems	–	–	4,510	3.0	–	–	11,910	21.1
– Fuel cell engine accessories[2]	9,486	15.5	39,657	26.4	23,905	48.2	11,767	20.9
– Others	3,867	6.3	7,878	5.2	1,006	2.0	5,485	9.7
Subtotal	53,994	88.5	142,957	95.1	44,415	89.6	52,162	92.5
Components for Fuel Cell Systems[3]								
– Fuel cell stacks	–	–	1,096	0.7	438	0.9	2,235	4.0
– DC-to-DC boost converters	3,873	6.3	3,618	2.4	3,519	7.1	944	1.7
– Others	3,150	5.2	2,626	1.7	1,196	2.4	1,080	1.9
Subtotal	7,023	11.5	7,340	4.9	5,153	10.4	4,259	7.5
Total	**61,017**	**100.0**	**150,297**	**100.0**	**49,567**	**100.0**	**56,420**	**100.0**

Notes:

(1) Hydrogen supply systems mainly included hydrogen storage cylinders and accessories for hydrogen storage systems.

(2) Fuel cell engine accessories mainly included complete sets of accessories for use in conjunction with engines in fuel cell vehicles.

(3) The fuel cell stacks and DC-to-DC boost converters sold were developed and manufactured by our Group.

Provision of Fuel Cell Engineering and Technical Services

We also provide comprehensive fuel cell engineering and technical services catering to our customers' specific engineering needs. During the Track Record Period, our revenue from provision of fuel cell engineering and technical services amounted to RMB7.3 million, RMB26.5 million, RMB20.9 million and RMB6.4 million, representing 1.4%, 4.4%, 18.1% and 2.9% of our total revenue in 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. Revenues from sales of fuel cell engineering and technical services fluctuated during the Track Record Period mainly due to the factor that such sales were driven by customers' demands in relation to application of fuel cell systems, which is still at an early stage of development.

Sales of Hydrogen Production Systems and Related Components

In August 2023, we started to launch products used for high purity hydrogen production, such as proton-exchange membrane water electrolysis hydrogen production systems, hydrogen production power sources, and advanced electrodes for alkaline electrolysis cells, which are mainly sold to hydrogen production facilities and hydrogen production system manufacturers. For the nine months ended September 30, 2023, our revenue from sales of hydrogen production systems and related components amounted to RMB0.4 million, representing 0.2% of our total revenue in the same period.

Others

During the Track Record Period, our revenue from others mainly represented after-sales service fees. During the Track Record Period, our revenue from others amounted to RMB3.1 million, RMB4.6 million, RMB2.2 million and RMB4.9 million, representing 0.6%, 0.8%, 1.9% and 2.3% of our total revenue in 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. Revenue from others continued to grow primarily due to an increase in demand for our after-sales services as a result of the increased number of fuel cell vehicles in operation equipped with our fuel cell systems, which was in line with the growth in sales of our fuel cell systems.

Cost of Sales

Our cost of sales primarily consists of raw materials, depreciation and amortization of our production facilities and other fixed assets used in our production process, employee benefit expense, and impairment losses on inventories. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Cost of sales of goods and services								
Raw materials								
– Fuel cell stacks produced by our Group	181,754	43.8	133,066	28.1	9,117	10.2	47,517	29.0
– Hydrogen supply systems	38,273	9.2	89,544	18.9	19,018	21.3	22,127	13.5
– Fuel cell stacks from external suppliers	46,367	11.2	38,841	8.2	12,892	14.4	13,988	8.5
– Energy storage systems	–	0.0	3,260	0.7	–	0.0	11,670	7.1
– Fuel cell engine accessories	8,190	2.0	34,100	7.2	22,032	24.6	10,124	6.2
– Air compressors and controllers	22,474	5.4	19,467	4.1	1,637	1.8	8,666	5.3
– Humidifiers	13,567	3.3	18,043	3.8	1,485	1.7	6,954	4.2
– DC-to-DC boost converters	18,467	4.5	18,043	3.8	3,687	4.1	6,209	3.8
– Hydrogen circulation pumps	8,738	2.1	6,961	1.5	671	0.7	2,699	1.6
– Other raw materials	22,915	5.5	32,000	6.8	2,872	3.2	15,095	9.2
Subtotal of raw materials	**360,745**	**87.0**	**393,326**	**83.2**	**73,411**	**82.0**	**145,050**	**88.5**
Depreciation and amortization	15,284	3.7	24,936	5.3	3,120	3.5	4,471	2.7
Employee benefit expense	15,859	3.8	20,044	4.2	1,126	1.3	1,012	0.6
Others[(1)]	22,765	5.5	34,405	7.3	11,835	13.2	13,415	8.2
Subtotal of cost of sales of goods and services	**414,653**	**100.0**	**472,712**	**100.0**	**89,492**	**100.0**	**163,948**	**100.0**
Impairment losses on inventories	47,671		82,113		51,760		20,807	
Total	**462,324**		**554,825**		**141,252**		**184,755**	

Note:

(1) Others mainly included rental costs, utilities, and repair and maintenance fees.

In 2021, 2022 and the nine months ended September 30, 2022 and 2023, our cost of sales was RMB462.3 million, RMB554.8 million, RMB141.3 million and RMB184.8 million, respectively, accounting for 88.2%, 91.8%, 122.4% and 84.2% of our total revenue for the same periods, respectively.

Cost of raw materials has been the largest component of our cost of sales during the Track Record Period, which consisted of raw materials for fuel cell systems, such as fuel cell stacks, air compressors and controllers, as well as raw materials for fuel cell vehicles, such as hydrogen supply systems and fuel cell engine accessories. Our cost of raw materials increased by 9.0% from RMB360.7 million for 2021 to RMB393.3 million for 2022, and further increased by 97.6% from RMB73.4 million for the nine months ended September 30, 2022 to RMB145.1 million for the nine months ended September 30, 2023. The continue increase in cost of raw materials was in line with our increased sales of hydrogen fuel cell systems and components.

The impairment losses on inventories increased by 72.2% from RMB47.7 million in 2021 to RMB82.1 million in 2022, primarily attributable to the rapid product iterations towards high-output fuel cell systems and the decline in market prices. The impairment losses on inventories decreased by 59.8% from RMB51.8 million for the nine months ended September 30, 2022 and RMB20.8 million for the nine months ended September 30, 2023. This reduction mainly resulted from our efforts to optimize inventories by exercising cautious control over inventory growth and actively liquidating slow-moving inventories. For more information, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Inventories" below.

The following table sets forth a breakdown of our cost of sales by business activity for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Sales of hydrogen fuel cell systems and components								
– Hydrogen fuel cell systems	354,881	85.6	324,978	68.7	35,184	39.3	106,938	65.2
– Components[1]	54,871	13.2	137,693	29.1	45,258	50.6	49,633	30.3
Subtotal	**409,752**	**98.8**	**462,670**	**97.9**	**80,442**	**89.9**	**156,571**	**95.5**
Provision of fuel cell engineering and technical services	4,393	1.1	9,182	1.9	8,551	9.6	3,887	2.4
Sales of hydrogen production systems and related components	–	–	–	–	–	–	429	0.3

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Others[(2)]	508	0.1	859	0.2	499	0.6	3,061	1.9
Subtotal	**414,653**	**100.0**	**472,712**	**100.0**	**89,492**	**100.0**	**163,948**	**100.0**
Impairment losses on inventories	47,671		82,113		51,760		20,807	
Total	462,324		554,825		141,252		184,755	

Notes:

(1) Components mainly included hydrogen supply systems, fuel cell engine accessories, energy storage systems and others for fuel cell vehicles, and DC-to-DC boost converters, hydrogen circulation systems and others for fuel cell systems.

(2) Others mainly included provision of after-sales services.

Sensitivity Analysis

The following table hypothesizes the impact of increase or decrease in the average selling price per kW of our hydrogen fuel cell systems on our profit or loss before taxation, while all other factors remain unchanged:

	Impact on pretax loss		
	Year Ended December 31,		Nine Months Ended September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Hypothetical fluctuations in average selling price per kW			
Increase of 5%	22,636	21,163	7,562
Decrease of 5%	(22,636)	(21,163)	(7,562)
Increase of 10%	45,273	42,327	15,124
Decrease of 10%	(45,273)	(42,327)	(15,124)
Increase of 20%	90,545	84,653	30,248
Decrease of 20%	(90,545)	(84,653)	(30,248)

A sensitivity analysis on the price fluctuations in cost of raw materials during the Track Record Period sets forth below illustrates the hypothetical effects on our net profit or loss before taxation based on the respective historical year-over-year fluctuations of our cost of raw materials during the Track Record Period with all other variables remaining constant.

	Impact on pretax loss		
	Year Ended December 31,		Nine Months Ended September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Hypothetical fluctuations in cost of raw materials			
Increase of 5%	(18,037)	(19,666)	(7,252)
Decrease of 5%	18,037	19,666	7,252
Increase of 10%	(36,075)	(39,333)	(14,505)
Decrease of 10%	36,075	39,333	14,505
Increase of 20%	(72,149)	(78,665)	(29,010)
Decrease of 20%	72,149	78,665	29,010

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. The following table sets forth a breakdown of our gross profit and gross profit margin by business activity for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Sales of hydrogen fuel cell systems and components								
– Hydrogen fuel cell systems	97,845	21.6	98,288	23.2	7,509	17.6	44,305	29.3
– Components[(1)]	6,146	10.1	12,604	8.4	4,310	8.7	6,787	12.0
Subtotal	103,991	20.2	110,891	19.3	11,819	12.8	51,092	24.6
Provision of fuel cell engineering and technical services	2,858	39.4	17,291	65.3	12,380	59.1	2,520	39.3
Sales of hydrogen production systems and related components	–	N/A	–	N/A	–	N/A	4	0.9
Others[(2)]	2,608	83.7	3,754	81.4	1,744	77.7	1,881	38.1
Subtotal	**109,456**	**20.9**	**131,936**	**21.8**	**25,943**	**22.5**	**55,497**	**25.3**
Impairment losses on inventories	(47,671)		(82,113)		(51,760)		(20,807)	
Total	**61,785**	**11.8**	**49,823**	**8.2**	**(25,817)**	**(22.4)**	**34,690**	**15.8**

Notes:

(1) Components mainly included hydrogen supply systems, fuel cell engine accessories, energy storage systems and others for fuel cell vehicles, and DC-to-DC boost converters, hydrogen circulation systems and others for fuel cell systems.

(2) Others mainly included provision of after-sales services.

In 2021, 2022 and the nine months ended September 30, 2023, our gross profit was RMB61.8 million, RMB49.8 million and RMB34.7 million, respectively, and our gross profit margin was 11.8%, 8.2% and 15.8%, respectively. For the nine months ended September 30, 2022, we recorded a gross loss with a negative margin. The decline in gross profit margin for the full year of 2022 and the gross loss incurred for the nine months ended September 30, 2022 were primarily as a result of the heightened impairment in 2022. This was further due to increased impairment losses on inventories as a result of the rapid product iterations toward high-output fuel cell systems and the decline in market prices.

Our gross profit for sales of hydrogen fuel cell systems and components increased by 6.6% from RMB104.0 million for 2021 to RMB110.9 million for 2022, with the gross profit margin decreasing slightly from 20.2% to 19.3%. The increase in gross profit was mainly due to the fact that the increase in sales of fuel cell systems and components outpacing the increase in relevant cost of sales as a result of our efforts to control cost. The slight decrease in gross profit margin was primary attributed to the increased proportion of revenue generated from sales of components, which generally had lower profit margin than fuel cell systems. The gross profit margin for sales of fuel cell systems increased from 21.6% to 23.2%, as we continued to seek domestic sourcing of high-quality raw materials and increased application of proprietary key components in our fuel cell systems resulting in continuous optimization of costs associated therein. The gross profit margin for sales of components decreased from 10.1% to 8.4% mainly due to changes in the mix of components sold in the respective periods, where the choice of components was mainly determined by the specific needs of respective customers and different types of components generally carry different margins.

Our gross profit for sales of hydrogen fuel cell systems and components increased significantly from RMB11.8 million for the nine months ended September 30, 2022 to RMB51.0 million for the nine months ended September 30, 2023, with the gross profit margin increasing from 12.8% to 24.6%. Such increase was mainly due to the growth in sales volume of fuel cell systems which had higher profit margin compared to components, as well as the rise in gross margin of fuel cell systems and components as a result of our efforts to enhance cost efficiency.

The following table sets forth a breakdown of gross profit and gross profit margin for sales of hydrogen fuel cell systems by product type for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Fuel cell systems equipped with fuel cell stacks provided by:								
– Third party suppliers	51,375	38.9	19,698	17.2	1,927	8.7	17,405	35.0
– Our Group	46,469	14.5	78,590	25.5	5,583	27.2	26,900	26.5
Total	**97,845**	**21.6**	**98,288**	**23.2**	**7,509**	**17.6**	**44,305**	**29.3**

Other Income and Gains

Our other income and gains primarily consist of (i) government grants and subsidies we received and recognized during the respective period primarily for engaging in research and development projects, which vary from year to year; (ii) interest income from bank deposits, (iii) investment income from structured deposits; (iv) deemed disposal in equity of associates resulting from capital injection by other shareholders of the relevant associates; (v) gain on disposal of scrap materials; and (vi) gain on disposal of an associate. The following table sets forth a breakdown of our other income and gains for the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,	
	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	*(Unaudited)*
Other income				
Government grants and subsidies	32,178	34,286	25,575	20,903
Interest income	7,472	18,021	13,876	13,378
Investment income from structured deposits	–	920	–	1,269
Others	1,105	1,054	1,043	212
Subtotal	**40,755**	**54,281**	**40,494**	**35,762**

	Year Ended December 31,		Nine Months Ended September 30,	
	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Gains				
Deemed disposal in equity of associates	6,234	3,594	3,017	–
Gain on disposal of scrap materials	24	1,917	1,892	553
Gain on disposal of an associate	6,937	–	–	2,010
Gain on a lease term termination	–	–	–	40
Gain on disposal of items of property, plant and equipment	–	–	111	–
Subtotal	**13,195**	**5,511**	**5,020**	**2,603**
Total	**53,950**	**59,792**	**45,514**	**38,365**

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) employee benefit expense, including share-based payment expenses and salaries, wages and bonuses paid to our sales and marketing personnel, (ii) after-sales service fees as detailed below, (iii) advertising and promotion fees, and (iv) vehicle data analysis and announcement fees, which represent expenses of analyzing fuel cell vehicle data for the purpose of improving after-sales services, as well as expenses of certification for new vehicle models. The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* *(Unaudited)*	*%*	*RMB'000* *(Unaudited)*	*%*
Employee benefit expense	38,305	42.3	50,709	49.3	34,811	54.6	41,747	51.2
After-sales service fees	11,936	13.2	13,978	13.6	2,625	4.1	11,050	13.6
Advertising and promotion fees	16,427	18.2	14,912	14.5	10,779	16.9	9,497	11.6
Vehicle data analysis and announcement fees	12,707	14.0	11,947	11.6	9,162	14.4	7,627	9.4
Entertainment expenses	2,865	3.2	2,821	2.7	1,417	2.2	3,739	4.6
Others[(1)]	8,235	9.1	8,460	8.2	4,942	7.8	7,888	9.7
Total	**90,475**	**100.0**	**102,827**	**100.0**	**63,736**	**100.0**	**81,548**	**100.0**

Note:

(1) Others mainly included depreciation and amortization, rental expenses and property management fees.

After-sale service fees represent provisions we made on warranties for our hydrogen fuel cell systems and components. In general, we made provisions based on 1.5% of the revenue generated from the sales of our hydrogen fuel cell systems and components. This is intended to cover projected costs associated with repairing our hydrogen fuel cell systems and components under warranties. Based on our estimates of repair and after-sales service requirements, as well as historical data on the nature, frequency, and average costs of such services, we believe this provision level to be adequate.

Administrative Expenses

Our administrative expenses mainly consist of (i) employee benefit expense, including share-based payment expenses and salaries, wages and bonuses paid to our administrative personnel, (ii) office and traveling expenses, (iii) depreciation and amortizations, and (iv) professional service fees, mainly in relation to our previous A-Share listing application and human resources related consultation. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Employee benefit expense	136,028	62.3	148,831	61.3	107,086	64.7	145,294	64.8
Office and traveling expenses	32,636	15.0	33,519	13.8	22,676	13.7	30,539	13.6
Depreciation and amortization	15,946	7.3	31,015	12.8	17,257	10.4	23,952	10.7
Professional service fees	20,463	9.4	18,087	7.5	11,504	7.0	13,841	6.2
Others[(1)]	13,153	6.0	11,242	4.6	6,959	4.2	10,435	4.6
Total	**218,227**	**100.0**	**242,695**	**100.0**	**165,482**	**100.0**	**224,061**	**100.0**

Note:

(1) Others mainly included entertainment expenses, conference fees, and taxes and surcharges.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefit expense, including share-based payment expenses and salaries, wages and bonuses paid to our research and development personnel, (ii) depreciation and amortization, (iii) raw material expenses that primarily result from research and development projects for product iterations and refinement, (iv) outsourced development and analysis expenses, which mainly arise from the outsourced development of air compressors and humidifiers, and our vehicle data analysis for the purpose of product refinement and upgrades, and (v) mold development and testing expenses. The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2021		2022		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)		*(Unaudited)*	
Employee benefit expense	102,367	44.3	99,098	49.9	79,145	55.7	98,552	58.9
Depreciation and amortization	26,202	11.3	28,137	14.2	21,654	15.2	27,437	16.4
Raw materials expenses	71,045	30.8	36,583	18.4	20,324	14.3	22,561	13.5
Outsourced development and analysis expenses	9,091	3.9	13,287	6.7	9,007	6.3	7,700	4.6
Mold development and testing expenses	10,655	4.6	9,671	4.9	2,731	1.9	2,861	1.7
Others[(1)]	11,531	5.0	11,912	6.0	9,323	6.6	8,135	4.9
Total	**230,891**	**100.0**	**198,688**	**100.0**	**142,184**	**100.0**	**167,246**	**100.0**

Note:

(1) Others mainly included utilities, office expenses and miscellaneous maintenance fees for research laboratories.

Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss, Net

During the Track Record Period, our fair value gains on financial assets at fair value through profit or loss mainly represented fair value changes in our investments in structured deposits and private equity funds. We recorded net fair value gains on financial assets at fair value through profit or loss of RMB0.4 million, RMB0.9 million, RMB0.9 million and RMB0.1 million, respectively, in 2021, 2022 and for the nine months ended September 30, 2022 and 2023.

Fair Value Loss on A Derivative Financial Instrument

During the Track Record Period, our fair value loss on a derivative financial instrument mainly derived from our derivative financial instruments that presented our obligation to buy back shares of Guohong Refire as detailed in "– Discussion on Certain Selected Items from Consolidated Statements of Financial Position – Derivative Financial Instruments" below in this section. We recorded fair value loss on a derivative financial instrument of RMB0.6 million, RMB19.7 million, RMB19.7 million and nil, respectively, in 2021, 2022 and for the nine months ended September 30, 2022 and 2023.

Impairment Losses on Financial Assets and a Financial Guarantee Obligation, Net

Our net impairment losses on financial assets and a financial guarantee obligation primarily represent the net loss allowance for ECLs on trade receivables, bills receivables and other receivables and the changes in our financial guarantee obligation from financial guarantee we made to a joint venture. For details of the financial guarantee obligation, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Provision" in this section. In 2021, 2022 and for the nine months ended September 30, 2022 and 2023, we recorded net impairment losses on financial assets and a financial guarantee obligation of RMB144.6 million, RMB15.5 million, RMB16.7 million and RMB21.6 million, respectively. For more information on impairment review, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables" in this section.

Other Expenses

Our other expenses represent impairment loss and disposal loss of long-term fixed assets, donation expenses, and exchange gains and losses. We recorded other expenses of RMB23.4 million, RMB6.2 million, RMB1.6 million and RMB2.3 million, respectively, in 2021, 2022 and for the nine months ended September 30, 2022 and 2023.

Finance Costs

Our finance costs consist of interest expenses on our bank and other borrowings and lease liabilities. The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,	
	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000* (*Unaudited*)
Interest on interest-bearing bank and other borrowings	45,280	44,862	34,058	33,533
Interest on lease liabilities	4,778	4,157	3,184	2,608
Total	**50,058**	**49,019**	**37,242**	**36,141**

Share of Losses of A Joint Venture and Associates

We recorded share of losses of a joint venture and associates of RMB8.2 million, RMB21.4 million, RMB21.2 million and RMB3.1 million, respectively, in 2021, 2022 and for the nine months ended September 30, 2022 and 2023. For more details, see note 16 and note 17 to the Accountants' Report in Appendix IA as well as note 15 and note 16 as set out in Appendix IB to this document.

Income Tax Credit/(Expense)

Income tax credit/(expense) primarily represent our total current income tax and deferred income tax credit/(charges) under the relevant income tax rules and regulations in the jurisdictions where we operate. In 2021 and 2022, we recorded income tax expense of RMB4.0 million and RMB0.6 million, respectively. For the nine months ended September 30, 2022 and 2023, we recorded income tax credit of RMB4.2 million and RMB2.9 million, respectively, which was mainly due to (i) losses incurred by our certain subsidiaries; and (ii) additional deductible allowances for research and development expenses.

Certain of our subsidiaries had been subject to PRC enterprise income tax at a preferential tax rate of 15% given their accreditations as "High and New Technology Enterprise" during the relevant period. Additionally, certain of our subsidiaries have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the State Taxation Administration of the PRC. For more information, see note 10 to the Accountants' Report in Appendix IA to this document.

RESULTS OF OPERATIONS

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Revenue

Our revenue increased by 90.1% from RMB115.4 million for the nine months ended September 30, 2022 to RMB219.4 million for the nine months ended September 30, 2023, primarily attributable to increases in revenue from sales of hydrogen fuel cell systems and components, partially offset by an decrease in revenue from provision of fuel cell engineering and technical services.

Sales of Hydrogen Fuel Cell Systems and Components. Our revenue from sales of hydrogen fuel cell systems and components increased significantly from RMB92.3 million for the nine months ended September 30, 2022 to RMB207.7 million for the nine months ended September 30, 2023, primarily attributable to the increases in sales volume of fuel cell systems and components. For the nine months ended September 30, 2022, due to the temporary negative impact of COVID-19 on downstream customers' production and sale of vehicles, there was a delay in the customers' demand for our products, which resulted in a relatively low sales volume during this period. In 2023, our customers resumed normal business operation, leading to a rebound in their demand for our products. This, coupled with our continued efforts to expand markets, resulted in a significant increase in sales volume of our hydrogen fuel cell systems and components in the nine months ended September 30, 2023. For detailed analysis on fluctuation of our sales volume and average selling prices, see "— Description of Selected Components of Consolidated Statements of Profit or Loss — Revenue — Sales of Hydrogen Fuel Cell Systems and Components" above in this section.

Provision of Fuel Cell Engineering and Technical Services. Our revenue from provision of fuel cell engineering and technical services decreased significantly from RMB20.9 million for the nine months ended September 30, 2022 to RMB6.4 million for the nine months ended September 30, 2023. The fuel cell engineering and technical services we offered in 2022 was mainly related to our customized design and development of production lines for an engine manufacturer, which had been completed in 2022. As such, the relevant revenue generated decreased in nine months ended September 30, 2023.

Cost of Sales

Our cost of sales increased by 30.8% from RMB141.3 million for the nine months ended September 30, 2022 to RMB184.8 million for the nine months ended September 30, 2023, mainly attributable to the increase in raw materials as a result of our increased sales of hydrogen fuel cell systems and components, which was partially offset by the decrease in impairment losses on inventories.

Gross Profit and Gross Profit Margin

As a result of the cumulative effect of the factors described above, we recorded a gross profit of RMB34.7 million with a profit margin of 15.8% in the nine months ended September 30, 2023, although we recorded a gross loss with a negative margin in the nine months ended September 30, 2022. The gross loss and negative margin in the nine months ended September 30, 2022 were mainly caused by the impairment losses on inventories, which further resulted from the rapid product iterations towards high-output fuel cell systems and the decline in market prices.

For more information, see "— Description of Selected Components of Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin" above in this section.

Other Income and Gains

Our other income and gains decreased by 15.7% from RMB45.5 million for the nine months ended September 30, 2022 to RMB38.4 million for the nine months ended September 30, 2023, mainly due to a decrease in government grants and subsidies, which was attributed to a decrease in the number of ongoing government-funded projects in the first three quarters of 2023 compared to the same period in 2022.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 27.9% from RMB63.7 million for the nine months ended September 30, 2022 to RMB81.5 million for the nine months ended September 30, 2023. This increase was primarily due to (i) increased after-sales service fees resulted from the increased sales of our hydrogen fuel cell systems and components; and (ii) increased employee benefit expense caused by an increase in our general salary level.

Administrative Expenses

Our administrative expenses increased by 35.4% from RMB165.5 million for the nine months ended September 30, 2022 to RMB224.1 million for the nine months ended September 30, 2023, primarily due to an increase in employee benefit expense as we increased the number of administrative personnel and salary level and we granted shares to employees under our employee incentive scheme in April 2023.

Research and Development Expenses

Our research and development expenses increased by 17.6% from RMB142.2 million for the nine months ended September 30, 2022 to RMB167.2 million for the nine months ended September 30, 2023, primarily due to an increase in employee benefit expense as we increased the salary level to attract talents and we granted shares to employees under our employee incentive scheme in April 2023.

Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss, Net

Our net fair value gains on financial assets at fair value through profit or loss decreased significantly from RMB0.9 million for the nine months ended September 30, 2022 to RMB0.1 million for the nine months ended September 30, 2023, mainly due to fair value changes in our investments in private equity funds.

Fair Value Loss on A Derivative Financial Instrument

Our fair value loss on a derivative financial instrument decreased significantly from RMB19.7 million for the nine months ended September 30, 2022 to nil for the nine months ended September 30, 2023, as our derivative financial instruments at fair value through profit or loss was settled in June 2023. For details, see "– Discussion of Certain Selected Items From the Consolidated Statements of Financial Position – Derivative Financial Instruments" below in this section.

Impairment Losses on Financial Assets and a Financial Guarantee Obligation, Net

Our net impairment losses on financial assets and a financial guarantee obligation increased by 29.2% from RMB16.7 million for the nine months ended September 30, 2022 to RMB21.6 million for the nine months ended September 30, 2023, mainly the increased provision for impairment losses on trade receivables, as a result of the increase in gross carrying amount of trade receivables and expected loss rate due to prolonged settlement. For more information, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables" in this section.

Other Expenses

Our other expenses increased by 39.9% from RMB1.6 million for the nine months ended September 30, 2022 to RMB2.3 million for the nine months ended September 30, 2023, mainly attributable to the disposal loss of long-term fixed assets.

Finance Costs

Our finance costs remained relatively stable at RMB37.2 million and RMB36.1 million for the nine month ended September 30, 2022 and 2023, respectively.

Share of Losses of A Joint Venture and Associates

Our share of losses of a joint venture and associates decreased significantly from RMB21.2 million from the nine months ended September 30, 2022 to RMB3.1 million for the nine months ended September 30, 2023, mainly due to the decreased losses of a joint venture, Guohong Refire.

Income Tax Credit

Our income tax credit decreased by 31.3% from RMB4.2 million for the nine months ended September 30, 2022 to RMB2.9 million for the nine months ended September 30, 2023, primarily due to an increase in deferred tax expenses.

Loss for the Period

As a result of the above, our loss for the period increased slightly from RMB443.2 million for the nine months ended September 30, 2022 to RMB459.9 million for the nine months ended September 30, 2023.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our revenue increased by 15.4% from RMB524.1 million in 2021 to RMB604.6 million in 2022, primarily due to increases in revenue from the sale of hydrogen fuel cell systems and components as well as revenue from the provision of fuel cell engineering and technical services.

Sales of Hydrogen Fuel Cell Systems and Components. Our revenue from sales of hydrogen fuel cell systems and components increased by 11.6% from RMB513.7 million in 2021 to RMB573.6 million in 2022, mainly due to the increases in sales volume of our hydrogen fuel cell systems and components. The rise in sales volume of our fuel cell systems was further attributable to, among others, our research and development initiatives to improve product performance, our continuous efforts to reduce costs and selling prices, and to facilitate commercialization. The increase in sales volume of components was attributable to the enhanced customers' request for specific components, which we offer together with fuel cell systems within our product solutions, reflecting the enhanced customers' trust and recognition in our capabilities to offer comprehensive solutions. The increases in sales volume was partially offset by an decrease in the average selling price of our fuel cell systems, as a result of our efforts to drive technological advances and cost efficiencies that enabled us to offer more competitive pricing. For detailed analysis on fluctuation of our sales volume and average selling prices, see "— Description of Selected Components of Consolidated Statements of Profit or Loss — Revenue — Sales of Hydrogen Fuel Cell Systems and Components" above in this section.

Provision of Fuel Cell Engineering and Technical Services. Our revenue from provision of fuel cell engineering and technical services increased significantly from RMB7.3 million in 2021 to RMB26.5 million in 2022, with fluctuations mainly driven by specific customer demand in the relevant years. In 2022, we fulfilled a substantial order involving the tailored design and development of production lines for an engine manufacturer, contributing significantly to this growth.

Cost of Sales

Our cost of sales increased by 20.0% from RMB462.3 million in 2021 to RMB554.8 million in 2022, mainly attributable to the increase in raw materials in line with our increased sales of hydrogen fuel cell systems and components, as well as the increase in impairment losses on inventories.

Gross Profit and Gross Profit Margin

As a result of the cumulative effect of the factors described above, our gross profit decreased by 19.4% from RMB61.8 million in 2021 to RMB49.8 million in 2022, and gross profit margin decreased from 11.8% in 2021 to 8.2% in 2022. The decrease in gross profit and margin was mainly caused by the increase in impairment losses on inventories incurred as a result of the rapid product iterations towards high-output fuel cell systems and the decline in market prices along with the technology advancement.

For more information, see "— Description of Selected Components of Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin" above in this section.

Other Income and Gains

Our other income and gains increased by 10.8% from RMB54.0 million in 2021 to RMB59.8 million in 2022, mainly caused by the increase in interest income as a result of our increased bank deposits and purchase of structured deposits after we received capital injection from shareholders in 2022.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 13.7% from RMB90.5 million in 2021 to RMB102.8 million in 2022, primarily due to the increase in employee benefit expense resulting from our raising of general salary level.

Administrative Expenses

Our administrative expenses increased by 11.2% from RMB218.2 million in 2021 to RMB242.7 million in 2022, primarily due to (i) increased depreciation and amortization as a result of our office decoration in 2022, and (ii) increased employee benefit expense attributable to the rise in our general salary level.

Research and Development Expenses

Our research and development expenses decreased by 13.9% from RMB230.9 million in 2021 to RMB198.7 million in 2022, mainly due to a higher cost of raw materials for R&D activities in 2021 when we tested and validated our in-house developed MEAs prior to mass production and completed the development of fuel cell systems with a rated power of 120kW to 130kW and corresponding fuel cell stacks.

Fair Value Gains on Financial Assets at Fair Value Through Profit or Loss, Net

Our net fair value gains on financial assets at fair value through profit or loss increased significantly from RMB0.4 million in 2021 to RMB0.9 million in 2022, mainly attributable to fair value changes in our investments in private equity funds.

Fair Value Loss on A Derivative Financial Instrument

Our fair value loss on a derivative financial instrument increased significantly from RMB0.6 million for 2021 to RMB19.7 million for 2022, primarily due to an increase in derivative financial instruments at fair value through profit or loss in relation to our obligation to buy back shares of Guohong Refire. For details, see "– Discussion of Certain Selected Items from the Consolidated Statements of Financial Position – Derivative Financial Instruments" below in this section.

Impairment Losses on Financial Assets and a Financial Guarantee Obligation, Net

Our net impairment losses on financial assets and a financial guarantee obligation decreased significantly from RMB144.6 million to RMB15.5 million, mainly due to a higher net loss allowance on trade receivables in 2021 as we made full provisions on trade receivables due from a third-party customer who experienced financial difficulties to settle our payment. For more information, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables" in this section.

Other Expenses

Our other expenses decreased by 73.7% from RMB23.4 million in 2021 to RMB6.2 million in 2022, mainly due to a decrease in impairment losses on fixed assets.

Finance Costs

Our finance costs remained relatively stable at RMB50.1 million and RMB49.0 million in 2021 and 2022, respectively.

Share of Losses of A Joint Venture and Associates

Our share of losses of a joint venture and associates increased significantly from RMB8.2 million in 2021 to RMB21.4 million in 2022, mainly attributable to certain of our associates operating in the upstream or downstream of our industry, which were in an early stage of development.

Income Tax Expense

Our income tax expense decreased significantly from RMB4.0 million in 2021 to RMB0.6 million in 2022, primarily because the government subsidies received in 2021 were subject to taxation, resulting a higher tax expenses in 2021.

Loss for the Year

As a result of the above, our loss for the year decreased by 16.5% from RMB654.3 million in 2021 to RMB546.1 million in 2022.

NON-IFRS MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss (non-IFRS measure) as an additional non-IFRS measure, which is not required by, or presented in accordance with, IFRS.

We believe the presentation of this non-IFRS measure when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from year to year and period to period by eliminating potential impacts of share-based payment, a non-cash item. However, our presentation of adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

We define "adjusted net loss (non-IFRS measure)" as loss for the year/period adjusted by adding back share-based payment. Share-based payment was non-cash in nature, representing the employee incentive scheme through which we offered share awards to our employees. For more information, see note 34 to the Accountants' Report in Appendix IA and note 33 as set out in Appendix IB to this document. The following table reconciles our adjusted net loss (non-IFRS measure) for the years/periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Year Ended December 31,		Nine Months Ended September 30,	
	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Loss for the year/period	(654,292)	(546,099)	(443,190)	(459,929)
Adjustment:				
Share-based payment expenses	31,326	27,094	19,246	58,224
Adjusted net loss (non-IFRS measures)	**(622,966)**	**(519,005)**	**(423,944)**	**(401,705)**

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary working capital needs have been, and are expected to continue to be, funding our research and development, construction of our manufacturing facilities, procurement of raw materials and other general corporate needs. Historically, we financed our operations and other capital requirements primarily using cash generated from our operations, bank and other borrowings and funds raised from equity financings.

We expect to fund our future working capital and other cash requirements with cash generated from operations, net [**REDACTED**] from the [**REDACTED**], bank and other borrowings, as well as equity financing when necessary. Any significant decrease in demand for, or pricing of, our products, or a significant decrease in the availability of bank loans or other financing may adversely impact our liquidity.

As September 30, 2023, we had cash and cash equivalents of RMB735.9 million. Taking into account the net [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Cash Flows

The following table sets forth our consolidated statements of cash flows for the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,	
	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Operating cash flow before movements in working capital	(285,804)	(243,384)	(228,440)	(247,692)
Changes in working capital	(486,887)	(490,968)	(308,355)	(385,637)
Interest paid and income tax paid	4,480	6,291	10,215	8,173
Net cash flows used in operating activities	(768,211)	(728,061)	(526,580)	(625,156)
Net cash flows from/(used in) investing activities	(185,465)	(560,340)	(680,824)	196,853
Net cash flows from financing activities	368,354	2,088,391	1,481,127	80,691
Net (decrease)/increase in cash and cash equivalents	(585,322)	799,990	273,723	(347,612)
Cash and cash equivalents at the beginning of the year/period	862,206	276,220	276,220	1,079,456
Effect of foreign exchange rate changes, net	(664)	3,246	3,179	4,096
Cash and cash equivalents at end of year/period	276,220	1,079,456	553,122	735,940

Net Cash Flows Used in Operating Activities

For the nine months ended September 30, 2023, net cash used in our operating activities was RMB625.2 million, primarily attributable to our loss before tax of RMB462.8 million, as adjusted for non-cash and non-operating items, which mainly included (i) depreciation of property, plant and equipment of RMB66.6 million, (ii) share-based payment expenses of RMB58.2 million, and (iii) finance costs of RMB36.1 million, partially offset by (i) interest income of RMB13.4 million, and (ii) government grants and subsidies of RMB7.8 million credited to the statement of profit or loss during the period. The amount was further adjusted by decrease in movements in working capital of RMB385.6 million, interest received of RMB11.7 million and income tax paid of RMB3.5 million. The decrease in movements in working capital primarily included (i) a RMB179.4 million increase in inventories driven by our increased production and sales volumes, (ii) a RMB99.1 million increase in trade and bills receivables, and (iii) a RMB99.1 million decrease in trade and bills payables, partially offset by (i) a RMB43.9 million decrease in restricted cash, and (ii) a RMB8.2 million increase in deferred income.

In 2022, net cash used in our operating activities was RMB728.1 million, primarily attributable to our loss before tax of RMB545.5 million, as adjusted for non-cash and non-operating items, which mainly included (i) write-down of inventories to net realizable value of RMB82.1 million, (ii) depreciation of property, plant and equipment of RMB78.4 million, and (iii) finance costs of RMB49.0 million, partially offset by (i) interest income of RMB18.0 million, and (ii) government grants and subsidies of RMB11.8 million credited to the statement of profit or loss during the year. The amount was further adjusted by decrease in movements in working capital of RMB491.0 million, interest received of RMB15.9 million and income tax paid of RMB9.6 million. The decrease in movements in working capital primarily included (i) a RMB353.8 million increase in trade and bills receivables due to our increased sales of products, and (ii) a RMB99.1 million increase in inventories as we procured more raw materials to meet the increasing market demand for our products, partially offset by (i) a RMB23.8 million increase in other payables and accruals, and (ii) a RMB10.8 million increase in deferred income.

In 2021, net cash used in our operating activities was RMB768.2 million, primarily attributable to our loss before tax of RMB650.3 million, as adjusted for non-cash and non-operating items, which mainly included (i) net impairment losses on financial assets and a financial guarantee obligation of RMB144.6 million, (ii) depreciation of property, plant and equipment of RMB61.4 million, and (iii) finance costs of RMB50.1 million, partially offset by (i) government grants and subsidies of RMB8.2 million credited to the statement of profit or loss during the year, and (ii) interest income of RMB7.5 million. The amount was further adjusted by decrease in movements in working capital of RMB486.9 million, interest received of RMB7.5 million and income tax paid of RMB3.0 million. The decrease in movements in working capital primarily included (i) a RMB476.7 million increase in trade and bills receivables driven by our sales in 2021, and (ii) a RMB109.6 million increase in inventories in line with our increased production, partially offset by (i) a RMB51.7 million decrease in prepayments, other receivables and other assets, and (ii) a RMB29.9 million increase in other payables and accruals.

In view of our operating cash outflows during the Track Record Period, we expect to improve our cash flow positions by consistently refining working capital efficiency. This initiative involves optimizing our organizational structure to heighten operational efficiency and reduce operating expenses. By focusing our product and project resources, we aim to increase the return on investment in projects. Moreover, we are endeavoring to fortify supply management. This includes continually seeking to source more quality raw materials and components domestically, as well as increase the level of in-house development and production of key components, thereby driving down our costs. As our business continues to expand, we anticipate scaling up our purchases from suppliers, enabling us to negotiate more favorable terms. Furthermore, we may select to use bills payables and supply chain finance products to settle with our suppliers, allowing us to extend the payment period for our suppliers and optimize our working capital. In addition, we will also enhance our efforts on collecting overdue trade receivables, and optimize inventory control to improve our production planning and inventory turnover days. For more information, see "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables" and "— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Inventories" in this section.

Net Cash Flows From/(Used in) Investing Activities

For the nine months ended September 30, 2023, net cash generated from investing activities was RMB196.9 million, primarily the result of (i) maturity of financial assets at fair value through profit or loss of RMB337.1 million, and (ii) disposal of investments in associates of RMB11.0 million, partially offset by (i) purchases of items of property, plant and equipment of RMB65.6 million, and (ii) settlement of a derivative financial instrument of RMB38.1 million.

In 2022, net cash used in investing activities was RMB560.3 million, primarily the result of (i) investments in financial assets at fair value through profit or loss of RMB1,175.0 million, and (ii) purchase of items of property, plant and equipment of RMB122.0 million, partially offset by maturity of financial assets at fair value through profit or loss of RMB840.1 million.

In 2021, net cash used in investing activities was RMB185.5 million, primarily the result of (i) purchases of items of property, plant and equipment of RMB154.8 million, (ii) investments in associates of RMB12.0 million, (iii) purchase of other intangible assets of RMB11.8 million, partially offset by disposal of an associate of RMB10.0 million.

Net Cash Flows from Financing Activities

For the nine months ended September 30, 2023, net cash generated from financing activities was RMB80.7 million, primarily the result of proceeds from interest-bearing bank and other borrowings of RMB419.8 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB238.7 million and an increase in factoring deposits of RMB60.0 million.

In 2022, net cash generated from financing activities was RMB2,088.4 million, primarily attributable to capital injection of (i) RMB2,182.8 million from the Company's shareholders capital injection, and (ii) proceeds from interest-bearing bank and other borrowings of RMB624.0 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB693.6 million.

In 2021, net cash from financing activities was RMB368.4 million, primarily the result of proceeds from interest-bearing bank and other borrowings of RMB636.1 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB236.7 million.

Net Current Assets

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

	As of December 31,		As of September 30,	As of January 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Unaudited)	*(Unaudited)*
CURRENT ASSETS				
Inventories	259,968	276,934	435,569	287,471
Trade and bills receivables	923,550	1,265,529	1,327,221	1,533,334
Prepayments, other receivables and other assets	100,794	102,513	202,334	337,562
Financial assets at fair value through profit or loss	–	335,797	–	–
Time deposits	–	52,086	53,769	–
Restricted cash	–	59,902	15,973	717
Cash and cash equivalents	276,220	1,079,456	735,940	644,258
Total current assets	**1,560,532**	**3,172,217**	**2,770,806**	**2,803,343**
CURRENT LIABILITIES				
Trade and bills payables	561,533	566,255	467,177	644,835
Other payables and accruals	78,665	102,416	95,267	83,228
Contract liabilities	20,206	15,069	13,257	11,822
Derivative financial instrument	–	37,423	–	–
Interest-bearing bank and other borrowings	654,317	269,079	338,678	546,906
Lease liabilities	15,418	15,523	17,598	19,420
Tax payable	11,138	3,447	1,969	1,724
Deferred income	3,029	–	–	–
Provision	29,356	18,855	19,637	20,971
Total current liabilities	**1,373,662**	**1,028,067**	**953,583**	**1,328,907**
NET CURRENT ASSETS	**186,870**	**2,144,150**	**1,817,223**	**1,474,436**

As of December 31, 2021 and 2022, September 30, 2023 and January 31, 2024, the net current assets amounted to RMB186.9 million, RMB2,144.2 million, RMB1,817.2 million and RMB1,474.4 million, respectively.

Our net current assets decreased by 18.9% from RMB1,817.2 million as of September 30, 2023 to RMB1,474.4 million as of January 31, 2024, which was mainly caused by (i) a decrease in inventories following mass production and delivery in the fourth quarter of 2023, (ii) an increase in interest-bearing bank and other borrowings to support our business growth, and (iii) an increase in trade and bills payables due to higher material purchases for production in the fourth quarter of 2023.

Our net current assets decreased by 15.2% from RMB2,144.2 million as of December 31, 2022 to RMB1,817.2 million as of September 30, 2023, mainly attributable to (i) a decrease in cash and cash equivalents for daily operation, (ii) a decrease in financial assets at fair value through profit or loss due to the maturity of our investments in structured deposits issued by banks in Mainland China.

Our net current assets increased significantly from RMB186.9 million as of December 31, 2021 to RMB2,144.2 million as of December 31, 2022, mainly attributable to (i) a significant increase in cash and cash equivalents as we received capital injection from shareholders in 2022, (ii) an increase in financial assets at fair value through profit or loss due to our purchase of structured deposits issued by banks in Mainland China, and (iii) an increase in trade and bills receivables in line with our sales growth.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, Plant and Equipment

The following sets forth a breakdown of balances of our property, plant and equipment as of the dates indicated:

	As of December 31,		As of September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Buildings	56,484	60,381	60,999
Machinery	223,215	237,915	240,444
Office equipment and electronic devices	11,253	9,186	7,475
Vehicles	824	746	2,085
Leasehold improvements	111,161	97,547	84,375
Construction in progress	18,547	11,509	58,206
Total	**421,484**	**417,284**	**453,584**

Our property, plant and equipment primarily consist of machinery, leasehold improvements, buildings and construction in progress. Our property, plant and equipment remained relatively stable at RMB421.5 million and RMB417.3 million as of December 31, 2021 and 2022, respectively. Our property, plant and equipment increased by 8.7% from RMB417.3 million as of December 31, 2022 to RMB453.6 million as of September 30, 2023, mainly due to our upgraded production line for fuel cell systems, increased self-production capacity in our plant in Changshu, increased purchases of production and testing equipment to facilitate our manufacture and R&D activities.

Right-of-use Assets

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

	As of December 31,		As of September 30,
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Land-use rights	22,124	21,659	21,311
Lease of plant and properties	82,566	66,211	54,046
Total	**104,690**	**87,870**	**73,357**

Our land-use rights represent land transfer fee paid for land lots in Changshu, Jiangsu. The lease of plant and properties mainly includes office and factory buildings under leases, which are used for daily operations. Our right-of-use assets decreased by 16.1% from RMB104.7 million as of December 31, 2021 to RMB87.8 million as of December 31, 2022, and further decreased by 16.5% to RMB73.4 million as of September 30, 2023, which was mainly due to amortization of the related assets.

Other Intangible Assets

The table below sets forth a breakdown of our other intangible assets as of the dates indicated:

	As of December 31,		As of September 30,
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Software	19,598	27,035	22,546
Patents and licenses	4,154	2,688	1,588
Construction in progress	9,832	478	596
Total	**33,584**	**30,201**	**24,730**

Our other intangible assets included software, patents and licenses and construction in progress. Our other intangible assets decreased by 10.1% from RMB33.6 million as of December 31, 2021 to RMB30.2 million as of December 31, 2022, mainly due to a decrease in construction in progress, patents and licenses resulting from amortization, which was partially offset by an increase in software. Our other intangible assets decreased by 18.1% from RMB30.2 million as of December 31, 2022 to RMB24.7 million as of September 30, 2023, mainly due to the amortization of software.

Investments In Associates

Our investments in associates increased by 52.5% from RMB51.6 million as of December 31, 2021 to RMB78.7 million as of December 31, 2022, and further increased slightly to RMB81.9 million as of September 30, 2023, which was mainly due to our continuous investments in the upstream and downstream participants in our industry to capitalize on potential synergies in business development.

Inventories

Our inventories primarily consist of raw materials, work in progress and finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		**As of September 30,**
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)
Raw materials	175,630	212,380	233,478
Work in progress	12,267	4,639	25,563
Finished goods	145,716	185,357	290,176
Subtotal	**333,613**	**402,376**	**549,217**
Less: provision for impairment losses on inventories	(73,645)	(125,442)	(113,648)
Total	**259,968**	**276,934**	**435,569**

Our inventories increased slightly by 6.5% from RMB260.0 million as of December 31, 2021 to RMB276.9 million as of December 31, 2022, and further increased to RMB435.6 million as of September 30, 2023, which was attributable to the increases in raw materials and finished goods.

Our raw materials increased by 20.9% from RMB175.6 million as of December 31, 2021 to RMB212.4 million as of December 31, 2022, mainly due to the increasing demand for raw materials as a result of the increased sales of our products and the growing proportion of proprietary components used in our fuel cell systems. Our raw materials further increased by 9.93% from RMB212.4 million as of December 31, 2022 to RMB233.4 million as of September 30, 2023, as we procured more raw materials in anticipation of expanded sales ad production in the fourth quarter.

Our finished goods increased by 27.2% from RMB145.7 million as of December 31, 2021 to RMB185.4 million as of December 31, 2022, and further increased by 56.5% to RMB290.2 million as of September 30, 2023. The continued growth in finished-goods was in line with the increased sales volume of our products.

During the Track Record Period, when determining our inventory level, in addition to confirmed customer orders, we also take our expectations of market demand into consideration. As confirmed by Frost & Sullivan, productions beyond confirmed customer orders in anticipation of estimated demand are in line with the industry practice. We estimated the market demand mainly through (i) the assessment of national and local hydrogen fuel cell-related goals published in the government papers or policies that set out the specific quantities of fuel cell vehicles required for government programs, (ii) the expectation of growth in demand as the average product prices decline, (iii) the information gathered by our sales teams in different regions from the local customers, such as fuel cell vehicle manufactures, on their estimated demand for fuel cell vehicles in the coming year, (iv) analyzing past sales data to identify demand trends and patterns, and (v) taking into account economic conditions such as the growth of our downstream industry in the previous year. To minimize the risk of inventory build-up, we review our inventory levels on a regular basis. We believe that maintaining appropriate levels of inventories can help us better plan raw material procurement and deliver our products to meet customer demand in a timely manner without straining our liquidity.

Our provision for impairment losses on inventories increased by 70.3% from RMB73.6 million as of December 31, 2021 to RMB125.4 million as of December 31, 2022, mainly due to the rapid product iterations towards high-output fuel cell systems and the decline in market prices. Our provision for impairment losses on inventories decreased by 9.4% from RMB125.4 million as of December 31, 2022 to RMB113.6 million as of September 30, 2023, primarily due to our efforts to optimize inventories by exercising cautious control over inventory growth and actively liquidating slow-moving inventories.

As of January 31, 2024, approximately RMB250.1 million, or 57.4% of our inventories as of September 30, 2023, had been subsequently sold or utilized.

Inventory Turnover Days

The following table sets out the inventory turnover days for the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,
	2021	2022	2023
Average inventory turnover days[1]	210	242	695

Note:

(1) Inventory turnover days equal to the average cost of inventory at the beginning and the end of the relevant period divided by cost of sales for such period and multiplied by 365 days in 2021, 365 days in 2022 and 270 days for the nine months ended September 30, 2023.

In 2021 and 2022 and the nine months ended September 30, 2023, our average inventory turnover days were 210 days, 242 days and 695 days, respectively. The increase in inventory turnover days in 2022 was primarily due to an increase in inventories in anticipation of an increase in our sales of fuel cell systems and components, based on the overall market condition and development of the industry and orders on hands. The increase in inventory turnover days in the nine months ended September 30, 2023 was mainly caused by the seasonality nature of our business where our revenue and cost of sales are generally lower in the first three quarters of the year. For more information, see "Business — Seasonality" in this document.

Inventory Aging Analysis

The following table sets forth the aging analysis of our inventories net of provision for impairment losses as of the dates indicated:

	As of September 30, 2023				
	Within 180 days	181 days-1 year	1-2 years	More than 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	86,129	48,154	37,809	8,213	180,305
Work in progress	12,733	10,582	2,248	–	25,563
Finished goods	156,837	43,197	25,229	4,438	229,701
Total	**255,699**	**101,933**	**65,286**	**12,651**	**435,569**

	As of December 31, 2022				
	Within 180 days	**181 days-1 year**	**1-2 years**	**More than 2 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	110,833	14,591	30,836	2,652	158,912
Work in progress	4,279	347	12	–	4,638
Finished goods	92,866	4,388	13,474	2,656	113,384
Total	**207,978**	**19,326**	**44,322**	**5,308**	**276,934**

	As of December 31, 2021				
	Within 180 days	**181 days-1 year**	**1-2 years**	**More than 2 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	113,166	11,721	11,374	2,294	138,555
Work in progress	10,023	1,745	499	–	12,267
Finished goods	77,493	18,822	11,862	969	109,146
Total	**200,682**	**32,288**	**23,735**	**3,263**	**259,968**

Recoverability of Inventories

Our inventories are primarily aged one year or less. Inventories aged over one year mainly include finished goods, which consist primarily of fuel cell systems and fuel cell stacks, and raw materials, such as hydrogen circulation pumps, air compressors and controllers. Both raw materials and finished goods generally have no validity period. They can still be used in production or for sales even they are aged over a year. Our raw materials in stock as a whole are still used for production.

In addition, in recent year, the government has continued to introduce supportive policies for the fuel cell vehicle industry. This indicates that the end market for fuel cell vehicles is expected to have a relatively large growth potential. After analyzing the potential market and customer demand, we anticipate significant sales in the future.

As a result of the above, we have not identified any recoverability issue with respect to our inventories aged over one year.

Sufficiency of Impairment Provision of Inventories

Provision for impairment losses on inventories is made when the net realizable value of inventories falls below the cost or any of the inventories is identified as obsolete. We consider the actual usage of inventories in history and consider market factors such as technology iteration to identify obsolete products on each balance sheet date, which high impairment provision will be made. The remaining inventories shall be measured based on the lower of the net realizable value and the cost and the amounts of the cost excess net realizable value shall be recognized as the provision for inventory impairment. In addition, we have optimized and will continue to optimize our inventory management, liquidate slow-moving inventories through market analysis and identification of appropriate market opportunities for such inventories. Based on the above, our Directors are of the view that sufficient provision for impairment losses on inventories has been made.

Trade and Bills Receivables

The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Current:			
Trade receivables	1,270,484	1,590,683	1,701,091
Commercial acceptance bills receivables	4,077	62,102	22,170
Bank acceptance notes	7,323	2,611	11,908
	1,281,884	1,655,396	1,735,168
Less: provision for impairment losses	(358,334)	(389,867)	(407,947)
	923,550	**1,265,529**	**1,327,221**
Non-current:			
Trade receivables	284,724	264,897	284,122
Less: provision for impairment losses	(15,039)	(10,273)	(10,720)
	269,685	**254,624**	**273,402**
Total	**1,193,235**	**1,520,153**	**1,600,623**

Our trade and bills receivables increased by 27.4% from RMB1,193.2 million as of December 31, 2021 to RMB1,520.2 million as of December 31, 2022, and further increased by 5.3% to RMB1,600.6 million as of September 30, 2023, primarily caused by (i) the increases in our sales of hydrogen fuel cell systems and components and provision of fuel cell engineering and technical services, and (ii) the working capital constraints of downstream customers as elaborated below, since there is usually a relatively long time gap between the sale of a vehicle and the receipt of a subsidy by our downstream customer under the current governmental policy.

According to Frost & Sullivan, China's fuel cell vehicle industry is still in the early stages of development and is highly affected by government subsidy policies. Hydrogen fuel cell commercial vehicle manufacturers typically sell and charge prices to customers after deducting applicable subsidies at the time of sale before receiving government subsidies. Commercial vehicle manufacturers can collect the relevant subsidies from the government, but this usually takes a lengthy period of time. The period between when hydrogen fuel cell commercial vehicle manufacturers sell their vehicles and when they can collect the full amount of qualified subsidies is typically more than two years. Commercial vehicle manufacturers, namely our downstream customers, may face working capital constraints affected by such time gap. This leads to general capital constraints in the fuel cell vehicle industry, which, coupled with the fact that hydrogen fuel cell commercial vehicle manufacturers have strong bargaining power given our industry is still in the early stages of development, ultimately resulting in prolonged settlement of our trade receivables.

Despite the above, as the industry matures and the commercial application of hydrogen fuel cells increases, the impact of government subsidies on downstream customers' settlements is expected to decrease. In addition, we expect our settlements to improve as our downstream customers begin collecting subsidies for vehicles that have satisfied the relevant requirements. For further information, see "— Recoverability of Trade and Bills Receivables" below in this section.

In addition to wire transfer, our customers would settle our invoices by bills. Such bills, once received by us, may be held to their maturity dates to receive their full value, or endorsed by us to settle our payables to suppliers. During the Track Record Period, our bills receivables included commercial acceptance bills receivables and bank acceptance notes. Our bills receivables increased significantly from RMB11.4 million as of December 31, 2021 to RMB64.7 million as of December 31, 2022, primarily due to the increase in settlement by our customers through bills. Our bills receivables decreased by 47.3% from RMB64.7 million as of December 31, 2022 to RMB34.1 million as of September 30, 2023, primarily due to the redemption of bills by us.

As of December 31, 2021, 2022 and September 30, 2023, our provision for impairment losses on trade receivables and commercial acceptance bills receivables amounted to RMB373.4 million, RMB400.1 million and RMB418.7 million, respectively. The increase in provision for impairment losses on trade receivables and commercial acceptance bills receivables was primarily due to (i) prolonged settlement, as discussed above, from certain customers to which we made provision for and increased the respective ECL rate accordingly, (ii) the increase in trade receivables along with the growth in revenue during the Track Record Period and (iii) impairment provision for trade receivables due from certain customers who faced financial difficulties to settle our payments. Bank acceptance notes that are measured at fair value through other comprehensive income are considered as having very low credit risk and the loss allowance is assessed to be minimal. Except for some individual provisions, we perform impairment analysis using a provision matrix to measure ECLs for trade receivables and commercial acceptance bills receivables from the customers with similar credit risks. For further information of impairment analysis for trade receivables and commercial acceptance bills receivables, see note 22 to the Accountants' Report in Appendix IA and note 21 as set out in Appendix IB to this document.

As of January 31, 2024, approximately RMB378.5 million, or 23.6% of our trade and bills receivables as of September 30, 2023, had been subsequently settled.

Trade Receivables Turnover Days

The following table sets out the trade receivables turnover days for the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,
	2021	**2022**	**2023**
Trade receivables turnover days[(1)]	909	1,029	2,363

Note:

(1) Trade receivables turnover days equal to the average balance of trade receivables at the beginning and the end of the relevant period divided by revenue for such period and multiplied by 365 days in 2021, 365 days in 2022 and 270 days for the nine months ended September 30, 2023.

In 2021 and 2022 and the nine months ended September 30, 2023, our trade receivables turnover days were 909 days, 1,029 days and 2,363 days, respectively. The increase in trade receivables turnover days in 2022 was primarily due to our increased sales and the prolonged settlement by certain of our customers as discussed above, which resulted in the increase of the average balance of our trade receivables. The increase in trade receivables turnover days in the nine months ended September 30, 2023 was mainly due to the seasonality nature of our business as our revenue base was relatively low in the first three quarters of the year. For more information, see "Business – Seasonality" in this document.

Trade and Bills Receivables Aging Analysis

The following table sets forth an aging analysis of trade receivables and commercial acceptance bills receivables, based on the past due information and net of provision for impairment losses as of the dates indicated:

	As of December 31,		As of September 30,
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Current	650,086	893,979	981,997
Within 1 year	239,938	316,959	206,037
1 to 2 years	102,659	135,392	207,411
2 to 3 years	190,345	19,952	62,337
3 to 4 years	2,884	151,260	130,933
4 to 5 years	–	–	–
Total	**1,185,912**	**1,517,542**	**1,588,715**

We negotiate credit period with our customers based on various factors such as business relationship and customer credentials. For the credit term of our five largest customers during the Track Record Period and our general credit terms with our customers, see "Business — Customers, Sales and Pricing — Major Customers" in this document. Bills which we received are generally with a maturity period of less than one year. In addition, we have closely communicated with our customers to expedite the settlement and shorten the turnover days. Moreover, we may implement additional measures such as requesting for prepayment subject to evaluation on our existing and potential new customers' credit standing.

Recoverability of Trade and Bills Receivables

We meticulously monitor the recoverability of outstanding trade receivables. Our finance department conducts monthly reconciliations, preparing an aging analysis of trade and bills receivables to proactively identify potential risks and implement appropriate collection methods. Through internal assessments, we issue collection notices to customers with significant outstanding amounts and higher risk factors. For such customers, our finance department and sales department shall take immediate actions for recovery, such as contacting sales managers for payment collection, offsetting customer arrears from accounts payable, or requesting prepayment before shipment.

In addition, we maintain continuous credit assessments of our customers' financial and credit conditions. For new customers, we gather basic information, establish customer profiles, assess their business operations, financial standing, and creditworthiness, conducting a thorough evaluation of credit risks. Before signing sales agreements with new customers, our finance, sales, and legal departments collaborate on internal reviews and order confirmations. For existing customers, we consider their payment history and outstanding amounts before accepting new orders. We actively update customer information based on public channels and regular communication with customers. We also perform periodic reviews of credit terms and credit limits provided to customers, ensuring these terms and limits appropriately align with their business and financial conditions.

Our Directors are of the view that our trade and bills receivables are recoverable through our aforesaid measures to monitor and control trade and bills receivables, and after taking into consideration (i) the quality of our customers, which include listed companies and their subsidiaries, state-owned enterprises and other top players in their respective industry, and (ii) the fact that the long aging and turnover days of our trade receivables are mainly associated with the processing required for granting government subsidies to our downstream customers. As the industry matures, government subsidy policies are expected to be implemented more swiftly, according to Frost & Sullivan. For example, the 2021 subsidy allocated for demonstrative application of fuel cell vehicles in Shanghai was distributed by the government in December 2023, indicating that subsidy disbursement for the fuel cell demonstration city clusters has been progressing favorably. We received the first disbursement of RMB141.1 million in December 2023 on behalf of our customers which will be distributed to these customers later and we will also be paid off, which will ultimately enhance our collection of trade and bills receivables.

Sufficiency of Impairment Provision of Trade and Bills Receivables

We believe that the provisions made for impairment of trade and bills receivables during the Track Record Period were adequate after considering our customers' business operation condition and payment history, and based on the following:

- we closely review the balances of trade and bills receivables on an ongoing basis and assess the collectability of overdue balances. In particular, our finance department routinely analyzes the aging profile of trade and bills receivables to proactively identify potential risks to implement appropriate collection methods. Our finance department also determines varying percentages of impairment provisions for trade and bills receivables at different aging categories, making impairment provisions quarterly. In addition, we monitor the collections of trade and bills receivables and retrospectively review the accounting estimate of prior periods to identify any material discrepancies. Where the accounting estimate is different from our original estimate, such difference will be reflected in the carrying amounts of trade and bills receivables and thus the impairment loss in the period in which such estimate is adjusted; and

- we formulate the impairment provision policy according to IFRS 9 and group trade receivables and commercial acceptance bills receivables based on shared credit risk characteristics and estimate the expected credit loss rate of trade receivables and commercial acceptance bills receivables on a collective basis based on historical credit loss experiences, with adjustment for forward-looking information such as gross domestic product and producer price index. We apply the simplified approach in calculating expected credit losses which requires lifetime expected credit losses to be recognized from the initial recognition of the receivables. Generally, for trade receivables past due over five years, we consider that we are unlikely to receive the outstanding contractual amounts and will provide full impairment provision for these receivables.

Prepayments, Other Receivables and Other Assets

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		As of September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Current:			
Prepayments to suppliers	28,362	54,992	85,871
Other tax recoverable	26,498	17,139	28,598
Prepaid expenses	39,803	21,942	20,583
Deposits	6,725	9,722	70,640
Due from related parties	522	500	1,184

	As of December 31,		As of September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Advances to employees	386	174	475
	102,296	104,469	207,351
Non-current:			
Other tax recoverable	7,506	8,262	13,855
Prepayments for long-term assets	12,037	54,910	15,034
	19,543	63,172	28,889
Less: Impairment allowance	(1,502)	(1,956)	(5,017)
Total	**120,337**	**165,685**	**231,223**

Our prepayments, other receivables and other assets increased by 37.7% from RMB120.3 million as of December 31, 2021 to RMB165.7 million as of December 31, 2022, primarily due to (i) an increase in prepayments to suppliers for raw materials in anticipation of the increased sales, and (ii) an increase in other long term assets mainly due to increased purchase of specialized equipment, which was partially offset by decreases in prepaid expenses and other tax recoverable.

Our prepayments, other receivables and other assets increased by 39.6% from RMB165.7 million as of December 31, 2022 to RMB231.2 million as of September 30, 2023 primarily due to (i) an increase in deposits as a result of our use of certain funds as security for future factoring arrangements to settle payments with suppliers, and (ii) an increase in prepayments to suppliers resulting from our purchase of raw materials to meet the expected sales increase, which was partially offset by a decrease in prepaid expenses.

As of January 31, 2024, approximately RMB103.0 million, or 44.6% of our prepayments, other receivables and other assets as of September 30, 2023 had been subsequently settled.

For more information on our prepayments, other receivables and other assets, see note 23 to the Accountants' Report in Appendix IA and note 22 as set out in Appendix IB to this document.

Trade and Bills Payables

Our trade and bills payables primarily relate to payments we owe to our suppliers. The following table sets forth a breakdown of our trade and bills payable as of the dates indicated:

	As of December 31,		As of September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)
Trade payables	561,533	503,212	450,753
Bills payables	–	63,043	16,424
Total	**561,533**	**566,255**	**467,177**

Our trade and bills payables remained relatively stable at RMB561.5 million and RMB566.3 million as of December 31, 2021 and 2022, respectively. Our trade and bills payables decreased by 17.5% from RMB566.3 million as of December 31, 2022 to RMB467.2 million as of September 30, 2023, mainly reflecting our repayment of amounts due to our suppliers.

As of January 31, 2024, approximately RMB177.0 million, or 37.9% of our trade and bills payables as of September 30, 2023, had been settled.

Trade and Bills Payables Turnover Days

The following table sets out the trade and bills payables turnover days for the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,
	2021	2022	2023
Trade and bills payables turnover days[1]	501	435	851

Note:

(1) Trade and bills payables turnover days equal to the average balance of trade and bills payables at the beginning and the end of the relevant period divided by cost of sales for such period and multiplied by 365 days in 2021, 365 days in 2022 and 270 days for the nine months ended September 30, 2023.

In 2021 and 2022 and the nine months ended September 30, 2023, our trade and bills payables turnover days were 501 days, 435 days and 851 days, respectively. The decrease in trade and bills payables turnover days in 2022 was primarily due to the increased scale of our procurement while our trade and bills payables remained stable. The increase in trade and bills payables turnover days in the nine months ended September 30, 2023 was mainly due to the seasonality nature of our business as our revenue and cost of sales are generally lower in the first three quarters of the year. For more information, see "Business – Seasonality" in this document.

Trade and Bills Payables Aging Analysis

The table below sets forth an aging analysis of our trade and bills payables based on the invoice date as of the dates indicated:

	As of December 31,		As of September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	441,574	430,639	322,291
1 to 2 years	21,647	30,015	31,677
2 to 3 years	81,813	16,653	39,090
Over 3 years	16,499	88,948	74,119
Total	**561,533**	**566,255**	**467,177**

During the Track Record Period and up to the Latest Practicable Date, our Director confirm that we had no material default in payment of any trade and bills payables. As of the Latest Practicable Date, to the best knowledge of our Directors, none of the outstanding balances of our trade and bills payables were in dispute. For the credit term of our five largest suppliers during the Track Record Period and our general credit terms with our suppliers, see "Business — Our Suppliers — Major Suppliers" in this document.

Other Payables and Accruals

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

	As of December 31,		As of September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000* (Unaudited)
Payroll and welfare payable	49,027	68,448	60,135
Other tax payables	26,110	29,858	3,147
Government grants	2,910	2,910	30,480
Others	618	1,200	1,505
Total	**78,665**	**102,416**	**95,267**

Our other payables and accruals increased by 30.2% from RMB78.7 million as of December 31, 2021 to RMB102.4 million as of December 31, 2022, mainly due to the increase in payroll and welfare payable as a result of the rise in the number of employees and general salary level.

Our other payables and accruals decreased by 7.0% from RMB102.4 million as of December 31, 2022 to RMB95.3 million as of September 30, 2023, mainly caused by the decrease in other tax payables as a result of the decrease in value-added tax payable.

As of January 31, 2024, approximately RMB43.5 million, or 45.6% of our other payables and accruals as of September 30, 2023, had been settled.

Provision

The following table sets forth a breakdown of our non-current and current provision as of the dates indicated:

	As of December 31,		As of September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Current:			
Product warranties	17,596	18,855	19,637
Financial guarantee obligation	11,760	–	–
	29,356	**18,855**	**19,637**
Non-current:			
Product warranties	18,544	19,913	23,608
Excess deficit	5,750	–	–
	24,294	**19,913**	**23,608**
Total	**53,650**	**38,768**	**43,245**

Our provision increased by 11.5% from RMB38.8 million as of December 31, 2022 to RMB43.2 million as of September 30, 2023, reflecting the increased provision for product warranties in line with our sales growth. The provision for product warranties represents provision made for estimated warranty claims in respect of products sold which are still under warranty at the end of the period. These claims are normally expected to be settled according to the terms of sales contract.

Our provision decreased by 27.7% from RMB53.7 million as of December 31, 2021 to RMB38.8 million as of December 31, 2022, mainly due to (i) the decrease in financial guarantee obligation as a result of the repayment of relevant loan that we provided financial guarantee for as detailed in "— Indebtedness — Financial Guarantee" in this section, and (ii) the decrease in excess deficit detailed below.

The Company is required to subscribe RMB89.1 million capital contribution in Guohong Refire pursuant to the articles of the joint venture of Guohong Refire. While we had not subscribed the full amount as of September 30, 2023, due to the legal obligation as stipulated in the its articles of joint venture, shareholders of Guohong Refire shall bear limited losses by subscription of capital contribution. As a result, the residual liabilities of Guohong Refire were to be borne to the limit of remaining unsubscribed capital contribution, which was recorded as provision for excess deficit accordingly. Consequently, we recorded a provision on excess deficit as of December 31, 2021. We made capital injection of RMB24.5 million and RMB38.1 million into Guohong Refire in December 2022 and September 2023, respectively. In 2022 and the nine months ended September 30, 2023, the loss borne was less than the carrying amount of capital injection, and thus the provision on excess deficit decreased to nil. For more information on excess deficit, see note 32 to the Accountants' Report in Appendix IA to this document.

Derivative Financial Instrument

During the Track Record Period, we recorded derivative financial instrument of RMB17.7 million, RMB37.4 million and nil as of December 31, 2021, 2022 and September 30, 2023, respectively. Our derivative financial instrument represented the obligation to buy back shares of Guohong Refire. Our derivative financial instrument increased from RMB17.7 million as of December 31, 2021 to RMB37.4 million as of December 31, 2022 mainly due to our increased obligation to buy back shares of Guohong Refire from our determination of such an obligation's fair value using discounted cash flow method based on the financial performance of Guohong Refire for 2022. By June 2023, the derivative financial instrument had been settled with cash consideration of RMB38.1 million. As a result, our derivative financial instrument was nil as of September 30, 2023. For more information, see note 29 to the Accountants' Report in Appendix IA and note 28 as set out in Appendix IB to this document.

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,		As of September 30,	As of January 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Interest-bearing bank and other borrowings:				
– Current	654,317	269,079	338,678	546,906
– Non-current	403,736	729,091	848,221	848,983
Lease liabilities:				
– Current	15,418	15,523	17,598	19,420
– Non-current	75,294	60,863	46,554	37,650
Total	**1,148,765**	**1,074,556**	**1,251,051**	**1,452,959**

Interest-Bearing Bank and Other Borrowings

The following table sets forth the breakdown of our interest-bearing bank and other borrowings as of the dates indicated.

	As of December 31,		As of September 30,	As of January 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Current:				
Bank loans – unsecured	452,434	180,150	14,861	132,979
Current portion of long-term bank loans – secured	–	15,129	15,550	20,854
Current portion of long-term bank loans – unsecured	13,379	73,800	128,267	166,913
Current portion of long-term other borrowings – secured	188,504	–	180,000	226,160
	654,317	269,079	338,678	546,906
Non-current:				
Bank loans – secured	–	77,500	70,000	57,500
Bank loans – unsecured	20,000	258,066	557,750	474,300
Other borrowings – secured	383,736	393,525	220,471	317,183
	403,736	729,091	848,221	848,983
Total	**1,058,053**	**998,170**	**1,186,899**	**1,395,889**

As of December 31, 2021, 2022, September 30, 2023 and January 31, 2024, our total interest-bearing bank and other borrowings amounted to RMB1,058.1 million, RMB998.2 million, RMB1,186.9 million and RMB1,395.9 million, respectively. We generally borrow loans to supplement our working capital requirements and finance our capital expenditures.

As of December 31, 2021 and 2022, September 30, 2023 and January 31, 2024, RMB485.8 million, RMB512.0 million, RMB700.9 million and RMB774.2 million of our interest-bearing bank and other borrowings were unsecured, and RMB572.2 million, RMB486.2 million, RMB486.0 million and RMB621.7 million of our interest-bearing bank and other borrowings were secured by guarantee from the Company or its subsidiary, or pledge of our right-of-use assets, property, plant and equipment or equity interests in a subsidiary.

As of December 31, 2021 and 2022, September 30, 2023 and January 31, 2024, we had other borrowings totaling RMB572.2 million, RMB393.5 million, RMB400.5 million and RMB543.3 million, respectively. Specifically, we legally transferred 48.97% equity interests in Foshan Nanhai Cunqiu Equity Investment Co., Ltd. ("**Nanhai Cunqiu**"), an insignificant subsidiary pursuant to Rule 14A.09 of the Listing Rules, as collateral to an Independent Third

Party, Guangdong Nanhai Industry Group Co., Ltd. Under this arrangement, our subsidiary, Nanhai Cunqiu, received an external funding of RMB220.5 million, and we are obliged to buy back the related equity interests in Nanhai Cunqiu at a fixed amount upon 2025. The fixed amount equals the RMB220.5 million received by Nanhai Cunqiu, plus interest expenses calculated based on the loan prime rate (LPR) announced by the PBOC on the applicable date. As of December 31, 2021 and 2022, September 30, 2023 and January 31, 2024, the balance of the borrowing in relation to the above arrangement, including accrued interest payable, amounted to RMB233.7 million, RMB243.5 million, RMB250.5 million and RMB255.9 million, respectively. In addition, as of December 31, 2021 and 2022, September 30, 2023 and January 31, 2024, we also had other borrowings of RMB150.0 million from an Independent Third Party in connection with the implementation of a funding support project agreed upon by the Management Committee of Changshu High-tech Industrial Development Zone and us, with a maturity date in 2024. Furthermore, as of January 31, 2024, we had other borrowings of RMB137.5 million from an Independent Third Party in relation to our sale and leaseback of certain machinery and equipment, with a maturity date in 2026.

As of December 31, 2021 and 2022, September 30, 2023 and January 31, 2024, we had bank loans amounting to RMB485.8 million, RMB604.6 million, RMB786.4 million and RMB852.5 million, respectively. These loans were provided by commercial banks in the PRC. For more information, including interest rates, maturity profile and the carrying amount of pledged assets of our interest-bearing bank and other borrowings, see note 30 to the Accountants' Report in Appendix IA and note 29 as set out in Appendix IB to this document.

Lease Liabilities

Our lease liabilities were primarily related to leases for our office buildings, factory buildings and employee dormitories. The following table sets forth a breakdown of our lease liabilities as of the dates indicated:

	As of December 31,		As of September 30,	As of January 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000* *(Unaudited)*
Current	15,418	15,523	17,598	19,420
Non-current	75,294	60,863	46,554	37,650
Total	**90,712**	**76,386**	**64,152**	**57,070**

Our lease liabilities decreased by 15.8% from RMB90.7 million as of December 31, 2021 to RMB76.4 million as of December 31, 2022, and further decreased by 16.0% to RMB64.2 million as of September 30, 2023. As of January 31, 2024, our lease liabilities further deceased by 11.0% to RMB57.1 million. The continued decrease in lease liabilities was mainly due to our lease payments and amortization.

Financial Guarantee

In 2017, Guohong Refire signed an agreement with one of its subsidiary and a third party lender, pursuant to which the subsidiary of Guohong Refire obtained a borrowing of RMB250.0 million from the third party lender with a fixed interest rate of 6.8% per annum and a term of maturity of three years to support the development of Guohong Refire and its subsidiary. The shareholders of Guohong Refire at that time, including our Company, signed a guarantee contract with the third party lender, pursuant to which we provided guarantee according to our shareholding ratio in Guohong Refire for all debts arising from the obligation of the loan agreement until September 18, 2020, a date which was later extended to December 31, 2022. As of December 31, 2021, we recognized loss allowance of RMB11.8 million for the gross amount of financial guarantee obligation of RMB24.5 million. In December 2022, Guohong Refire has fulfilled the repayment obligation, and our guarantee obligation was released accordingly.

As of January 31, 2024, we had unutilized banking facilities of RMB256.2 million, all of which were committed and unrestricted. Save as disclosed in this "Financial Information" section, as of January 31, 2024, we did not have any other loan issued and outstanding or any loan agreed to be issued, bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

CAPITAL EXPENDITURES

Our capital expenditures primarily consist of expenditures for purchase of property, plant and equipment and software. In 2021 and 2022, and the nine months ended September 30, 2023, we incurred capital expenditures of RMB166.6 million, RMB126.5 million and RMB67.4 million, respectively. The following table sets forth our capital expenditures for the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*
Payments of property, plant and equipment	154,765	122,003	65,634
Payments of software	11,810	4,497	1,780
Total	**166,575**	**126,500**	**67,414**

We expect to incur additional capital expenditures in 2024 primarily for acquisition of property, plant and equipment. We expect to finance such capital expenditures through operating cash flows. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CONTRACTUAL OBLIGATIONS

As of December 31, 2021, 2022 and September 30, 2023, we had capital commitments of RMB35.4 million, RMB63.4 million and RMB50.8 million, respectively, primarily in connection with the acquisition of property, plant and equipment. In addition, as of December 31, 2021, 2022 and September 30, 2023, we had commitments of RMB103.2 million, RMB80.7 million and RMB106.1 million, respectively, in relation to our capital injection obligation to a joint venture, associates and other unlisted investments.

Other than the transactions described in the above table, as of the Latest Practicable Date, we had no other material contractual commitments.

CONTINGENT LIABILITIES

Pursuant to agreements entered into between the Group and FAW Jiefang in December 2023 and February 2024, we have offered a guarantee that FAW Jiefang will receive government subsidies of RMB206,360,000 and RMB18,088,000 before December 31, 2025 and December 31, 2024, respectively, for hydrogen fuel cell vehicles embedded with our products. According to the subsidy policy, such subsidies can be applied and received once the criteria are fulfilled. The management of the Group considers that it is highly probable for FAW Jiefang to receive such subsidies. In addition, for the amount that criteria has been fulfilled, the application process has already been taken with the government, and for the remaining amount, the management of the Group considers that it would be highly probable for FAW Jiefang to fulfill the criteria in forthcoming periods. Accordingly, the guarantee provision is assessed to be minimal as of September 30, 2023.

Save as disclosed above, as of December 31, 2021, 2022 and September 30, 2023, we did not have any material contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIOS

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

	As of or for the Year Ended December 31,		As of or for the Nine Months Ended September 30,
	2021	2022	2023
			(Unaudited)
Gross profit margin[1]	11.8%	8.2%	15.8%
Current ratio[2]	1.1	3.1	2.9
Quick ratio[3]	0.9	2.8	2.4
Gearing ratio[4]	2.1	0.5	0.7

Notes:

(1) Calculated by dividing gross profit by revenue for the period multiplied by 100%.

(2) Calculated by dividing total current assets by total current liabilities as of the end of the period.

(3) Calculated by dividing total current assets minus inventories by total current liabilities as of the end of the period.

(4) Calculated by dividing total interest-bearing bank and other borrowings and lease liabilities divided by total equity as of the end of the period multiplied by 100%.

Gross Profit Margin

For the analysis on the gross profit margin, see "— Results of Operations — Gross Profit and Gross Profit Margin" in this section.

Current Ratio

Our current ratio increased from 1.1 as of December 31, 2021 to 3.1 as of December 31, 2022, primarily attributable to (i) an increase in trade and bills receivables due to our sales growth and the prolonged settlement by certain of our customers, and (ii) an increase in cash and cash equivalents as a result of capital injection from our Shareholders in 2022. As of September 30, 2023, our current ratio remained relatively stable at 2.9 compared to December 31, 2022.

Quick Ratio

Similar to the reasons for the changes in our current ratio as disclosed above, our quick ratio increased from 0.9 as of December 31, 2021 to 2.8 as of December 31, 2022, and then remained relatively stable at 2.4 as of September 30, 2023.

Gearing Ratio

Our gearing ratio decreased from 2.1 as of December 31, 2021 to 0.5 as of December 31, 2022 primarily due to capital injection from our Shareholders in 2022. As of September 30, 2023, our gearing ratio remained relatively stable at 0.7 compared to December 31, 2022.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, our related party transactions primarily included (i) sales of goods or solutions to certain associates of RMB0.1 million, RMB15.4 million and RMB1.0 million in 2021, 2022 and the nine months ended September 30, 2023, respectively, (ii) purchase of goods or services from certain associates of RMB19.4 million, RMB29.6 million and RMB10.5 million in 2021, 2022 and the nine months ended September 30, 2023, respectively, (iii) purchase of property, plant and equipment from an associate of RMB6.7 million in 2022 and RMB3.5 million in the nine months ended September 30, 2023, (iv) disposal of property, plant and equipment of RMB2.6 million, RMB0.3 million RMB0.9 million; and (iv) repayment for borrowings obtained from a related party and relevant interest expenses in aggregate amounting to RMB40.2 million in 2021 and RMB127.4 million in 2022.

As of September 30, 2023, the outstanding balances of our transactions with related parties were all trade related in nature. For further details of the related party transactions, see note 39 to the Accountants' Report in Appendix IA and note 39 as set out in Appendix IB to this document. Our Directors believe that the related party transactions were carried out on an arm's length basis and will not distort our results during the Track Record Period or make such results not reflective of our future performance.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to a variety of financial risks, including interest rate risk, foreign exchange risk, credit risk and liquidity risk. Details of the risk to which we are exposed are set out in note 43 of the Accountants' Report in Appendix IA and note 43 in Appendix IB to this document.

DIVIDEND

No dividend has been paid or declared by the Company during the Track Record Period. We currently do not have any dividend policy to declare or pay any dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by our board of directors and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our financial performance and business operation, capital requirements and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Adviser, according to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate at least 10% of our net profit to our statutory common reserve fund until the cumulative amount of the reserve fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses from prior fiscal years have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above. Based on the above, and considering that we incurred accumulated losses as of September 30, 2023, we are not able to pay any dividend before we have made up for such accumulated losses.

DISTRIBUTABLE RESERVES

As of September 30, 2023, we did not have any distributable reserves.

[REDACTED]

Based on the mid-point of our indicative [**REDACTED**] and assuming the [**REDACTED**] is not exercised, the [**REDACTED**] to be borne by us are estimated to be approximately RMB[**REDACTED**] and are expected to represent approximately [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], comprising of (i) [**REDACTED**] expenses, including [**REDACTED**] commission and other expenses, of RMB[**REDACTED**]; and (ii) [**REDACTED**]-related expenses of RMB[**REDACTED**], including (a) fees and expenses of legal advisers and reporting accountant of RMB[**REDACTED**]; and (b) other fees and expenses of RMB[**REDACTED**]. As of September 30, 2023, we incurred [**REDACTED**] in [**REDACTED**].

We estimate that [**REDACTED**] of RMB[**REDACTED**] (assuming the [**REDACTED**] is not exercised and based on the mid-point of our indicative [**REDACTED**]) will be incurred by us, approximately RMB[**REDACTED**] of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] of which is expected to be recognized as a deduction from equity upon the [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

[**REDACTED**]

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this document, there had been no material adverse change in our financial, operational or prospects since September 30, 2023, being the date of our latest reviewed financial statements, and there is no event since September 30, 2023 that would materially affect the information as set out in the Accountants' Report set out in Appendix IA and the Unaudited Interim Financial Information set out in Appendix IB to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

See "Business — Our Strategies" in this document for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**] commissions, fees and estimated expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, which is the mid-point of the indicative [**REDACTED**] stated in this document. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, which is the high end of the indicative [**REDACTED**], the net [**REDACTED**] from the [**REDACTED**] will increase by approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, which is the low end of the indicative [**REDACTED**], the net [**REDACTED**] from the [**REDACTED**] will decrease by approximately HK$[**REDACTED**].

Assuming an [**REDACTED**] at the mid-point of the indicative [**REDACTED**], we currently intend to apply these net [**REDACTED**] for the following purposes:

(1) 59.4%, or approximately HK$[**REDACTED**], will be allocated to fund our R&D activities and production capacity expansion of our hydrogen fuel cell systems. Specifically,

  (a) 24.6%, or approximately HK$[**REDACTED**], will be allocated to fund the R&D activities (including but not limited to costs in relation to equipment upgrading and acquirement, raw material procurement, product testing and staff) for power-efficient and cost-effective hydrogen fuel cell systems and related key components. Specifically,

    (i) 10.8%, or approximately HK$[**REDACTED**], will be used to develop the next-generation fuel cell stacks with reduced cost and extended lifespan, which we believe could help us to stay at the forefront among industry peers;

    (ii) 8.2%, or approximately HK$[**REDACTED**], will be used to develop the next-generation high power fuel cell systems that focus on higher power output, lower cost, lower hydrogen consumption and stronger environmental adaptability to meet the demand in commercial vehicle market. We believe our next-generation high power fuel cell systems with above features could help us maintain our technological advantages; and

    (iii) 5.6%, or approximately HK$[**REDACTED**], will be used to develop high-efficiency stationary power generation fuel cell stacks, focusing on the advancement of core technology of PEM stationary power generation fuel cell stacks and related key components, which we believe will drive the innovation and improvements in the performance, efficiency, and reliability of our stationary power generation fuel cell stacks; and

(b) 34.8%, or approximately HK$[**REDACTED**], will be allocated to expand our production capacity of components for hydrogen fuel cell systems. Specifically,

(i) 24.1%, or approximately HK$[**REDACTED**], will be used to pay the expenses for the construction of production facilities for fuel cell stacks and MEAs, with a designed annual production capacity of approximately 20,000 units of fuel cell stacks and six million pieces of MEAs, respectively; and

(ii) 10.7%, or approximately HK$[**REDACTED**], will be used to pay the expenses for the construction of production facilities for bipolar plates. We intend to purchase and install advanced equipment and machinery for manufacturing and testing of bipolar plates with a designed annual production capacity of approximately three million pieces of bipolar plates.

(2) 18.3%, or approximately HK$[**REDACTED**], will be allocated to fund our R&D activities and production capacity expansion of our hydrogen production systems and our equity investment in the hydrogen production industry. Specifically,

(a) 16.6%, or approximately HK$[**REDACTED**], will be used to fund the R&D activities and production expansion plan (including but not limited to costs in relation to equipment upgrading and acquirement, raw material procurement, product testing and staff) of hydrogen production systems and related components. Specifically,

(i) 9.7%, or approximately HK$[**REDACTED**], will be used to fund the R&D activities and production expansion of PEM water electrolysis hydrogen production systems. We intend to strengthen our in-house development capability of hydrogen production systems, and optimize our production facilities and equipment to enhance the production capability of our self-developed PEM water electrolysis hydrogen production systems with superior and reliable performance, in order to meet the market needs;

(ii) 4.5%, or approximately HK$[**REDACTED**], will be used to fund the R&D activities and production expansion of ALK electrode. We expect to upgrade our production facilities and equipment to enhance the production capability of ALK electrode; and

(iii) 2.4%, or approximately HK$[**REDACTED**], will be used to fund the development of hydrogen production power sources. We expect to optimize our production facilities and acquire advanced equipment to enhance the production capability of hydrogen production power sources;

(b) 1.6%, or approximately HK$[**REDACTED**], will be used to fund our equity investment in other areas in the hydrogen production industry with high growth potential and can create synergies with us, such as solid oxide electrolysis (SOEC) and anion exchange membranes (AEM). We believe our continuous exploring in hydrogen production technologies will allow us to further expand our technological capabilities, optimize our business layout and strengthen our competitive advantages;

(3) 17.4%, or approximately HK$[**REDACTED**], will be used for the expansion of our overseas market footprint. We currently intend to expand our presence in Europe, Americas, and other regions. Specifically,

(a) 6.9%, or approximately HK$[**REDACTED**], will be used to fund product development to meet the specific needs and preferences of the target overseas markets. We expect to conduct thorough market research, adapt our products' features, functionalities, and design to cater to the particular demands of the target market and stay agile and responsive to evolving customer needs in the target market;

(b) 2.9%, or approximately HK$[**REDACTED**], will be used to support the provision of after-sales services for our overseas market. We intend to establish after-sales service offices to offer services for the target market and form after-sales service teams consisting of seasoned technicians who are familiar with the local market and language;

(c) 4.6%, or approximately HK$[**REDACTED**], will be used for team building to support our overseas market expansion. We expect to recruit around 30 personnels over a period of five years with various functions to ensure the ordered expansion, including selling and marketing, product solution design and etc.; and

(d) 2.9%, or approximately HK$[**REDACTED**], will be used for investment in overseas hydrogen projects. We currently have not identified any specific target, but expect to guide our decision-making process based criteria including but not limited to the following: (i) the market potential for hydrogen projects in the target country or region, including factors such as government support, policy frameworks, regulatory environment, existing infrastructure, and local demand; (ii) whether the project aligns with our capabilities and long-term strategic goals; (iii) the evaluation on capital requirements, operational costs, revenue potential, and projected return on investment; and (iv) assessment of the risks associated with the projects; and

(4) 5.0%, or approximately HK$[**REDACTED**], will be used for our working capital and general corporate purposes.

If the [**REDACTED**] is exercised in full, the net [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**]). We intend to apply the additional net [**REDACTED**] to the above purposes in the proportions stated above.

The above allocation of the net [**REDACTED**] from the [**REDACTED**] will be adjusted in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the indicative [**REDACTED**] stated in this document. If the [**REDACTED**] is fixed at HK$[**REDACTED**] per Share, being the high end of the stated [**REDACTED**], our net [**REDACTED**] will be (i) increased by approximately HK$[**REDACTED**], assuming the [**REDACTED**] is not exercised; or (ii) increased by approximately HK$[**REDACTED**], assuming the [**REDACTED**] is exercised in full. In such circumstances, we currently intend to use such additional [**REDACTED**] to increase the net [**REDACTED**] applied for the same purposes as set out above on a *pro rata* basis. If the [**REDACTED**] is fixed at HK$[**REDACTED**] per Share being the low end of the stated [**REDACTED**], our net [**REDACTED**] will be (i) decreased by approximately HK$[**REDACTED**], assuming the [**REDACTED**] is not exercised; or (ii) decreased by approximately HK$[**REDACTED**], assuming the [**REDACTED**] is exercised in full. In such circumstances, we currently intend to reduce the net [**REDACTED**] applied for the same purposes as set out above on a *pro rata* basis.

To the extent that the net [**REDACTED**] are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, so long as it is deemed to be in the best interests of the Company, we may hold such funds in short-term deposits with licensed banks or authorized financial institutions. We will issue an appropriate announcement if there is any material change to the above proposed use of [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

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The following is the text of a report on the financial information of Shanghai REFIRE Group Limited, prepared for the purpose of incorporation in this document received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI REFIRE GROUP LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Shanghai REFIRE Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages IA-3 to IA-75, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2021 and 2022 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021 and 2022 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IA-3 to IA-75 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the "Document") in connection with the initial [**REDACTED**] of the shares of the Company on the [**REDACTED**].

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2021 and 2022 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IA-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong
[date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	2021	2022
		RMB'000	*RMB'000*
REVENUE	*5*	524,109	604,648
Cost of sales		(462,324)	(554,825)
Cost of sales of goods and services		(414,653)	(472,712)
Impairment losses on inventories	*21*	(47,671)	(82,113)
Gross profit		61,785	49,823
Other income and gains	*5*	53,950	59,792
Selling and marketing expenses		(90,475)	(102,826)
Administrative expenses		(218,227)	(242,695)
Research and development expenses		(230,891)	(198,688)
Fair value gains on financial assets at fair value through profit or loss, net		436	881
Fair value loss on a derivative financial instrument		(607)	(19,681)
Impairment losses on financial assets and a financial guarantee obligation, net		(144,636)	(15,459)
Other expenses		(23,363)	(6,156)
Finance costs	*7*	(50,058)	(49,019)
Share of losses of:			
A joint venture	*16*	(5,750)	(18,750)
Associates	*17*	(2,466)	(2,695)
LOSS BEFORE TAX	*6*	(650,302)	(545,473)
Income tax expense	*10*	(3,990)	(626)
LOSS FOR THE YEAR		(654,292)	(546,099)
Loss attributable to:			
Owners of the parent		(572,802)	(505,966)
Non-controlling interests		(81,490)	(40,133)
		(654,292)	(546,099)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*12*	(8.81)	(6.73)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2021	2022
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	(654,292)	(546,099)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(7)	513
Income tax effect	2	(128)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(5)	385
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(1,832)	2,491
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(1,832)	2,491
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(1,837)	2,876
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(656,129)	(543,223)
Attributable to:		
Owners of the parent	(574,451)	(503,620)
Non-controlling interests	(81,678)	(39,603)
	(656,129)	(543,223)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	2021	2022
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	421,484	417,284
Right-of-use assets	*14*	104,690	87,870
Other intangible assets	*15*	33,584	30,201
Investment in a joint venture	*16*	–	–
Investments in associates	*17*	51,590	78,689
Equity investments designated at fair value through other comprehensive income	*19*	17,357	19,887
Financial assets at fair value through profit or loss	*24*	6,436	6,521
Trade receivables	*22*	269,685	254,624
Prepayments, other receivables and other assets	*23*	19,543	63,172
Deferred tax assets	*20*	9,342	10,669
Total non-current assets		933,711	968,917
CURRENT ASSETS			
Inventories	*21*	259,968	276,934
Trade and bills receivables	*22*	923,550	1,265,529
Prepayments, other receivables and other assets	*23*	100,794	102,513
Financial assets at fair value through profit or loss	*24*	–	335,797
Time deposits	*25*	–	52,086
Restricted cash	*25*	–	59,902
Cash and cash equivalents	*25*	276,220	1,079,456
Total current assets		1,560,532	3,172,217
CURRENT LIABILITIES			
Trade and bills payables	*26*	561,533	566,255
Other payables and accruals	*27*	78,665	102,416
Contract liabilities	*28*	20,206	15,069
Derivative financial instrument	*29*	–	37,423
Interest-bearing bank and other borrowings	*30*	654,317	269,079
Lease liabilities	*14*	15,418	15,523
Tax payable		11,138	3,447
Deferred income	*31*	3,029	–
Provision	*32*	29,356	18,855
Total current liabilities		1,373,662	1,028,067
NET CURRENT ASSETS		186,870	2,144,150
TOTAL ASSETS LESS CURRENT LIABILITIES		1,120,581	3,113,067

	Notes	**2021**	**2022**
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Contract liabilities	*28*	5,023	4,021
Derivative financial instrument	*29*	17,742	–
Interest-bearing bank and other borrowings	*30*	403,736	729,091
Lease liabilities	*14*	75,294	60,863
Deferred income	*31*	58,037	60,047
Provision	*32*	24,294	19,913
Total non-current liabilities		584,126	873,935
Net assets		536,455	2,239,132
EQUITY			
Equity attributable to owners of the parent			
Share capital	*33*	64,996	81,311
Reserves	*35*	501,028	2,190,237
		566,024	2,271,548
Non-controlling interests		(29,569)	(32,416)
Total equity		536,455	2,239,132

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent									
	Share capital	Share premium and other reserve*	Share-based payment reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Accumulated deficits*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 33	*Note 35*	*Note 35*	*Note 35*		*Note 35*				
As at 1 January 2021	64,996	1,624,854	46,126	215	472	583	(558,395)	1,178,851	(26,380)	1,152,471
Loss for the year	–	–	–	–	–	–	(572,802)	(572,802)	(81,490)	(654,292)
Other comprehensive income for the year:										
Changes in equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	(5)	–	–	(5)	–	(5)
Exchange differences related to foreign operations	–	–	–	–	–	(1,644)	–	(1,644)	(188)	(1,832)
Total comprehensive income for the year	–	–	–	–	(5)	(1,644)	(572,802)	(574,451)	(81,678)	(656,129)
Share-based payments *(note 34)*	–	–	29,704	–	–	–	–	29,704	1,622	31,326
Capital injection from non-controlling shareholders	–	2,048	–	–	–	–	–	2,048	15,452	17,500
Acquisition of non-controlling interests	–	(70,128)	–	–	–	–	–	(70,128)	61,415	(8,713)
Appropriation to statutory surplus reserve	–	–	–	795	–	–	(795)	–	–	–
As at 31 December 2021	64,996	1,556,774	75,830	1,010	467	(1,061)	(1,131,992)	566,024	(29,569)	536,455

Year ended 31 December 2022

	Attributable to owners of the parent									
	Share capital	Share premium and other reserve*	Share-based payment reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Exchange fluctuation reserve*	Accumulated deficits*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 33	*Note 35*	*Note 35*	*Note 35*		*Note 35*				
As at 1 January 2022	64,996	1,556,774	75,830	1,010	467	(1,061)	(1,131,992)	566,024	(29,569)	536,455
Loss for the year	–	–	–	–	–	–	(505,966)	(505,966)	(40,133)	(546,099)
Other comprehensive income for the year:										
Changes in equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	385	–	–	385	–	385
Exchange differences related to foreign operations	–	–	–	–	–	1,961	–	1,961	530	2,491
Total comprehensive income for the year	–	–	–	–	385	1,961	(505,966)	(503,620)	(39,603)	(543,223)
Share-based payments *(note 34)*	–	–	26,343	–	–	–	–	26,343	751	27,094
Shareholders' capital injection	16,315	2,166,486	–	–	–	–	–	2,182,801	36,005	2,218,806
Appropriation to statutory surplus reserve	–	–	–	393	–	–	(393)	–	–	–
As at 31 December 2022	81,311	3,723,260	102,173	1,403	852	900	(1,638,351)	2,271,548	(32,416)	2,239,132

* These reserve accounts represent the total consolidated reserves of RMB501,028,000 and RMB2,190,237,000 in the consolidated statements of financial position as at 31 December 2021 and 2022, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	2021	2022
		RMB'000	*RMB'000*
CASH FLOWS USED IN OPERATING ACTIVITIES			
Loss before tax		(650,302)	(545,473)
Adjustments for:			
Depreciation of property, plant and equipment	*6,13*	61,370	78,352
Depreciation of right-of-use assets	*6,14*	18,577	20,138
Amortisation of other intangible assets	*6,15*	6,519	7,880
Share-based payment expenses	*6,34*	31,326	27,094
Share of losses of:			
A joint venture		5,750	18,750
Associates		2,466	2,695
Impairment losses on financial assets and a financial guarantee obligation, net	*6*	144,636	15,459
Impairment losses on intangible assets	*6,15*	2,446	–
Impairment losses on property, plant and equipment	*6,13*	10,418	–
Write-down of inventories to net realisable value	*6,21*	47,671	82,113
Finance costs	*7*	50,058	49,019
Interest income	*5*	(7,472)	(18,021)
Investment income from structured deposit	*5*	–	(920)
Fair value gains of financial assets at fair value through profit or loss	*6*	(436)	(881)
Fair value loss on a derivative financial instrument	*6*	607	19,681
Deemed disposal in equity of associates	*5*	(6,234)	(3,594)
Gain on disposal of an associate	*5*	(6,937)	–
Government grants and subsidies credited to the statement of profit or loss during the year		(8,229)	(11,790)
Warranty provision	*6*	11,937	11,108
Losses on disposal of items of property, plant and equipment	*6*	–	1,137
Loss on a lease term termination	*6, 14*	25	–
Anti-dilution compensation from capital injection	*6*	–	3,869
		(285,804)	(243,384)
Increase in inventories		(109,563)	(99,079)
Increase in deferred income		24,904	10,771
Increase in restricted cash		–	(59,902)
Increase in trade and bills receivables		(476,725)	(353,828)
Decrease/(increase) in prepayments, other receivables and other assets		51,693	(2,782)
Increase in other payables and accruals		29,902	23,751
(Decrease)/increase in trade and bills payables		(15,495)	4,722
Increase/(decrease) in contract liabilities		5,611	(6,139)
Increase/(decrease) in provision		2,786	(8,482)
Cash used in operations		(772,691)	(734,352)
Interest received		7,472	15,935
Income tax paid		(2,992)	(9,644)
Net cash flows used in operating activities		(768,211)	(728,061)

	Notes	2021	2022
		RMB'000	*RMB'000*
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		–	3,087
Purchases of items of property, plant and equipment		(154,765)	(122,003)
Purchase of other intangible assets		(11,810)	(4,497)
Maturity of financial assets at fair value through profit or loss		–	840,920
Investment in a joint venture		–	(24,500)
Investments in associates		(12,000)	(26,200)
Disposal of an associate		10,000	–
Investments in financial assets at fair value through profit or loss		(6,000)	(1,175,000)
Investments in financial assets at fair value through other comprehensive income		(10,890)	(2,147)
Investments in time deposits		–	(50,000)
Net cash flows used in investing activities		(185,465)	(560,340)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of non-controlling interests		(8,713)	–
Capital injection from non-controlling shareholders		17,500	36,005
Capital injection from the Company's shareholders		–	2,182,801
Anti-dilution compensation payment to investors		–	(3,869)
Lease payments		(18,316)	(21,801)
Proceeds from interest-bearing bank and other borrowings		636,128	624,000
Repayment of interest-bearing bank and other borrowings		(236,667)	(693,626)
Interest paid		(21,578)	(35,119)
Net cash flows from financing activities		368,354	2,088,391
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(585,322)	799,990
Cash and cash equivalents at beginning of year		862,206	276,220
Effect of foreign exchange rate changes, net		(664)	3,246
Cash and cash equivalents at end of year		276,220	1,079,456
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*25*	276,220	1,191,444
Less: Time deposits	*25*	–	52,086
Restricted cash	*25*	–	59,902
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position		276,220	1,079,456

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	2021	2022
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	1,179	5,221
Right-of-use assets	*14*	1,151	70,299
Other intangible assets	*15*	283	1,240
Equity investments designated at fair value through other comprehensive income	*19*	13,239	13,859
Financial assets at fair value through profit or loss	*24*	6,436	6,521
Investments in subsidiaries	*18*	1,578,313	2,596,725
Investments in associates	*17*	40,158	63,321
Total non-current assets		1,640,759	2,757,186
CURRENT ASSETS			
Trade and bills receivables	*22*	70,036	221,974
Prepayments, other receivables and other assets	*23*	2,891	11,751
Due from subsidiaries	*39*	91,240	863,659
Financial assets at fair value through profit or loss	*24*	–	280,689
Cash and cash equivalents	*25*	31,145	67,464
Total current assets		195,312	1,445,537
CURRENT LIABILITIES			
Trade and bills payables	*26*	17,442	138,865
Other payables and accruals	*27*	5,188	20,783
Due to subsidiaries	*39*	177	97,179
Lease liabilities	*14*	201	13,568
Derivative financial instrument	*29*	–	37,423
Provision	*32*	11,760	–
Total current liabilities		34,768	307,818
NET CURRENT ASSETS		160,544	1,137,719
TOTAL ASSETS LESS CURRENT LIABILITIES		1,801,303	3,894,905
NON-CURRENT LIABILITIES			
Lease liabilities	*14*	994	58,925
Provision	*32*	5,750	–
Derivative financial instrument	*29*	17,742	–
Total non-current liabilities		24,486	58,925
Net assets		1,776,817	3,835,980
Equity			
Share capital	*33*	64,996	81,311
Reserves	*35*	1,711,821	3,754,669
Total equity		1,776,817	3,835,980

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Shanghai REFIRE Group Limited, formerly known as Hangzhou Refire Technology Co., Ltd. (the "Company"), was incorporated as a limited liability company on 18 September 2015. The registered office of the Company is located at 655 Jinyuan 1st Road, Jiading District, Shanghai, the People's Republic of China (the "PRC"). On 11 September 2020, the Company was converted into a joint stock company with limited liability.

The Company is an investment holding company with sales activities. During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were involved in the following principal activities:

- research and development, production and sale of hydrogen fuel cell systems, components and hydrogen production systems and related components

- provision of hydrogen fuel cell engineering and technical services

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of major subsidiaries which are set out below:

Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			('000)	%	%	
Shanghai REFIRE Technology Co., Ltd. 上海重塑能源科技有限公司	*(1)*	PRC/Chinese Mainland/ 17 December 2014	RMB3,000,000	100	–	Research and development ("R&D") manufacturing and sales of fuel cell systems
Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. 上海重塑斑斕氫能科技有限公司	*(3), (4)*	PRC/Chinese Mainland/26 June 2023	RMB10,000	80	–	Technology development and sales of components
Beijing XCELL Technology Co., Ltd. 北京重理能源科技有限公司	*(3), (4)*	PRC/Chinese Mainland/ 26 October 2016	RMB9,700	72.16	–	Technology development and sales of new energy technology
Changde REFIRE Surge New Materials Technology Co., Ltd. 常德重塑澎湃新材料科技有限公司	*(3), (4)*	PRC/Chinese Mainland/1 April 2023	RMB10,000	70	–	Technology development and sales of components
Shanghai PANDO Electric Technology Co., Ltd. 上海磐動電氣科技有限公司	*(3), (4)*	PRC/Chinese Mainland/ 22 January 2018	RMB50,000	51	–	R&D and sales of fuel cell components
PANDO (Zhejiang) Electric Technology Co., Ltd. 磐動(浙江)電氣科技有限公司	*(3), (4)*	PRC/Chinese Mainland/ 13 September 2021	RMB50,000	51	–	Manufacturing and sales of fuel cell parts
Jiangsu REFIRE Technology Co., Ltd. 江蘇重塑能源科技有限公司	*(1)*	PRC/Chinese Mainland/ 23 November 2018	RMB350,000	–	100	Manufacturing and sales of fuel cell systems
Xiangyang REFIRE Technology Co., Ltd. 襄陽重塑能源科技有限公司	*(3)*	PRC/Chinese Mainland/ 27 November 2020	RMB10,000	–	100	Technology development and sales of fuel cell systems

Name	*Notes*	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			('000)	*%*	*%*	
Tianjin Bohai REFIRE Technology Co., Ltd. 天津渤海重塑能源科技有限公司	*(3)*	PRC/Chinese Mainland/23 July 2021	RMB10,000	–	100	Technology development and sales of fuel cell systems
Zhejiang REFIRE Technology Co., Ltd. 浙江重塑能源科技有限公司	*(3)*	PRC/Chinese Mainland/ 2 September 2021	RMB30,000	–	100	Manufacturing and sales of fuel cell systems
Guangdong REFIRE Technology Co., Ltd. 廣東重塑能源科技有限公司	*(3)*	PRC/Chinese Mainland/24 April 2018	RMB69,000	–	100	Manufacturing and sales of fuel cell parts
Shaanxi Daqin REFIRE Technology Co., Ltd. 陝西大秦重塑能源科技有限公司	*(3)*	PRC/Chinese Mainland/ 27 December 2021	RMB10,000	–	100	Technology development and sales of fuel cell systems
Zhengzhou REFIRE Technology Co., Ltd. 鄭州重塑能源科技有限公司	*(3)*	PRC/Chinese Mainland/ 24 December 2021	RMB10,000	–	100	Manufacturing and sales of fuel cell systems
Shanghai Ruisu Technology Co., Ltd. 上海芮塑科技有限公司	*(3)*	PRC/Chinese Mainland/12 July 2018	RMB100,000	–	100	Investment holding
Guangzhou Hydrogen Technology Co., Ltd. 廣州氫馳科技有限公司	*(3), (4)*	PRC/Chinese Mainland/17 July 2019	RMB10,000	–	60	Sales of fuel cell system
Foshan Nanhai Cunqiu Equity Investment Co., Ltd. 佛山市南海區存秋股權投資有限公司	*(3), (5)*	PRC/Chinese Mainland/16 March 2020	RMB1,260,000	–	100	Investment holding
Guangdong Discovery Motors Co., Ltd. 廣東探索汽車有限公司	*(3)*	PRC/Chinese Mainland/ 31 December 2018	RMB441,500	–	100	Sales of fuel cell system
Unilia (Guangdong) Fuel Cells Inc. 韻量燃料電池(廣東)有限公司	*(3), (4)*	PRC/Chinese Mainland/27 August 2020	RMB14,178	–	80.9	R&D, manufacturing and sales of fuel cell stacks
Unilia (Shanghai) Fuel Cells Inc. 上海韻量新能源科技有限公司	*(2),(4)*	PRC/Chinese Mainland/23 May 2017	RMB100,000	–	80.9	R&D, manufacturing and sales of fuel cell stacks
Shanghai Unilia Hydrogen Technology Ltd. 上海韻量氫能科技有限公司	*(3),(4)*	PRC/Chinese Mainland/ 23 December 2021	RMB10,000	–	80.9	Technology development and manufacturing of fuel cell stacks and core components
Shanghai Unilia Technologies Inc. 上海量韻科技有限公司	*(3),(4)*	PRC/ Chinese Mainland/ 16 November 2018	RMB60,000	–	80.9	Investment holding

Name	*Notes*	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			('000)	*%*	*%*	
Zhejiang Unilia Hydrogen Technology Ltd. 浙江韻量氫能科技有限公司	*(3),(4)*	PRC/Chinese Mainland/ 31 March 2022	RMB40,000	–	80.9	Technology development and manufacturing of bipolar plates, the core components of fuel cells
Foshan Diyi Element New Energy Technology Co., Ltd. 佛山迪一元素新能源科技有限公司	*(3), (4)*	PRC/Chinese Mainland/ 5 December 2022	RMB120,000	45	10	Manufacturing and sales of fuel cell systems
Unilia (Hong Kong) Fuel Cells Ltd.	*(3), (4)*	Hong Kong/ 4 January 2019	RMB2,722	–	80.9	Investment holding
Unilia (Canada) Fuel Cell Inc.	*(3), (4)*	Canada/8 September 2017	CAD5,000.1	–	80.9	R&D of fuel cell stack technology
REFIRE Europe GmbH	*(3)*	Germany/ 23 June 2023	EUR25	100	–	R&D and sales of products and the provision of services in the field of fuel cells and hydrogen technology in Europe

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

Notes:

(1) The statutory financial statements for the years ended 31 December 2021 and 2022 prepared in accordance with China Accounting Standards for Business Enterprises and regulations have been audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), which is a certified public accounting firm registered in the PRC.

(2) The statutory financial statements for the year ended 31 December 2022 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)), which is a certified public accounting firm registered in the PRC.

(3) No audited financial statements have been prepared for these entities since their dates of incorporation.

(4) These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company having control over them.

(5) The Group legally transferred 48.97% equity interests in Foshan Nanhai Cunqiu Equity Investment Co., Ltd. as collateral to trust financing companies as at 31 December 2021 and 31 December 2022. Under the arrangements, the Group was obliged to purchase the related equity interests at a fixed amount on a future date upon repayment of the borrowings from the trust financing companies.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from 1 January 2023, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods. They have been prepared under the historical cost convention, except for a derivative financial instrument, structured deposits, private equity fund and equity investments which have been measured at fair value.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the Relevant Periods. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

[1] Effective for annual periods beginning on or after 1 January 2024

[2] Effective for annual periods beginning on or after 1 January 2025

[3] No mandatory effective date yet determined but available for adoption

The Group has already commenced an assessment of the impact of these revised IFRSs standards and amendments, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when these revised IFRSs become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint ventures. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates and a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or a joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or a joint venture are eliminated to the extent of the Group's investments in the associates or a joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or a joint venture is included as part of the Group's investments in associates or a joint venture.

If an investment in an associate becomes an investment in joint ventures or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint ventures, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint ventures upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

The Group measures its derivative financial instrument, structured deposits, equity investments and private equity fund at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3% to 5%
Leasehold improvements	Over the shorter of the lease terms and 16%
Vehicles	19% to 25%
Machinery	9% to 33%
Office equipment and electronic devices	9% to 33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each of the financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 5 to 10 years, which is mainly determined by reference to the licensed period of the purchased software.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 years, which is mainly determined by reference to the period during which such assets is expected to bring economic benefits to the Group.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Plant and properties	1.5-8 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, a derivative financial instrument, lease liabilities and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instrument

Initial recognition and subsequent measurement

The derivative financial instrument is initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Change in fair value of the derivative financial instrument is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of hydrogen fuel cell systems, components and hydrogen production systems for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives government loans granted with no interest for the industrial support, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of hydrogen fuel cell systems, components and hydrogen production systems

The Group manufactures and sells hydrogen fuel cell systems, components and hydrogen production systems in the market. Revenue from sales of hydrogen fuel cell systems, components and hydrogen production systems is recognised at the point in time when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Certain sales contracts have back-to-back terms that the settlement of trade receivables from the customer associated with the customer's receipt of subsidies from government, which give rise to variable consideration.

(b) Provision of hydrogen fuel cell engineering and technical services and others

The Group recognises revenue from the hydrogen fuel cell engineering and technical services at a point in time when the relevant services are rendered and acknowledged for receipt by the customers. Contract costs include contract fulfilment costs. Costs incurred for provision of hydrogen fuel cell engineering and technical services are recognised as contract fulfilment costs, which is recognised as the cost of sales when recognising revenue. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as asset impairment losses.

Revenue from provision of separate after-sales services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

Several employee incentive schemes are operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by a third party valuer based on a recent transaction price, further details of which are given in note 34 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for certain of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, a joint venture and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB the weighted at average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Measurement of variable consideration in sales contracts

Certain sales contracts have back-to-back terms that the settlement of trade receivables from certain customer associated with the customer's receipt of subsidies from government, which give rise to variable consideration. Based on the assessment of credit risk of the customer and collectability of government subsidies by the customer, the group considered it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur for current sales contracts. However, this judgement may be reviewed and revised if the industry market environment or conditions change in future.

Identifying whether significant financing component exists in sales contracts

According to the current market practice, as China's hydrogen fuel cell vehicle industry is still in the early stages of development and is highly affected by the government subsidy policies, therefore the Group's customers, i.e. hydrogen fuel cell commercial vehicle manufacturers, typically sell and charge prices to their customers after deducting applicable subsidies at the time of sale before receiving government subsidies. The Group's customers, i.e. commercial vehicle manufacturers, can collect the relevant subsidies from the government, but this usually takes a lengthy period of time, typically more than two years. Therefore the Group granted similar credit terms to major customers explicitly or implicitly to align with current market practice.

Management of the Group determined that such contracts currently do not contain a significant financing component based on the industry market environment and conditions. However, this judgement may be reviewed and revised if the industry market environment or conditions change in future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Share-based payments

The Group operates employee incentive schemes for the purpose of providing incentives to the Company's directors and the Group's employees. The grant date fair value of the shares of the employee incentive schemes were determined based on investors' recent capital injection price. Further details are contained in note 34 to the Historical Financial Information.

Provision for expected credit losses on trade receivables and commercial acceptance bills receivables, other receivables and a financial guarantee obligation

Provision for impairment of trade receivables is made based on an assessment of expected credit losses on trade receivables. The assessment of expected credit losses requires management's judgement and estimates. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The remaining trading receivables are grouped based on aging of bills of various customer segments with similar loss patterns and collectively assessed for impairment allowance.

Under the collective approach, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on aging analysis of customers that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 22 to the Historical Financial Information.

Provision was mainly made for the Group's financial guarantee obligation in respect of borrowings of the Group's joint venture, namely Guangdong Guohong Refire Energy Technology Co., Ltd. ("Guohong Refire"). The amount represented management's best estimate of loss that a default of the associated enterprise will cause to the Group. The loss provision was measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Estimation of provision for warranty claims

The warranty period is generally the shorter of 5 years or when the vehicle that carries the Group's product travels for 200,000 kilometres after the control of goods transferred to the customers. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trend that might suggest that past cost information may differ from future claims. The assumptions made in respect of the Track Record Period are consistent with those in the prior years. Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. These non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 December 2021 and 31 December 2022 was RMB1,238,064,000 and 1,814,906,000, respectively. Further details are contained in note 20 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segment based on the information reviewed by the Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment. The chief operating decision maker has been identified as the executive directors of the Company.

Management monitors the results of the Group's operating segment separately for the purpose of making decisions about resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no further information about the operating segment is presented.

Geographical information

Almost all the non-current assets of the Group are physically located in the Chinese Mainland. The geographical location of customers is based on the location at which the customers operate, and almost all of the revenue of the Group was derived from operations in the Chinese Mainland during the Relevant Periods.

Information about major customers

External customers that have contributed over 10% of total revenue of the Group for the years ended 31 December 2021 and 2022 were as follows:

	2021	2022
	RMB'000	*RMB'000*
Company G	117,394	112,563
Company H	54,248	134,226
Company C	*	73,461
Company D	*	69,438
Company E	112,934	*
Company F	75,737	*

* less than 10% of the Group's revenue

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	524,109	604,648

Revenue from contracts with customers

(a) Disaggregated revenue information

	2021	2022
	RMB'000	*RMB'000*
Types of goods or services		
Hydrogen fuel cell systems	452,725	423,265
Components	61,017	150,297
Provision of fuel cell engineering and technical services	7,251	26,473
Others	3,116	4,613
Total revenue from contracts with customers	524,109	604,648

Geographical markets

Since almost all of the revenue of the Group was derived from operations in Chinese Mainland during the Relevant Periods, revenue from the overseas markets of the Group is assessed as not material.

	2021	2022
	RMB'000	*RMB'000*
Timing of revenue recognition		
Goods transferred at a point in time	521,139	600,389
Services transferred over time	2,970	4,259
Total revenue from contracts with customers	524,109	604,648

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	3,570	20,206

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Hydrogen fuel cell systems and components

The performance obligation is satisfied upon acceptance and payment generally varies from 20 days to 36 months.

Provision of fuel cell engineering and technical services

The performance obligation is satisfied upon acknowledgement for receipt by the customers and payment generally varies from 20 days to 150 days. Partial upfront payment is made in advance.

Others

Others mainly represented after-sales services. The performance obligation is satisfied over the scheduled period on a straight-line basis and payment is periodical according to the service schedule.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the reporting periods are as follows:

	2021	2022
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	20,206	15,069
After one year	5,023	4,021
	25,229	19,090

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to after-sales services, of which the performance obligations are to be satisfied within eight years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

An analysis of other income and gains is as follows:

	2021	2022
	RMB'000	*RMB'000*
Other income		
Government grants and subsidies	32,178	34,286
Interest income	7,472	18,021
Investment income from structured deposits	–	920
Others	1,105	1,054
	40,755	54,281

	2021	2022
	RMB'000	*RMB'000*
Gains		
Deemed disposal in equity of associates	6,234	3,594
Gain on disposal of scrap materials	24	1,917
Gain on disposal of an associate	6,937	–
	13,195	5,511
	53,950	59,792

6. LOSS BEFORE TAX

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

	Notes	2021	2022
		RMB'000	*RMB'000*
Cost of goods sold*		361,332	436,029
Cost of hydrogen fuel cell engineering and technical services provided*		4,207	12,742
Depreciation of property, plant and equipment	*13*	61,370	78,352
Depreciation of right-of-use assets	*14*	18,577	20,138
Amortisation of other intangible assets	*15*	6,519	7,880
Research and development costs*		110,009	80,846
Lease payments not included in the measurement of lease liabilities		4,241	3,620
Employee benefit expense (including directors' and chief executive's remuneration *(note 8)*):			
Wages and salaries		211,151	232,321
Share-based payment	*34*	31,326	27,094
Pension scheme contributions and social welfare		50,082	59,267
Impairment losses of property, plant and equipment, net	*13*	10,418	–
Impairment losses of other intangible assets, net	*15*	2,446	–
Impairment losses on financial assets and a financial guarantee obligation, net		144,636	15,459
Write-down of inventories to net realisable value	*21*	47,671	82,113
Loss on a lease term termination	*14*	25	–
Warranty provision		11,937	11,108
Losses on disposal of items of property, plant and equipment		–	1,137
Anti-dilution compensation from capital injection		–	3,869
Fair value gains on financial assets at fair value through profit or loss		(436)	(881)
Fair value loss on a derivative financial instrument		607	19,681

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of other intangible assets related to manufacturing and research and development for the Relevant Periods are included in "Depreciation of property, plant and equipment", "Depreciation of right-of-use assets" and "Amortisation of other intangible assets", respectively. The labour cost related to manufacturing and research and development for the Relevant Periods are included in "Employee benefit expense".

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2022
	RMB'000	*RMB'000*
Interest on interest-bearing bank and other borrowings	45,280	44,862
Interest on lease liabilities	4,778	4,157
	50,058	49,019

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021	2022
	RMB'000	*RMB'000*
Fees	360	360
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind	6,551	6,871
Performance related bonuses*	2,112	2,610
Share-based payment expenses	15,120	15,995
Pension scheme contributions	962	1,205
	24,745	26,681
	25,015	27,041

* Certain executive directors of the Company are entitled to bonus payments which are determined by key performance indicators.

During the Relevant Periods, certain directors were granted restricted shares, in respect of their services to the Group, under the Employee Incentive Scheme of the Company, further details of which are set out in note 34 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss over the vesting period. The amount during the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

The remuneration of each director/supervisor of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors/supervisors of the Company) for the Relevant Periods are set out as follows:

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	2021	2022
	RMB'000	*RMB'000*
Ms. Qian, Meifen (i)	120	120
Mr. Li, Wei (i)	120	120
Mr. Xie, Penghong (i)	120	120
Mr. Chen, Fei (ii)	–	–
	360	360

i. On 8 September 2020, Ms. Qian, Meifen, Mr. Li, Wei and Mr. Xie, Penghong were appointed as independent non-executive directors of the Company. Mr. Xie, Penghong resigned on 27 December 2023.

ii. On 27 December 2023, Mr. Chen, Fei was appointed as independent non-executive directors of the Company.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, a non-executive director, the chief executive and supervisors

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2021					
Executive directors:					
Mr. Lin, Qi (i)	841	139	404	121	1,505
Mr. Hu, Zhe (ii)	759	226	3,296	121	4,402
Ms. Ma Audrey Jing Nan (iii)	859	236	1,129	–	2,224
Mr. Zhai, Shuang (ii)	665	297	231	121	1,314
Mr. Zhao, Yong Sheng (iv)	530	183	452	121	1,286
Mr. Gong, Xiaohui (v)	1,058	253	2,258	121	3,690
Mr. Chen, Weishan (v)	729	217	135	121	1,202
	5,441	1,551	7,905	726	15,623
A non-executive director:					
Mr. Liu, Hui You (vi)	–	–	–	–	–
Supervisors:					
Mr. Wu, Yang (vii)	–	–	–	–	–
Mr. Zhou, Wei (viii)	–	–	–	–	–
Mr. Ji, Yizhi (vii)	–	–	–	–	–
Mr. Wang, Chuqi (viii)	451	144	6,781	115	7,491
Mr. Sun, Bei (ix)	659	417	434	121	1,631
	1,110	561	7,215	236	9,122
Total	6,551	2,112	15,120	962	24,745
2022					
Executive directors:					
Mr. Lin, Qi (i)	848	267	1,278	134	2,527
Mr. Hu, Zhe (ii)	841	267	3,295	134	4,537
Ms. Ma Audrey Jing Nan (iii)	859	195	1,129	–	2,183
Mr. Zhai, Shuang (ii)	704	241	231	134	1,310
Mr. Zhao, Yong Sheng (iv)	547	167	450	134	1,298
Mr. Gong, Xiaohui (*v*)	1,038	324	2,257	202	3,821
Mr. Chen, Weishan (*v*)	729	234	139	202	1,304
	5,566	1,695	8,779	940	16,980
A non-executive director:					
Mr. Liu, Hui You (vi)	–	–	–	–	–
Supervisors:					
Mr. Wu, Yang (vii)	–	–	–	–	–
Mr. Zhou, Wei (viii)	–	–	–	–	–
Mr. Ji, Yizhi (vii)	–	–	–	–	–
Mr. Wang, Chuqi (viii)	492	198	6,781	132	7,603
Mr. Sun, Bei (ix)	813	717	435	133	2,098
	1,305	915	7,216	265	9,701
Total	6,871	2,610	15,995	1,205	26,681

i. On 8 September 2020, Mr. Lin, Qi was appointed as the chief executive director and the chairman of the board of directors of the Group.

ii. On 8 September 2020, Mr. Hu, Zhe and Mr. Zhai, Shuang were appointed as executive directors of the Group.

iii. On 27 December 2023, Ms. Ma Audrey Jing Nan was appointed as an executive director of the Group.

iv. On 3 April 2023, Mr. Zhao, Yong Sheng was appointed as an executive director of the Group.

v. On 8 September 2020, Mr. Gong, Xiaohui and Mr. Chen, Weishan were appointed as executive directors of the Group and resigned on December 27 2023.

vi. On 27 December 2023, Mr. Liu, Hui You were appointed as a non-executive director of the Group.

vii. On 19 January 2023, Mr. Wu, Yang and Mr. Ji, Yizhi were appointed as supervisors of the Group.

viii. On 18 May 2022, Mr. Zhou, Wei and Mr. Wang, Chuqi were appointed as supervisors of the Group.

ix. On 8 September 2020, Mr. Sun, Bei was appointed as a supervisor of the Group.

There was no arrangement under which a director, the chief executive or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included three directors and two supervisors, details of whose remuneration are set out in note 8 above. No five highest paid employees who are neither a director nor a supervisor of the Company during the Relevant Periods.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese Mainland

The subsidiaries incorporated in Chinese Mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for these subject to tax preferential set out below:

Shanghai Refire Technology Co., Ltd., Shanghai Pando Electric Technology Co., Ltd. and Unilia (Shanghai) Fuel Cells Inc. were granted with the qualification of High and New Technology Enterprises ("HNTE"). Accordingly, the subsidiaries were entitled to a preferential corporate income tax rate of 15% during the Relevant Periods.

Certain subsidiaries of the Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC's State Administration of Taxation. Pursuant to the policy, during the period from 1 January 2019 to 31 December 2021, the portion of annual taxable income amount of a Small-Scaled Minimal Profit Corporate which does not exceed RMB1,000,000 shall be computed at a reduced rate of 25% as taxable income amount, and shall be levied at a reduced tax rate of 20%; the portion of annual taxable income amount which exceeds RMB1,000,000 but does not exceed RMB3,000,000 shall be computed at a reduced rate of 50% as taxable income amount, and shall be levied at a reduced tax rate of 20%. Pursuant to the policy announced by the PRC's State Administration of Taxation, during the period from January 1, 2022 to December 31, 2024, the portion of annual taxable income amount of a Small-Scaled Minimal Profit Corporate which exceeds RMB1,000,000 but does not exceed RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount, and shall be levied at a reduced tax rate of 20%.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

Canada

The subsidiary incorporated in Canada is subject to Canada profits tax at the statutory rate of 15% on any estimated assessable profits arising in Canada during the Relevant Periods. No provision for Canada profits tax has been made as the Group had no assessable profits derived from or earned in Canada during the Relevant Periods.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2021	**2022**
	RMB'000	*RMB'000*
Current income tax	9,428	1,953
Deferred tax expense *(note 20)*	(5,438)	(1,327)
Total tax expense for the year	3,990	626

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2021	**2022**
	RMB'000	*RMB'000*
Loss before tax	(650,302)	(545,473)
Tax at the statutory tax rate	(162,576)	(136,368)
Effect of preferential tax rates	52,167	32,939
Losses attributable to a joint venture and associates *(a)*	2,054	5,361
Expenses not deductible for tax *(b)*	11,241	11,227
Super deduction on research and development expenses *(c)*	(29,791)	(26,528)
Deductible temporary differences not recognised	41,308	16,957
Tax losses not recognised	89,587	97,038
Tax expense at the Group's effective tax rate	3,990	626

(a) The losses attributable to a joint venture and associates comprise of tax effect of share of "Share of losses of a joint venture" amounting to RMB5,750,000 and RMB18,750,000 and "Share of losses of associates" amounting to RMB2,466,000 and RMB2,695,000 as at 31 December 2021 and 2022, respectively.

(b) Expenses not deductible for tax mainly include tax effect of share-based payments, fair value losses on a derivative financial instrument and non-deductible business entertainment expenses.

(c) Super deductible allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits for the year ended 31 December 2021. According to the relevant laws and regulations, for the period from 1 October 2022 to 31 December 2022, the aforementioned deduction rate increased to 200%.

11. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 64,996,000 as at 31 December 2021 and 75,170,000 as at 31 December 2022 in issue, as adjusted to reflect the rights issue during the Relevant Periods.

	2021	2022
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent	(572,802)	(505,966)
Shares		
Weighted average number ('000) of ordinary shares in issue during the year	64,996	75,170
Loss per share		
Basic and diluted (RMB)	(8.81)	(6.73)

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021							
At 1 January 2021:							
Cost	47,554	159,281	17,059	2,114	125,845	44,752	396,605
Accumulated depreciation and impairment	(617)	(28,124)	(7,693)	(1,039)	(27,509)	–	(64,982)
Net carrying amount	46,937	131,157	9,366	1,075	98,336	44,752	331,623
At 1 January 2021, net of accumulated depreciation and impairment	46,937	131,157	9,366	1,075	98,336	44,752	331,623
Additions	6,402	95,978	3,587	737	22,394	33,581	162,679
Depreciation provided during the year	(2,030)	(32,588)	(3,418)	(1,069)	(22,265)	–	(61,370)
Exchange realignment	–	(611)	(2)	–	(417)	–	(1,030)
Transfers	5,175	39,697	1,720	81	13,113	(59,786)	–
Impairment	–	(10,418)	–	–	–	–	(10,418)
At 31 December 2021, net of accumulated depreciation and impairment	56,484	223,215	11,253	824	111,161	18,547	421,484
At 31 December 2021:							
Cost	59,131	294,193	22,355	2,931	160,880	18,547	558,037
Accumulated depreciation and impairment	(2,647)	(70,978)	(11,102)	(2,107)	(49,719)	–	(136,553)
Net carrying amount	56,484	223,215	11,253	824	111,161	18,547	421,484

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022							
At 1 January 2022:							
Cost	59,131	294,193	22,355	2,931	160,880	18,547	558,037
Accumulated depreciation and impairment	(2,647)	(70,978)	(11,102)	(2,107)	(49,719)	–	(136,553)
Net carrying amount	56,484	223,215	11,253	824	111,161	18,547	421,484
At 1 January 2022, net of accumulated depreciation and impairment	56,484	223,215	11,253	824	111,161	18,547	421,484
Additions	129	35,407	3,079	237	7,616	30,751	77,219
Disposals	(81)	(3,577)	(566)	–	–	–	(4,224)
Depreciation provided during the year	(2,481)	(43,750)	(4,640)	(315)	(27,166)	–	(78,352)
Exchange realignment	–	741	3	–	413	–	1,157
Transfers	6,330	25,879	57	–	5,523	(37,789)	–
At 31 December 2022, net of accumulated depreciation and impairment	60,381	237,915	9,186	746	97,547	11,509	417,284
At 31 December 2022:							
Cost	65,509	352,643	24,928	3,168	174,432	11,509	632,189
Accumulated depreciation and impairment	(5,128)	(114,728)	(15,742)	(2,422)	(76,885)	–	(214,905)
Net carrying amount	60,381	237,915	9,186	746	97,547	11,509	417,284

As at 31 December 2021, the carrying amount of certain machinery has been reduced to its recoverable amount of nil through recognition of an impairment loss of RMB10,418,000 mainly due to the business adjustment of hydrogen refuelling stations.

As at 31 December 2021 and 31 December 2022, the Group's buildings, with an aggregate carrying amount of approximately RMB56,484,000 and RMB60,381,000, respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 30).

The Company

	Office equipment and electronic devices	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021				
At 1 January 2021:				
Cost	–	13,838	–	13,838
Accumulated depreciation	–	(10,630)	–	(10,630)
Net carrying amount	–	3,208	–	3,208
At 1 January 2021, net of accumulated depreciation	–	3,208	–	3,208
Additions	704	–	8	712
Depreciation provided during the year	(19)	(2,722)	–	(2,741)
At 31 December 2021, net of accumulated depreciation	685	486	8	1,179

	Office equipment and electronic devices	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2021:				
Cost	704	13,838	8	14,550
Accumulated depreciation	(19)	(13,352)	–	(13,371)
Net carrying amount	685	486	8	1,179
31 December 2022				
At 1 January 2022:				
Cost	704	13,838	8	14,550
Accumulated depreciation	(19)	(13,352)	–	(13,371)
Net carrying amount	685	486	8	1,179
At 1 January 2022, net of accumulated depreciation	685	486	8	1,179
Additions	884	3,505	624	5,013
Depreciation provided during the year	(235)	(736)	–	(971)
At 31 December 2022, net of accumulated depreciation	1,334	3,255	632	5,221
At 31 December 2022:				
Cost	1,588	17,342	632	19,562
Accumulated depreciation	(254)	(14,087)	–	(14,341)
Net carrying amount	1,334	3,255	632	5,221

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and properties used in its operations. Leases of plant and properties generally have lease terms between 1.5 and 8 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land	Plant and properties	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2021	22,589	99,645	122,234
Additions	–	1,585	1,585
Depreciation charge	(465)	(18,112)	(18,577)
Decrease arising from lease term termination	–	(552)	(552)
As at 31 December 2021 and 1 January 2022	22,124	82,566	104,690
Additions	–	3,318	3,318
Depreciation charge	(465)	(19,673)	(20,138)
As at 31 December 2022	21,659	66,211	87,870

As at 31 December 2021 and 2022, the Group's right-of-use assets with an aggregate carrying amount of approximately RMB22,124,000 and RMB21,659,000 respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 30).

The Company

	Plant and properties
	RMB'000
As at 1 January 2021	–
Additions	1,377
Depreciation charge	(226)
As at 31 December 2021 and 1 January 2022	1,151
Additions	86,492
Depreciation charge	(16,212)
Decrease arising from lease term termination	(1,132)
As at 31 December 2022	70,299

The Company leased the properties from its subsidiary pursuant to the agreement signed on 26 January 2022.

(b) Lease liabilities

The carrying amount of lease liabilities (not included under interest-bearing bank and other borrowings) and the movements during the Relevant Periods are as follows:

The Group

	2021	2022
	RMB'000	*RMB'000*
Carrying amount at 1 January	103,192	90,712
New leases	1,585	3,318
Accretion of interest recognised during the year	4,778	4,157
Decrease arising from lease term termination	(527)	–
Payments	(18,316)	(21,801)
Carrying amount at 31 December	90,712	76,386
Analysed into:		
Current portion	15,418	15,523
Non-current portion	75,294	60,863

The Company

	2021	2022
	RMB'000	*RMB'000*
Carrying amount at 1 January	–	1,195
New leases	1,377	86,492
Accretion of interest recognised during the year	60	3,429
Decrease arising from lease term termination	–	(1,179)
Payments	(242)	(17,444)
Carrying amount at 31 December	1,195	72,493
Analysed into:		
Current portion	201	13,568
Non-current portion	994	58,925

The maturity analysis of lease liabilities is disclosed in note 43.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	2021	2022
	RMB'000	*RMB'000*
Interest on lease liabilities	4,778	4,157
Depreciation charge of right-of-use assets	18,577	20,138
Expenses relating to short-term leases	4,223	3,526
Expenses relating to leases of low-value assets	18	94
Loss on a lease term termination	25	–
Total amount recognised in profit or loss	27,621	27,915

The Company

	2021	2022
	RMB'000	*RMB'000*
Interest on lease liabilities	60	3,429
Depreciation charge of right-of-use assets	226	16,212
Expenses relating to short-term leases	229	703
Gain on a lease term termination	–	(47)
Total amount recognised in profit or loss	515	20,297

15. OTHER INTANGIBLE ASSETS

The Group

	Software	Patents and licences	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021				
Cost at 1 January 2021, net of accumulated amortisation	14,608	8,433	7,698	30,739
Additions	6,415	–	5,395	11,810
Transfers	3,261	–	(3,261)	–
Amortisation provided during the year	(4,686)	(1,833)	–	(6,519)
Impairment during the year	–	(2,446)	–	(2,446)
At 31 December 2021	19,598	4,154	9,832	33,584
At 31 December 2021 and at 1 January 2022:				
Cost	29,889	11,000	9,832	50,721
Accumulated amortisation and impairment	(10,291)	(6,846)	–	(17,137)
Net carrying amount	19,598	4,154	9,832	33,584
31 December 2022				
Cost at 1 January 2022, net of accumulated amortisation and impairment	19,598	4,154	9,832	33,584
Additions	3,026	–	1,471	4,497
Transfers	10,825	–	(10,825)	–
Amortisation provided during the year	(6,414)	(1,466)	–	(7,880)
At 31 December 2022	27,035	2,688	478	30,201
At 31 December 2022:				
Cost	43,740	11,000	478	55,218
Accumulated amortisation and impairment	(16,705)	(8,312)	–	(25,017)
Net carrying amount	27,035	2,688	478	30,201

As at 31 December 2021, the carrying amount of certain patent has been reduced to its recoverable amount of nil through recognition of an impairment loss of RMB2,446,000 as a fuel cell battery case had ceased production during 2021.

The Company

	Patents and licences
	RMB'000
31 December 2021	
Cost at 1 January 2021, net of accumulated amortisation	–
Additions	288
Amortisation provided during the year	(5)
At 31 December 2021	283
At 31 December 2021 and at 1 January 2022:	
Cost	288
Accumulated amortisation	(5)
Net carrying amount	283
31 December 2022	
Cost at 1 January 2022, net of accumulated amortisation	283
Additions	1,123
Amortisation provided during the year	(166)
At 31 December 2022	1,240
At 31 December 2022:	
Cost	1,411
Accumulated amortisation	(171)
Net carrying amount	1,240

16. INVESTMENT IN A JOINT VENTURE

The Group and the Company

	2021	2022
	RMB'000	*RMB'000*
Share of net assets	–	–

The Group and the Company's outstanding balances with the joint venture are disclosed in note 39.

The joint venture of the Group is considered not individually material for the Relevant Periods and the following table illustrates the financial information of the Group's joint venture:

	2021	2022
	RMB'000	*RMB'000*
Share of the joint venture's loss for the year	(5,750)	(18,750)
Aggregate carrying amount of the Group's investment in the joint venture	–	–

17. INVESTMENTS IN ASSOCIATES

The Group

	2021	2022
	RMB'000	*RMB'000*
Share of net assets	51,590	78,689

The associates of the Group are considered not individually material for the Relevant Periods, and the following table illustrates the aggregate financial information of the Group's associates:

	2021	2022
	RMB'000	*RMB'000*
Share of the associates' losses for the year	(2,466)	(2,695)
Share of the associates' total comprehensive income	(2,466)	(2,695)
Aggregate carrying amount of the Group's investments in the associates	51,590	78,689

The Company

	2021	2022
	RMB'000	*RMB'000*
Share of net assets	40,158	63,321

The Group and the Company's outstanding balances with the associates are disclosed in note 39.

18. INVESTMENTS IN SUBSIDIARIES

The Company

	2021	2022
	RMB'000	*RMB'000*
Investments, at cost	1,580,313	2,598,725
Impairment losses on investments in a subsidiary	(2,000)	(2,000)
Investments in subsidiaries	1,578,313	2,596,725

The Company's outstanding balances with the subsidiaries are disclosed in note 39.

19. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	2021	2022
	RMB'000	*RMB'000*
Unlisted equity investments	17,357	19,887

The Company

	2021	2022
	RMB'000	*RMB'000*
Unlisted equity investments	13,239	13,859

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

20. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Impairment of inventories	Lease liabilities	Deferred income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	1,388	16,094	5,628	23,110
Deferred tax (charged)/credited to profit or loss during the year	(717)	(1,874)	4,799	2,208
Gross deferred tax assets at 31 December 2021	671	14,220	10,427	25,318
Deferred tax credited/(charged) to profit or loss during the year	958	(2,204)	(541)	(1,787)
Gross deferred tax assets at 31 December 2022	1,629	12,016	9,886	23,531

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2021	3,661	15,545	19,206
Deferred tax charged to profit or loss during the year	(685)	(2,545)	(3,230)
Gross deferred tax liabilities at 31 December 2021	2,976	13,000	15,976
Deferred tax charged to profit or loss during the year	(616)	(2,498)	(3,114)
Gross deferred tax liabilities at 31 December 2022	2,360	10,502	12,862

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2021	2022
	RMB'000	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	9,342	10,669
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–
	9,342	10,669

Deferred tax assets have not been recognised in respect of the following items:

	2021	2022
	RMB'000	*RMB'000*
Tax losses	1,238,064	1,814,906
Deductible temporary differences	540,128	620,685
	1,778,192	2,435,591

The Group has tax losses arising in Chinese Mainland of RMB1,238,064,000 and RMB1,814,906,000 as at 31 December 2021 and 31 December 2022, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Company

The Company has tax losses arising in Chinese Mainland of RMB27,803,000 and RMB116,216,000 as at 31 December 2021 and 31 December 2022, respectively, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses are not considered probable that taxable profits will be available against which the tax losses can be utilised.

21. INVENTORIES

The Group

	2021	2022
	RMB'000	*RMB'000*
Raw materials	175,630	212,380
Work in progress	12,267	4,639
Finished goods	145,716	185,357
	333,613	402,376
Less: provision for impairment losses on inventories	(73,645)	(125,442)
	259,968	276,934

As at 31 December 2021 and 31 December 2022, inventories are stated at the lower of cost and net realisable value.

The movements in provision

	2021	2022
	RMB'000	*RMB'000*
Carrying amount at 1 January	38,593	73,645
Impairment losses recognised *(note 6)*	47,671	82,113
Amounts written off	(12,619)	(30,316)
Carrying amount at 31 December	73,645	125,442

22. TRADE AND BILLS RECEIVABLES

The Group

	2021	2022
	RMB'000	*RMB'000*
Non-current:		
Trade receivables *(a)*	284,724	264,897
Less: Impairment losses	(15,039)	(10,273)
	269,685	254,624
Current:		
Trade receivables	1,270,484	1,590,683
Commercial acceptance bills receivables	4,077	62,102
Bank acceptance notes	7,323	2,611
	1,281,884	1,655,396
Less: Impairment losses	(358,334)	(389,867)
	923,550	1,265,529
	1,193,235	1,520,153

The Group's trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

(a) Non-current trade receivables represented receivables from customers who signed contracts with a credit period of more than 1 year.

An aging analysis of the Group's trade receivables and commercial acceptance bills receivables, based on the past due information and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	2021	2022
	RMB'000	*RMB'000*
Current	650,086	893,979
Within 1 year	239,938	316,959
1 to 2 years	102,659	135,392
2 to 3 years	190,345	19,952
3 to 4 years	2,884	151,260
4 to 5 years	–	–
Over 5 years	–	–
	1,185,912	1,517,542

The movements in the impairment losses on trade receivables and commercial acceptance bills receivables are as follows:

	2021	2022
	RMB'000	*RMB'000*
At beginning of year	237,857	373,373
Impairment losses, net	135,516	26,767
At end of year	373,373	400,140

The Group's bills receivables aged within six months were not past due. Bank acceptance bills receivables that are measured at fair value through other comprehensive income are considered as having very low credit risk and the loss allowance is assessed to be minimal.

The Group applies the simplified approach in calculating ECLs for trade receivables and commercial acceptance bills receivables. Trade receivables and commercial acceptance bills receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables and commercial acceptance bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on past due information for grouping of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity. During 2021, the increase in impairment losses on trade receivables were mainly due to certain customers encountered with financial difficulties where the trade receivables are assessed to be uncollectable.

Set out below is the information about the credit risk exposure on the Group's trade receivables and commercial acceptance bills receivables using a provision matrix:

	Current	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2021								
On a collective basis:								
Expected credit loss rate	2.92%	9.66%	24.55%	40.57%	85.43%	100.00%	100.00%	16.12%
Gross carrying amount (RMB'000)	669,639	265,593	136,060	320,309	19,789	2,513	–	1,413,903
Expected credit losses (RMB'000)	19,553	25,655	33,401	129,964	16,905	2,513	–	227,991
On an individual basis:								
Expected credit loss rate								100%
Gross carrying amount (RMB'000)								145,382
Expected credit losses (RMB'000)								145,382

Set out below is the information about the credit risk exposure on the Group's trade receivables and commercial acceptance bills receivables using a provision matrix:

	Current	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2022								
On a collective basis:								
Expected credit loss rate	2.01%	6.95%	18.40%	41.82%	51.90%	100.00%	100.00%	14.30%
Gross carrying amount (RMB'000)	912,331	340,638	165,926	34,292	314,500	575	2,513	1,770,775
Expected credit losses (RMB'000)	18,352	23,679	30,534	14,340	163,240	575	2,513	253,233
On an individual basis:								
Expected credit loss rate								100%
Gross carrying amount (RMB'000)								146,907
Expected credit losses (RMB'000)								146,907

The Company

	2021	2022
	RMB'000	*RMB'000*
Trade receivables	67,205	229,658
Commercial acceptance bills receivables	1,701	376
Bank acceptance notes	3,443	1,475
	72,349	231,509
Less: Impairment losses	(2,313)	(9,535)
	70,036	221,974

An aging analysis of the Company's trade receivables and commercial acceptance bills receivables, based on the past due information and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	2021	2022
	RMB'000	*RMB'000*
Current	64,929	165,940
Within 1 year	938	54,515
1 to 2 years	726	44
	66,593	220,499

The movements in the loss allowance for impairment of trade receivables and commercial acceptance bills receivables are as follows:

	2021	2022
	RMB'000	*RMB'000*
At beginning of year	939	2,313
Impairment losses, net	1,374	7,222
At end of year	2,313	9,535

Set out below is the information about the credit risk exposure on the Group's trade receivables and commercial acceptance bills receivables using a provision matrix:

	Current	Within 1 year	1 to 2 years	Total
As at 31 December 2021				
On a collective basis:				
Expected credit loss rate	2.90%	12.60%	24.55%	3.36%
Gross carrying amount (RMB'000)	66,871	1,073	962	68,906
Expected credit losses (RMB'000)	1,942	135	236	2,313
As at 31 December 2022				
On a collective basis:				
Expected credit loss rate	2.09%	9.89%	20.55%	4.15%
Gross carrying amount (RMB'000)	169,478	60,500	56	230,034
Expected credit losses (RMB'000)	3,538	5,985	12	9,535

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	2021	2022
	RMB'000	*RMB'000*
Current:		
Prepayments to suppliers	28,362	54,992
Other tax recoverable	26,498	17,139
Prepaid expenses	39,803	21,942
Deposits	6,725	9,722
Due from related parties	522	500
Advances to employees	386	174
	102,296	104,469
Impairment allowance	(1,502)	(1,956)
	100,794	102,513
Non-current:		
Other tax recoverable	7,506	8,262
Prepayments for long-term assets	12,037	54,910
	19,543	63,172
Total	120,337	165,685

An impairment analysis is performed at the end of each of the Relevant Periods. Impairment allowance for deposits and due from related parties was mainly due to the uncollectivity as at 31 December 2021 and 31 December 2022.

The Company

	2021	2022
	RMB'000	*RMB'000*
Current portion:		
Prepayments to suppliers	836	4,954
Prepaid expenses	609	1,670
Deposits	168	1,218
Advances to employees	–	63
Other tax recoverable	1,286	3,865
	2,899	11,770
Impairment allowance	(8)	(19)
Total	2,891	11,751

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	2021	2022
	RMB'000	*RMB'000*
Current portion:		
Structured deposit, at fair value *(a)*	–	335,797
Non-current portion:		
Private equity fund	6,436	6,521
	6,436	342,318

The Company

	2021	2022
	RMB'000	*RMB'000*
Current portion:		
Structured deposit, at fair value *(a)*	–	280,689
Non-current portion:		
Private equity fund	6,436	6,521
	6,436	287,210

(a) The above structured deposits were issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The interest rates fluctuate with a range of 1.25%~3.40%, hooked onto the BFIX EURUSD exchange rate.

25. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

The Group

	2021	2022
	RMB'000	*RMB'000*
Cash and cash equivalents	276,220	1,079,456
Time deposits	–	52,086
Restricted cash	–	59,902
	276,220	1,191,444

As at 31 December 2022, time deposits amounting to RMB52,086,000 would mature in more than three months when acquired by the Group and earn interest at the time deposit rates.

As at 31 December 2022, restricted cash represented bank deposits amounting to RMB59,902,000 which were pledged to banks as collateral for issuance of bank acceptance notes.

	2021	2022
	RMB'000	*RMB'000*
Cash and cash equivalents		
Denominated in RMB	266,342	1,057,651
Denominated in CAD	8,552	18,173
Denominated in USD	1,313	3,632
Denominated in HKD	13	–
	276,220	1,079,456
Time deposits and restricted cash denominated in RMB	–	111,988

The Company

	2021	2022
	RMB'000	*RMB'000*
Cash and cash equivalents		
Denominated in RMB	31,145	67,464

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2021 and 2022, the internal credit rating of cash and cash equivalents, time deposits and restricted cash were performed. The Group and the Company has assessed that the credit risk of cash and cash equivalents, time deposits and restricted cash have not increased significantly since initial recognition and measured the impairment based on 12-month ECLs, and has assessed that the ECLs are minimal.

26. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

The Group

	2021	2022
	RMB'000	*RMB'000*
Within 1 year	441,574	430,639
1 to 2 years	21,647	30,015
2 to 3 years	81,813	16,653
Over 3 years	16,499	88,948
	561,533	566,255

The trade payables are non-interest-bearing and are normally settled within 30 to 180 days after receipt of VAT invoice. Certain suppliers offered partial final payment within 24 months.

The Company

	2021	2022
	RMB'000	*RMB'000*
Within 1 year	17,442	138,865

27. OTHER PAYABLES AND ACCRUALS

The Group

	2021	2022
	RMB'000	*RMB'000*
Payroll and welfare payable	49,027	68,448
Other tax payables	26,110	29,858
Government grants	2,910	2,910
Others	618	1,200
	78,665	102,416

The Company

	2021	2022
	RMB'000	*RMB'000*
Payroll and welfare payable	4,590	17,939
Other tax payables	287	2,729
Others	311	115
	5,188	20,783

Other payables are non-interest-bearing, unsecured and repayable on demand.

28. CONTRACT LIABILITIES

The Group

	31 December 2021	31 December 2022
	RMB'000	*RMB'000*
Non-current:		
Others	5,023	4,021
Current:		
Hydrogen fuel cell systems	3,828	1,940
Components	333	399
Hydrogen fuel cell engineering and technical services	13,324	5,463
Others	2,721	7,267
	20,206	15,069
Total	25,229	19,090

Contract liabilities represented advances received to deliver products and services.

29. DERIVATIVE FINANCIAL INSTRUMENT

The Group and the Company

The Group has an agreement with the obligation to buy back the share of the following joint venture:

	2021	2022
	RMB'000	*RMB'000*
Non-current		
Put option on interests in a joint venture held by a third party	17,742	–
Current		
Put option on interests in a joint venture held by a third party	–	37,423
	17,742	37,423

On 13 December 2018, the Company entered into an agreement. Pursuant to the agreement, the Company, Yunfu Rongda, and a third party namely Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. ("Sino-Synergy") established the Group's joint venture, Guangdong Guohong Refire Energy Technology Co., Ltd. ("Guohong Refire"). Pursuant to the agreement, Yunfu Rongda had the right to withdraw its investment in Guohong Refire of approximately RMB77,840,000 with a post-tax return rate at 1.5% per annum on or after 30 June 2020 and the Company and Sino-Synergy are required to agree on such capital withdrawal in proportion to the shareholdings of 49% and 51%, respectively. According to the agreement, Yunfu Rongda can choose to withdraw its investment through capital reduction or share transfer. If Yunfu Rongda chooses capital reduction, Guohong Refire shall return Yunfu Rongda's investment fund at the amount of RMB77,840,000, and the Company and Sino-Synergy shall assume a joint and several liability guarantee. If

Yunfu Rongda chooses to transfer shares to exit from the investment, the Company and Sino-Synergy shall jointly undertake the transferred shares and Guohong Refire should provide a joint-liability guarantee. On 8 January 2019, the Company, Yunfu Rongda, Sino-Synergy and Guohong Refire signed a supplementary agreement, pursuant to which Yunfu Rongda could exercise its right of capital withdrawal on or after 30 June 2023. Accordingly, the Group recognised fair value changes of RMB607,000 and RMB19,681,000 for the derivative financial instrument and the value of the put option that Yunfu Rongda held amounting to RMB17,742,000 and RMB37,423,000, respectively, as at 31 December 2021 and 2022, which were measured using option model based on the expected cash flows determined under the contract terms and market discount rate. On 1 April 2023, the Group made a capital injection of RMB38,142,000 into Guohong Refire. On 27 June 2023, Guohong Refire bought back shares from Yunfu Rongda at a cash consideration of RMB77,840,000, the Group's put option on interests in a joint venture held by a third party was therefore released.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	31 December 2021			31 December 2022		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current						
Bank loans – unsecured	3.8-4.8	2022	452,434	3.5-4.35	2023	180,150
Current portion of long – term bank loans – unsecured	4.5	2022	13,379	3.65-4.6	2023	73,800
Current portion of long – term bank loans – secured	–	–	–	4.5	2023	15,129
Current portion of long – term other borrowings – secured	4.5-5.8	2022	188,504	–	–	–
Total – current			654,317			269,079
Non-current						
Bank loans – unsecured	4.5	2024	20,000	3.85-4.85	2024-2025	258,066
Bank loans – secured	–	–	–	4.35-4.5	2029	77,500
Other borrowings – secured	4.65-4.75	2024-2025	383,736	4.3-4.65	2024-2025	393,525
Total – non-current			403,736			729,091
Total			1,058,053			998,170

	2021	2022
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year	465,813	269,079
In the second year	13,333	130,266
In the third to fifth years, inclusive	6,667	195,300
Beyond five years	–	10,000
	485,813	604,645
Other borrowings repayable:		
Within one year	188,504	–
In the second year	–	180,000
In the third to fifth years, inclusive	383,736	213,525
	572,240	393,525
	1,058,053	998,170

As at 31 December 2021, the Group's right-of-use assets and property, plant and equipment with aggregate carrying amounts of approximately RMB22,124,000 and RMB56,389,000, respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 13, 14).

As at 31 December 2022, the Group's right-of-use assets and property, plant and equipment with aggregate carrying amount of approximately RMB21,659,000 and RMB60,381,000, respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 13, 14).

As at 31 December 2021 and 31 December 2022, the Group pledged the equity interests in certain subsidiary as collateral to trust financing companies, as disclosed in note 1.

31. DEFERRED INCOME

The Group

	2021	2022
	RMB'000	*RMB'000*
Non-current:		
Government grants		
Asset-related grants *(a)*	56,122	58,247
Reimbursement of future expenses *(b)*	1,915	1,800
	58,037	60,047
Current:		
Government grants		
Reimbursement of future expenses *(b)*	3,029	–
Total	61,066	60,047

(a) Asset-related grants

The asset-related grants were the subsidies received from the government in relation to the Group's property, plant and equipment.

(b) Reimbursement of future expenses

Government grants as reimbursement of future expenses were subsidies received in relation to the Group's future research and development activities.

32. PROVISION

The Group

	2021	2022
	RMB'000	*RMB'000*
Non-current		
Product warranties *(a)*	18,544	19,913
Excess deficit *(b)*	5,750	–
	24,294	19,913
Current		
Product warranties *(a)*	17,596	18,855
Financial guarantee obligation *(c)*	11,760	–
	29,356	18,855
Total	53,650	38,768

The Company

	2021	2022
	RMB'000	*RMB'000*
Non-current:		
Excess deficit *(b)*	5,750	–
Current:		
Financial guarantee obligation *(c)*	11,760	–
Total	17,510	–

(a) Product warranties

Provision was made for estimated warranty claims in respect of products sold which were still under warranty at the end of each of the Relevant Periods. These claims are normally expected to be settled according to the terms of sales contract.

(b) Excess deficit

The Company and the other shareholders shall subscribe RMB89,090,000 and RMB170,570,000 capital contribution in Guohong Refire pursuant to the articles of association of the joint venture of Guohong Refire, while the Company has subscribed by RMB4,900,000 and RMB29,400,000 as at 31 December 2021 and 31 December 2022, respectively. As at 31 December 2021, the Group's investment in Guohong Refire amounted to zero due to accumulated deficit, while due to the legal obligation as stipulated in the articles of association of the joint venture that shareholders shall bear limited losses by subscription of capital contribution, so the residual liabilities of Guohong Refire to be borne by the Group to the limit of the remaining unsubscribed capital contribution were recorded as provision for excess deficit accordingly. As at 31 December 2021, the share of loss from Guohong Refire was recognised as provisions due to excess deficit, amounting to RMB5,750,000. The Group made a capital injection of RMB24,500,000 into Guohong Refire in December 2022. As Guohong Refire has been gradually ceasing major operations since 2020, the maximum exposure in relation to the excess deficit for 2021 was RMB5,750,000, could be covered by the capital contribution by the Company. As at 31 December 2022, all of liabilities of Guohong Refire could covered by its realizable assets, except for the liability to us and its obligation to buy back shares from Yunfu Rongda as disclosed in note 29.

(c) Financial guarantee obligation

On 15 September 2017, Guohong Refire (a joint venture of the Company) signed an agreement (the "Main Contract") with its subsidiary, Yunfu Hongsu Hydrogen Dynamic Power Technology Co., Ltd. ("Yunfu Hongsu") and a third party, namely Yunfu Yunneng, pursuant to which Yunfu Hongsu obtained a borrowing of RMB250,000,000 from Yunfu Yunneng with a fixed interest rate of 6.8% per annum and a term of maturity of three years (the "Main Contract") to support the development of Yunfu Hongsu. On the same day, the Company and Sino-Synergy signed a guarantee contract with Yunfu Yunneng, pursuant to which the Company and Sino-Synergy provided a guarantee according to the shareholding ratio for all debts arising from the obligation of the Main Contract until 18 September 2020. Pursuant to the resolution of the general meeting of shareholders of Yunfu Yunneng on 4 February 2021, Yunfu Yunneng agreed to extend the maturity date of the remaining borrowing balance of RMB50,000,000 to 31 December 2022 and the Group's guarantee was extended as well. Accordingly, for the year ended 31 December 2021, the Group recognised a financial guarantee obligation allowance of RMB11,760,000 for the gross amount of the financial guarantee obligation of RMB24,500,000, which was measured against lifetime expected credit losses for the year ended 31 December 2021. The provision reflected the directors' best estimate of the most likely outcome. As Guohong Refire did not have enough surplus cash in 2022 when a debt became due, the Group and Sino-Synergy made capital injections in proportion to the shareholding of 49% and 51% into Guohong Refire in December 2022. The Group made a capital injection of RMB24,500,000. As such, Guohong Refire repaid RMB50,000,000 to Yunfu Yunneng in December 2022.

33. SHARE CAPITAL

The Group and the Company

Shares

	2021	2022
	RMB'000	*RMB'000*
Issued and fully paid:		
Share capital	64,996	81,311

Pursuant to the shareholders' resolution dated 8 September 2020, shareholders of the Company agreed to convert the Company into a joint stock company with limited liability with registered capital of RMB56,063,300 (56,063,300 shares with a nominal value of RMB1.00 each). Upon completion of the registration with the Shanghai Municipal Administration for Market Regulation on 11 September 2020, the Company was renamed as Shanghai REFIRE Group Limited.

Pursuant to the shareholders' resolution dated 22 September 2020, shareholders of the Company agreed to increase the registered capital from RMB56,063,300 to RMB64,996,000 (64,996,000 shares with a nominal value of RMB1.00 each).

Pursuant to the shareholders' resolution dated 25 January 2022, shareholders of the Company agreed to increase the registered capital from RMB64,996,000 to RMB81,311,000 (81,311,000 shares with a nominal value of RMB1.00 each).

A summary of movements in the Company's share capital is as follows:

	2021	2022
	RMB'000	*RMB'000*
At 1 January	64,996	64,996
Shareholders' capital injection	–	16,315
At 31 December	64,996	81,311

34. SHARE-BASED PAYMENTS

To provide incentives and rewards to eligible participants who contribute to the Group's operation, the Actual Controller (Mr. Lin, Qi) of the Company designed and established several employee shareholding platforms for the Company to operate a series of Employee Incentive Schemes (the "Schemes"). Eligible participants of the Schemes, including member of senior managements, mid-level managers and other employees of the Group, were determined by the Actual Controller and approved by the Company through board resolutions. The Actual Controller of the Company acted as the general partner of these platforms, and had the right to determine the eligible participants, vesting criteria, and was obliged to repurchase the shares of the resigned eligible participants at the subscription price then reallocated these shares to other eligible participants.

On 17 March 2017, 30 May 2019 and 24 December 2020, 1,200,000 shares, 1,673,797 shares and 296,000 shares of the Company were granted to eligible participants through the employee shareholding platforms of the Schemes at a subscription price of RMB1.00 per share, RMB9.13 per share and RMB2.65 per share, respectively. The grant date fair value of the shares of the Schemes were RMB16.67 per share, RMB41.06 per share and RMB80.27 per share, respectively, which were determined based on investors' recent capital injection price. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss.

The shares held by the employee shareholding platforms of the Schemes will be vested at the date of successful [**REDACTED**] of the shares of the Company. Therefore service conditions are included in assumptions about the number of equity instruments that are expected to vest. Vesting period will be reviewed and determined by the management and related expense is recognised over the vesting period, which is from the date of grant to expected [**REDACTED**].

Movements in the number of equity interests shares granted and the respective weighted average grant date fair value were as follows:

	2021		2022	
	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares
	RMB per share		*RMB per share*	
At 1 January	39.38	4,852,697	39.38	4,848,078
Forfeited during the year	41.06	(4,618)	41.06	(78,884)
At 31 December	39.38	4,848,078	39.35	4,769,195

Share-based payment expenses relating to employees recognised for the Relevant Periods are as follows:

	2021	2022
	RMB'000	*RMB'000*
Administrative expenses	22,025	21,667
Research and development expenses	7,687	3,394
Selling expenses	1,557	1,976
Cost of sales	57	57
	31,326	27,094

35. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(i) Share premium and other reserve

The share premium and other reserve of the Group mainly represents the premium in issuing shares and the premium in acquisition of non-controlling interest.

(ii) Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(iv) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 34 to the Historical Financial Information.

The Company

	Share premium*	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Accumulated deficits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2020 and 1 January 2021	1,583,391	48,505	(236)	111,680	1,743,340
Loss for the year	–	–	–	(63,230)	(63,230)
Other comprehensive income for the year:					
Changes in equity investments designated at fair value through other comprehensive income, net of tax	–	–	385	–	385
Total comprehensive income for the year	–	–	385	(63,230)	(62,845)
Share-based payments	–	31,326	–	–	31,326
As at 31 December 2021 and 1 January 2022	1,583,391	79,831	149	48,450	1,711,821
Loss for the year	–	–	–	(151,352)	(151,352)
Other comprehensive income for the year:					
Changes in equity investments designated at fair value through other comprehensive income, net of tax	–	–	620	–	620
Total comprehensive income for the year	–	–	620	(151,352)	(150,732)
Share-based payments	–	27,094	–	–	27,094
Shareholders' capital injection	2,166,486	–	–	–	2,166,486
As at 31 December 2022	3,749,877	106,925	769	(102,902)	3,754,669

* The share premium of the Company mainly represents the capital contribution from equity holders of the Company.

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at 31 December 2021

	Percentage of equity interest held by non-controlling interests	Loss for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Unilia (Shanghai) Fuel Cells Inc. ("Shanghai Unilia")*	19.10*	(70,435)	(52,568)

As at 31 December 2022

	Percentage of equity interest held by non-controlling interests	Loss for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Shanghai Unilia	19.10	(26,077)	(78,440)
Foshan Diyi Element New Energy Technology Co., Ltd. ("Foshan Diyi")	45	–	36,000

* On 27 December 2021, the Group acquired an additional 29.8778% equity interest in Shanghai Unilia.

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Shanghai Unilia		Foshan Diyi
	2021	2022	2022
	RMB'000	*RMB'000*	*RMB'000*
Revenue	261,725	208,798	–
Total cost and expenses	(405,528)	(345,325)	(1)
Income tax expense	–	–	–
Total comprehensive income for the year	(143,803)	(136,527)	(1)
Current assets	106,491	160,189	36,001
Non-current assets	77,349	101,748	–
Current liabilities	(352,136)	(565,688)	–
Non-current liabilities	(6,930)	(6,930)	–
	(175,226)	(310,681)	36,001
Net cash flows (used in)/from operating activities	(160,009)	34,652	1
Net cash flows used in investing activities	(3,386)	(27,156)	–
Net cash flows from/(used in) financing activities	166,247	(4,555)	36,000
Net increase in cash and cash equivalents	2,852	2,941	36,001

37. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2021 and 2022, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,585,000 and RMB3,318,000, respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2021	634,889	103,192	738,081
Changes from financing cash flows	377,884	(18,316)	359,568
New leases	–	1,585	1,585
Interest expense	45,280	4,778	50,058
Lease term termination	–	(527)	(527)
At 31 December 2021	1,058,053	90,712	1,148,765
Changes from financing cash flows	(104,745)	(21,801)	(126,546)
New leases	–	3,318	3,318
Interest expense	44,862	4,157	49,019
At 31 December 2022	998,170	76,386	1,074,556

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	2021	2022
	RMB'000	*RMB'000*
Within operating activities	4,241	3,620
Within financing activities	18,316	21,801
	22,557	25,421

38. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2021	2022
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Properties, plant and equipment	35,391	63,429

In addition, the Group had the following commitments provided to a joint venture, associates and other unlisted investments:

	2021	2022
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Capital injection obligation	103,190	80,744

39. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

In addition to the transactions disclosed elsewhere in the Historical Financial Information, the Group had the following material transactions with related parties during the Relevant Periods:

The Group

The Group had the following transactions with related parties during the Relevant Periods:

	2021	2022
	RMB'000	*RMB'000*
Associates:		
Sales of goods or services	75	15,376
Purchase of goods or services	19,383	29,570
Purchase of property, plant and equipment	–	6,692
Disposal of property, plant and equipment	–	10
A joint venture:		
Disposal of property, plant and equipment:	2,575	280
Entity controlled by an entity with significant influence over the Group:		
Interest expense	8,235	3,561
Repayment of borrowings and interest	29,453	123,760
Key management personnel:		
Repayment of borrowings and interest	2,495	123
Interest expense	6	–

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(b) Outstanding balances with related parties

The Group

	2021	2022
	RMB'000	*RMB'000*
Associates:		
Trade related:		
Trade receivables:		
Non-current	–	3,502
Current	2,464	16,414
Less: Impairment allowance	(504)	(6,869)
	1,960	13,047
Prepayments, other receivables and other assets	522	522
Less: Impairment allowance	(25)	(50)
	497	472
Trade payables	8,823	9,007
Other payables and accruals	43	–
Contract liabilities	564	–
A joint venture:		
Trade related:		
Trade receivables:		
Current	85,832	20,696
Less: Impairment allowance	(21,693)	(4,253)
	64,139	16,443
Trade payables	60,943	191
Entity controlled by an entity with significant influence over the Group:		
Non-trade related:		
Current portion of long-term borrowings	40,211	–
Long-term borrowings	80,000	–
	120,211	–

	2021	2022
	RMB'000	*RMB'000*
Key management personnel:		
Non-trade related:		
Prepayments, other receivables and other assets	123	–

Trade receivables due from a joint venture and associates are repayable on credit terms similar to those offered to the major customers of the Group.

Trade payables due to a joint venture and associates are repayable within 90 days, which represents credit terms similar to those offered by the joint venture and associates to their major customers.

As at 31 December 2021 and 31 December 2022, except for the long-term borrowings from the entity controlled by an entity with significant influence over the Group that bore an interest rate of 5.80% per annum, all the remaining balances due to related parties were non-interest-bearing, unsecured and repayable on demand.

As at 31 December 2021 and 31 December 2022, all the remaining balances due from related parties were non-interest-bearing, unsecured and payable on demand.

The Company

	2021	2022
	RMB'000	*RMB'000*
Associates:		
Trade related:		
Trade receivables	–	159
Subsidiaries:		
Trade related:		
Trade receivables	5,059	17,026
Less: Impairment allowance	–	(2,939)
	5,059	14,087
Due from subsidiaries	94,000	882,118
Less: Impairment allowance	(2,760)	(18,459)
	91,240	863,659
Trade payable	12,488	126,855
Due to subsidiaries	177	97,179

As at 31 December 2021 and 31 December 2022, all the remaining balances due to related parties were non-interest-bearing, unsecured and repayable on demand.

As at 31 December 2021 and 31 December 2022, all the remaining balances due from related parties were non-interest-bearing, unsecured and payable on demand.

(c) Compensation of key management personnel of the Group

	2021	2022
	RMB'000	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	6,551	6,871
Performance related bonuses	2,112	2,610
Share-based payments	15,120	15,995
Pension scheme contributions	962	1,205
Total compensation paid to key management personnel	24,745	26,681

Further details of directors', the chief executive's and supervisors' emoluments are included in note 8 to Historical Financial Information.

(d) Other transactions with related parties

The Group provided a joint-liability guarantee for Guohong Refire as disclosed in note 29.

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

As at 31 December 2021

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity Investments	Debt Investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	17,357	–	–	17,357
Financial assets at fair value through profit or loss	6,436	–	–	–	6,436
Trade and bills receivables *(note 22)*	–	–	7,323	1,185,912	1,193,235
Financial assets included in prepayments, other receivables and other assets *(note 23)*	–	–	–	6,131	6,131
Cash and cash equivalents	–	–	–	276,220	276,220
	6,436	17,357	7,323	1,468,263	1,499,379

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	–	90,712	90,712
Trade and bills payables	–	561,533	561,533
Financial liabilities included in other payables and accruals	–	3,528	3,528
Interest-bearing bank and other borrowings	–	1,058,053	1,058,053
Derivative financial instrument	17,742	–	17,742
	17,742	1,713,826	1,731,568

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity Investments	Debt Investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	19,887	–	–	19,887
Financial assets at fair value through profit or loss	342,318	–	–	–	342,318
Trade and bills receivables *(note 22)*	–	–	2,611	1,517,542	1,520,153
Financial assets included in prepayments, other receivables and other assets *(note 23)*	–	–	–	8,440	8,440
Time deposits	–	–	–	52,086	52,086
Restricted cash	–	–	–	59,902	59,902
Cash and cash equivalents	–	–	–	1,079,456	1,079,456
	342,318	19,887	2,611	2,717,426	3,082,242

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	–	76,386	76,386
Trade and bills payables	–	566,255	566,255
Financial liabilities included in other payables and accruals	–	4,110	4,110
Interest-bearing bank and other borrowings	–	998,170	998,170
Derivative financial instrument	37,423	–	37,423
	37,423	1,644,921	1,682,344

The Company

As at 31 December 2021

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Equity Investments	Debt Investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	13,239	–	–	13,239
Trade and bills receivables *(note 22)*	–	3,443	66,593	70,036
Financial assets included in prepayments, other receivables and other assets *(note 23)*	–	–	160	160
Due from subsidiaries	–	–	91,240	91,240
Cash and cash equivalents	–	–	31,145	31,145
	13,239	3,443	189,138	205,820

Financial liabilities

	Financial assets at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	–	1,195	1,195
Trade and bills payables	–	17,442	17,442
Financial liabilities included in other payables and accruals	–	311	311
Due to subsidiaries	–	177	177
Derivative financial instrument	17,742	–	17,742
	17,742	19,125	36,867

As at 31 December 2022

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity Investments	Debt Investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	13,859	–	–	13,859
Trade and bills receivables *(note 22)*	–	–	1,475	220,499	221,974
Financial assets included in prepayments, other receivables and other assets *(note 23)*	–	–	–	1,262	1,262
Financial assets at fair value through profit or loss	287,210	–	–	–	287,210
Due from subsidiaries	–	–	–	863,659	863,659
Cash and cash equivalents	–	–	–	67,464	67,464
	287,210	13,859	1,475	1,152,884	1,455,428

Financial liabilities

	Financial assets at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	–	72,493	72,493
Trade and bills payables	–	138,865	138,865
Financial liabilities included in other payables and accruals	–	115	115
Due to subsidiaries	–	97,179	97,179
Derivative financial instrument	37,423	–	37,423
	37,423	308,652	346,075

41. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

During the Relevant Periods, certain subsidiaries of the Group, endorsed certain bills receivable accepted by banks (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of nil and RMB24,810,892 as at 31 December 2021 and 2022, respectively. The Derecognised Bills had a maturity of 1 to 12 months at the end of each reporting period. In accordance with the Law of Negotiable Instruments, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons, including the Group, liable for the Derecognised Bills regardless of the order of precedence (the "Continuing Involvement"). In the opinion of the management, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Group, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, lease liabilities and short-term interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments. Non-current portion of interest-bearing bank and other borrowings approximate to their carrying amounts mainly due to the floating interest rate.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the financial controller. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial controller. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in financial assets at fair value through profit or loss, which represent structured deposits issued by banks in Chinese Mainland. The Group has estimated the fair value of these structured deposits based on the net value announced by the bank at the end of each of the Relevant Periods.

The fair values of unlisted equity investments designated at fair value through other comprehensive income and unlisted investments measured at fair value through profit or loss have been estimated using a marketbased valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to book ("P/B") multiple and price to sales ("P/S") multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group has bank acceptance notes issued by banks in Chinese Mainland measured at fair value through other comprehensive income. The Group has estimated the fair value of these bank acceptance notes by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into a derivative financial instrument, which represents an obligation to buy back the share of a joint venture, the derivative financial instrument is measured under an option model. The valuation method is based on expected net cash outflows.

For the fair value of the unlisted equity investments designated at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2021 and 2022:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial assets				
Equity investments designated at fair value through other comprehensive income				
Unlisted equity investments	Market approach	Discounts for lack of marketability ("DLOM")	31 December 2021: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB174,000.
			31 December 2022: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB199,000.
Financial assets at fair value through profit or loss				
Private equity fund	Market approach	Discounts for lack of marketability ("DLOM")	31 December 2021: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB64,000.
			31 December 2022: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB65,000.

	Valuation technique	Significant unobservable input	Range	Relationship of unobservable inputs to fair value
Financial liabilities				
Derivative financial instrument				
Obligation to buy back the share of a joint venture	Option model base on expected cash flows	Expected cash flows of Guohong Refire	31 December 2021: Expected cash flows of Gouhong Refire: nil – RMB76,933,000	The higher the expected net cash flows of Guohong Refire, the lower the derivative financial instrument fair value.
		Expected cash flows of Guohong Refire	31 December 2022: Expected cash flows: nil	The higher the expected net cash flows of Guohong Refire, the lower the derivative financial instrument fair value.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	7,323	17,357	24,680
Financial assets at fair value through profit or loss.	–	–	6,436	6,436
	–	7,323	23,793	31,116

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	2,611	19,887	22,498
Financial assets at fair value through profit or loss.	–	335,797	6,521	342,318
	–	338,408	26,408	364,816

Liabilities measured at fair value:

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instrument	–	–	17,742	17,742

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instrument	–	–	37,423	37,423

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than a derivative, comprise bank loans, other interest-bearing borrowings, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank and other borrowings had increased/decreased by 50bp and all other variables were held constant, the loss before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB1,079,000 and RMB1,806,000 for the years ended 31 December 2021 and 2022, respectively.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As the Group's major businesses are in Chinese Mainland, the majority of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. The Group does not have material foreign currency risk during the Relevant Periods.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

The amounts presented are gross carrying amounts for financial assets. The loss provision of financial guarantee obligation were measured as lifetime expected credit loss as disclosed in note 32.

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	1,559,285	1,559,285
Financial assets included in prepayments, other receivables and other assets					
– Normal**	6,433	–	–	–	6,433
– Doubtful**	–	–	1,200	–	1,200
Cash and cash equivalents					
– Not yet past due	276,220	–	–	–	276,220
	282,653	–	1,200	1,559,285	1,843,138

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	1,917,682	1,917,682
Financial assets included in prepayments, other receivables and other assets					
– Normal**	10,077	–	–	–	10,077
– Doubtful**	–	–	319	–	319
Time deposits					
– Not yet past due	52,086	–	–	–	52,086
Restricted cash					
– Not yet past due	59,902	–	–	–	59,902
Cash and cash equivalents					
– Not yet past due	1,079,456	–	–	–	1,079,456
	1,201,521	–	319	1,917,682	3,119,522

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 22.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021						
Interest-bearing bank and other borrowings	693,965	24,226	166,796	230,482	–	1,115,469
Lease liabilities	21,910	19,657	35,846	44,921	–	122,334
Trade and bills payables	561,533	–	–	–	–	561,533
Financial liabilities included in other payables	3,528	–	–	–	–	3,528
Derivative financial instrument	–	17,742	–	–	–	17,742
	1,280,936	61,625	202,642	275,403	–	1,820,606
31 December 2022						
Interest-bearing bank and other borrowings	300,388	334,540	399,892	28,182	10,684	1,073,686
Lease liabilities	19,657	35,846	21,850	23,071	–	100,424
Trade and bills payables	566,255	–	–	–	–	566,255
Financial liabilities included in other payables	4,110	–	–	–	–	4,110
Derivative financial instrument	37,423	–	–	–	–	37,423
	927,833	370,386	421,742	51,253	10,684	1,781,898

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings, trade and bills payables, derivative financial instrument, other payables and accruals and lease liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

	31 December 2021	31 December 2022
	RMB'000	*RMB'000*
Trade and bills payables	561,533	566,255
Other payables and accruals	78,665	102,416
Derivative financial instrument	17,742	37,423
Interest-bearing bank and other borrowings	1,058,053	998,170
Lease liabilities	90,712	76,386
Less: Cash and cash equivalents	(276,220)	(1,079,456)
Net debt	1,530,485	701,194
Equity attributable to owners of the parent	566,024	2,271,548
Capital and net debt	2,096,509	2,972,742
Gearing ratio	73%	24%

44. EVENTS AFTER THE RELEVANT PERIODS

(1) Pursuant to the shareholder resolution dated on 21 January 2024, the general meeting approved the establishment of the Pre-[**REDACTED**] Share Option Scheme ("Scheme"), a maximum number up to 5,267,800 share options were granted with the purpose of providing incentives to directors, senior management and mid-level employees to the Group. The Scheme is valid and effective for 6 years from the grant date. The exercise price of all granted options to certain directors and employees is RMB33.64 per ordinary share. 50% and 50% of the shares subject to the option shall vested at the first, second anniversaries of the Vesting Commencement Date, respectively. The Vesting Commencement Date shall be the later of 12 months after granted and the [**REDACTED**], under the fulfillment of the key performance indicators. The options may not be exercised until they vest.

(2) In 2024, the Group acquired an additional 70% equity interests in Jiaqing (Shanghai) Industrial Co., Ltd at a total cash consideration of RMB6,300,000, which was treated as an associate as holding 30% equity interests before. After that, Jiaqing (Shanghai) Industrial Co., Ltd became a wholly-owned subsidiary.

(3) Guangdong Hanhe Automotive Co., Ltd ("Guangdong Hanhe") was formerly treated as an associate. In February 2024, the Group acquired an additional 18.53% equity interests in Guangdong Hanhe at a total cash consideration of RMB18,000,000. After that, Guangdong Hanhe is accounted for as an associate by holding 48.53% of equity interests in total.

(4) Pursuant to the supplemental arrangement signed with a major customer customer, who is also one of the Group's shareholder, Faw Jiefang Automotive Co., Ltd ("FAW Jiefang") in December 2023 and February 2024, the Group has offered a guarantee that this customer will receive subsidies related to the hydrogen fuel cell vehicle with the Group's products embedded in from the government amounting to RMB206,360,000 and RMB18,088,000 before 31 December 2025 and 31 December 2024, respectively. According to the subsidies policy, such subsidies can be applied and received once the criterias are fulfilled. The Management of the Group considers that it is highly probable for the customer to collect such subsidies. In addition, for the amount that criteria has been fulfilled, the application process has already been taken with the government, and for the remaining amount, management considered it would be highly probable for the customer to fulfill the criteria in forthcoming periods. Accordingly, the guarantee provision is assessed to be minimal as of 31 December 2022.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any periods, subsequent to 31 December 2022.

The following is the text of a report on the financial information of Shanghai REFIRE Group Limited, prepared for the purpose of incorporation in this document received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.

To the Directors of
Shanghai REFIRE Group Limited

INTRODUCTION

We have reviewed the interim financial information set out on pages IB-2 to IB-58, which comprises the interim condensed consolidated statement of financial position of Shanghai REFIRE Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2023, and the related condensed consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the nine months period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Certified Public Accountants
Hong Kong
[date]

I INTERIM FINANCIAL INFORMATION

Preparation of Interim Financial Information

Set out below is the interim financial information which forms an integral part of this accountants' report.

The interim financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Nine months ended 30 September	
	Notes	**2023**	**2022**
		RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
REVENUE	*4*	219,445	115,435
Cost of sales		(184,755)	(141,252)
Cost of sales of goods and services		(163,948)	(89,492)
Impairment losses on inventories	*20*	(20,807)	(51,760)
Gross profit		34,690	(25,817)
Other income and gains	*4*	38,365	45,514
Selling and marketing expenses		(81,548)	(63,736)
Administrative expenses		(224,061)	(165,482)
Research and development expenses		(167,246)	(142,184)
Fair value gains on financial assets at fair value through profit or loss, net		95	881
Fair value loss on a derivative financial instrument		–	(19,681)
Impairment losses on financial assets, net		(21,594)	(16,719)
Other expenses		(2,286)	(1,634)
Finance costs	*6*	(36,141)	(37,242)
Share of losses of:			
A joint venture		–	(18,750)
Associates		(3,057)	(2,495)
LOSS BEFORE TAX	*5*	**(462,783)**	**(447,345)**
Income tax credit	*9*	2,854	4,155
LOSS FOR THE PERIOD		**(459,929)**	**(443,190)**
Loss attributable to:			
Owners of the parent		(424,129)	(412,431)
Non-controlling interests		(35,800)	(30,759)
		(459,929)	(443,190)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*11*	(5.22)	(5.53)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Nine months ended 30 September	
	2023	**2022**
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
LOSS FOR THE PERIOD	(459,929)	(443,190)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(1,164)	500
Income tax effect	291	(125)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(873)	375
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	3,765	2,934
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	3,765	2,934
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	2,892	3,309
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(457,037)	(439,881)
Attributable to:		
Owners of the parent	(422,097)	(409,805)
Non-controlling interests	(34,940)	(30,076)
	(457,037)	(439,881)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	**30 September 2023**	**31 December 2022**
		RMB'000 (unaudited)	*RMB'000 (audited)*
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	453,584	417,284
Right-of-use assets	*13*	73,357	87,870
Other intangible assets	*14*	24,730	30,201
Investment in a joint venture	*15*	–	–
Investments in associates	*16*	81,893	78,689
Equity investments designated at fair value through other comprehensive income	*18*	29,660	19,887
Financial assets at fair value through profit or loss	*23*	28,616	6,521
Trade receivables	*21*	273,402	254,624
Prepayments, other receivables and other assets	*22*	28,889	63,172
Deferred tax assets	*19*	13,536	10,669
Total non-current assets		1,007,667	968,917
CURRENT ASSETS			
Inventories	*20*	435,569	276,934
Trade and bills receivables	*21*	1,327,221	1,265,529
Prepayments, other receivables and other assets	*22*	202,334	102,513
Financial assets at fair value through profit or loss	*23*	–	335,797
Time deposits	*24*	53,769	52,086
Restricted cash	*24*	15,973	59,902
Cash and cash equivalents	*24*	735,940	1,079,456
Total current assets		2,770,806	3,172,217
CURRENT LIABILITIES			
Trade and bills payables	*25*	467,177	566,255
Other payables and accruals	*26*	95,267	102,416
Contract liabilities	*27*	13,257	15,069
Derivative financial instrument	*28*	–	37,423
Interest-bearing bank and other borrowings	*29*	338,678	269,079
Lease liabilities	*13*	17,598	15,523
Tax payable		1,969	3,447
Provision	*31*	19,637	18,855
Total current liabilities		953,583	1,028,067
NET CURRENT ASSETS		1,817,223	2,144,150
TOTAL ASSETS LESS CURRENT LIABILITIES		2,824,890	3,113,067
NON-CURRENT LIABILITIES			
Contract liabilities	*27*	5,754	4,021
Interest-bearing bank and other borrowings	*29*	848,221	729,091
Lease liabilities	*13*	46,554	60,863
Deferred income	*30*	60,434	60,047
Provision	*31*	23,608	19,913
Total non-current liabilities		984,571	873,935
Net assets		1,840,319	2,239,132
EQUITY			
Equity attributable to owners of the parent:			
Share capital	*32*	81,311	81,311
Reserves	*34*	1,823,263	2,190,237
		1,904,574	2,271,548
Non-controlling interests		(64,255)	(32,416)
Total equity		1,840,319	2,239,132

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

30 September 2023 (unaudited)

	Attributable to owners of the parent										
	Share capital	**Share premium and other reserve***	**Share-based payment reserve***	**Statutory surplus reserve***	**Fair value reserve of financial assets at fair value through other comprehensive income***	**Exchange fluctuation reserve***	**Special reserve***	**Accumulated deficits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 *Note 32*	*RMB'000* *Note 34*	*RMB'000* *Note 34*	*RMB'000* *Note 34*	*RMB'000*	*RMB'000* *Note 34*	*RMB'000* *Note 34*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022 and 1 January 2023 (audited)	81,311	3,723,260	102,173	1,403	852	900	–	(1,638,351)	2,271,548	(32,416)	2,239,132
Loss for the period	–	–	–	–	–	–	–	(424,129)	(424,129)	(35,800)	(459,929)
Other comprehensive loss for the period:											
Changes in equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	(873)	–	–	–	(873)	–	(873)
Exchange differences related to foreign operations	–	–	–	–	–	2,905	–	–	2,905	860	3,765
Total comprehensive income for the period	–	–	–	–	(873)	2,905	–	(424,129)	(422,097)	(34,940)	(457,037)
Share-based payment *(note 33)*	–	–	55,314	–	–	–	–	–	55,314	2,910	58,224
Appropriation to special reserve	–	–	–	–	–	–	2,168	(2,168)	–	–	–
Deemed disposal of non-controlling interests	–	(191)	–	–	–	–	–	–	(191)	191	–
As at 30 September 2023 (unaudited)	81,311	3,723,069	157,487	1,403	(21)	3,805	2,168	(2,064,648)	1,904,574	(64,255)	1,840,319

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

30 September 2022 (unaudited)

	Attributable to owners of the parent									
	Share capital	**Share premium and other reserve***	**Share-based payment reserve***	**Statutory surplus reserve***	**Fair value reserve of financial assets at fair value through other comprehensive income***	**Exchange fluctuation reserve***	**Accumulated deficits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 *Note 32*	*RMB'000* *Note 34*	*RMB'000* *Note 34*	*RMB'000* *Note 34*	*RMB'000*	*RMB'000* *Note 34*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2021 and 1 January 2022 (audited)	64,996	1,556,774	75,830	1,010	467	(1,061)	(1,131,992)	566,024	(29,569)	536,455
Loss for the period	–	–	–	–	–	–	(412,431)	(412,431)	(30,759)	443,190
Other comprehensive loss for the period:										
Changes in equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	375	–	–	375	–	375
Exchange differences related to foreign operations	–	–	–	–	–	2,251	–	2,251	683	2,934
Total comprehensive income for the period	–	–	–	–	375	2,251	(412,431)	(409,805)	(30,076)	(439,881)
Share-based payment *(note 33)*	–	–	18,675	–	–	–	–	18,675	571	19,246
Shareholders' capital injection	12,715	1,689,285	–	–	–	–	–	1,702,000	–	1,702,000
As at 30 September 2022 (unaudited)	77,711	3,246,059	94,505	1,010	842	1,190	(1,544,423)	1,876,894	(59,074)	1,817,820

* These reserve accounts represent the total combined reserves of RMB1,823,263,000 and RMB1,799,183,000 in the consolidated statements of financial position as at 30 September 2023 and 30 September 2022, respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Nine months ended 30 September 2023	Nine months ended 30 September 2022
		RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
CASH FLOWS USD IN OPERATING ACTIVITIES			
Profit before tax		(462,783)	(447,345)
Adjustments for:			
Depreciation of property, plant and equipment	*5,12*	66,640	56,959
Depreciation of right-of-use assets	*5,13*	14,213	15,019
Amortisation of other intangible assets	*5,14*	7,251	5,542
Share-based payment expenses	*5,33*	58,224	19,246
Share of losses of:			
A joint venture		–	18,750
Associates		3,057	2,495
Impairment losses on financial assets	*5*	21,594	16,719
Write-down of inventories to net realisable value	*5*	20,807	51,760
Finance costs	*6*	36,141	37,242
Interest income	*4*	(13,378)	(13,876)
Investment income from structured deposits	*4*	(1,269)	–
Fair value gains of financial assets at fair value through profit or loss	*5*	(95)	(881)
Fair value loss on a derivative financial instrument	*5*	–	19,681
Gain on disposal of an associate	*4*	(2,010)	–
Government grants and subsidies credited to the statement of profit or loss during the period		(7,813)	(9,248)
Warranty provision	*5*	11,050	2,625
Deemed disposal in equity of associates	*4*	–	(3,017)
Gain on disposal of items of property, plant and equipment	*4*	–	(111)
Loss on disposal of a derivative financial instrument		719	–
Gain on a lease term termination	*5,13*	(40)	–
		(247,692)	(228,440)
Increase in inventories		(179,443)	(249,577)
Increase in deferred income		8,200	11,008
Decrease/(increase) in restricted cash		43,929	(50,228)
(Increase)/decrease in trade and bills receivables		(99,076)	35,467
Increase in prepayments, other receivables and other assets		(46,370)	(64,886)
Decrease in trade and bills payables		(99,077)	(11,690)
(Decrease)/increase in other payables and accruals		(7,149)	996
(Decrease)/increase in contract liabilities		(79)	21,621
Decrease in provision		(6,572)	(1,066)
Cash used in operations		(633,329)	(536,795)
Interest received		11,696	13,340
Income tax paid		(3,523)	(3,125)
Net cash flows used in operating activities		(625,156)	(526,580)

	Notes	Nine months ended 30 September 2023	2022
		RMB'000 (unaudited)	RMB'000 (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		2,238	2,107
Purchases of items of property, plant and equipment		(65,634)	(42,584)
Purchase of other intangible assets		(1,780)	(2,560)
Settlement of a derivative financial instrument		(38,142)	–
Investments in time deposits		–	(20,000)
Investments in an associate		(15,250)	(25,000)
Disposal of investment in associates		11,000	–
Maturity of financial assets at fair value through profit or loss		337,066	250,000
Investment in financial assets at fair value through profit or loss		(22,000)	(840,641)
Investments in financial assets at fair value through other comprehensive income		(10,645)	(2,146)
Net cash flows from/(used in) investing activities		196,853	(680,824)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection from the Company's shareholders		–	1,702,000
Lease payments		(14,502)	(9,635)
Proceeds from interest-bearing bank and other borrowings		419,800	394,000
Repayment of interest-bearing bank and other borrowings		(238,700)	(571,542)
Increase in factoring deposits		(60,000)	–
Interest paid		(25,907)	(33,696)
Net cash flows from financing activities		80,691	1,481,127
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(347,612)	273,723
Cash and cash equivalents at beginning of period		1,079,456	276,220
Effect of foreign exchange rate changes, net		4,096	3,179
Cash and cash equivalents at end of period		735,940	553,122
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*24*	805,682	623,886
Less: Time deposits	*24*	53,769	20,536
Restricted cash	*24*	15,973	50,228
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position		735,940	553,122

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	**30 September 2023**	**31 December 2022**
		RMB'000 *(unaudited)*	*RMB'000* *(audited)*
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	8,957	5,221
Right-of-use assets	*13*	57,050	70,299
Other intangible assets	*14*	1,122	1,240
Equity investments designated at fair value through other comprehensive income	*18*	24,057	13,859
Financial assets at fair value through profit or loss	*23*	16,616	6,521
Investments in subsidiaries	*17*	2,670,770	2,596,725
Investments in associates	*16*	71,599	63,321
Total non-current assets		2,850,171	2,757,186
CURRENT ASSETS			
Inventories		239	–
Trade and bills receivables	*21*	238,143	221,974
Prepayments, other receivables and other assets	*22*	18,012	11,751
Due from subsidiaries	*39*	1,101,535	863,659
Financial assets at fair value through profit or loss	*23*	–	280,689
Cash and cash equivalents	*24*	26,212	67,464
Total current assets		1,384,141	1,445,537
CURRENT LIABILITIES			
Trade and bills payables	*25*	140,508	138,865
Other payables and accruals	*26*	19,293	20,783
Due to subsidiaries	*39*	244,189	97,179
Lease liabilities	*13*	16,650	13,568
Derivative financial instrument	*28*	–	37,423
Total current liabilities		420,640	307,818
NET CURRENT ASSETS		963,501	1,137,719
TOTAL ASSETS LESS CURRENT LIABILITIES		3,813,672	3,894,905
NON-CURRENT LIABILITIES			
Lease liabilities	*13*	45,178	58,925
Total non-current liabilities		45,178	58,925
Net assets		3,768,494	3,835,980
Equity			
Share capital	*32*	81,311	81,311
Reserves	*34*	3,687,183	3,754,669
Total equity		3,768,494	3,835,980

II NOTES TO THE INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shanghai Refire Group Limited formerly known as Hangzhou Refire Technology Co., Ltd. (the "Company") was incorporated as a limited liability company on 18 September 2015. The registered office of the Company is located at 655 Jinyuan 1st Road, Jiading District, Shanghai, the People's Republic of China (the "PRC"). On 11 September 2020, the Company was converted into a joint stock company with limited liability.

The Company is an investment holding company. During the nine months ended 30 September 2023 and 2022 (the "Relevant Periods"), the Company and its subsidiaries (collectively, the "Group") were involved in the following principal activities:

- research and development, production and sales of hydrogen fuel cell systems, components and hydrogen production systems and related components

- provision of hydrogen fuel cell engineering and technical services

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim financial information for the Relevant Periods has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board ("IASB").

The unaudited interim financial information does not include all the information and disclosures required in the Historical Financial Information, and should be read in conjunction with the Group's Historical Financial Information for the years ended 31 December 2021 and 2022.

The accounting policies applied in the preparation of the unaudited interim financial information are consistent with those used in the Group's Historical Financial statements for the years ended 31 December 2021 and 2022.

The interim financial information has been prepared under the historical cost convention, except for a derivative financial instrument, structured deposits, private equity fund and equity investments which have been measured at fair value.

3. OPERATING SEGMENT INFORMATION

Management has determined the operating segment based on the information reviewed by the Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment. The chief operating decision maker has been identified as the executive directors of the Company.

Management monitors the results of the Group's operating segment separately for the purpose of making decisions about resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no further information about the operating segment is presented.

Geographical information

Almost all the non-current assets of the Group are physically located in the Chinese Mainland. The geographical location of customers is based on the location at which the customers operate, and almost all of the revenue of the Group was derived from operations in the Chinese Mainland during the Relevant Periods.

Information about major customers

External customers that have contributed over 10% of total revenue of the Group for the Relevant Period were as follows:

	Nine months ended 30 September	
	2023	2022
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Company G	65,294	*
Company I	39,342	*
Company A	29,026	*
Company H	*	14,403
Company F	*	17,925
Company J	*	19,566
Company K	*	18,142

* less than 10% of the Group's revenue

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Nine months ended 30 September	
	2023	2022
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Revenue from contracts with customers	219,445	115,435

Revenue from contracts with customers

(a) Disaggregated revenue information

	Nine months ended 30 September	
	2023	2022
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Types of goods or services		
Hydrogen fuel cell systems	151,242	42,694
Components	56,420	49,567
Hydrogen production systems and related components	433	–
Provision of fuel cell engineering and technical services	6,407	20,931
Others	4,943	2,243
Total revenue from contracts with customers	219,445	115,435

Geographical markets

Since almost all of the revenue of the Group was derived from operations in Chinese Mainland during the Relevant Periods, revenue from the overseas markets of the Group is assessed as not material.

	Nine months ended 30 September	
	2023	2022
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Timing of revenue recognition		
Goods transferred at a point in time	214,689	113,298
Services transferred over time	4,756	2,137
Total revenue from contracts with customers	219,445	115,435

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Nine months ended 30 September	
	2023	2022
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	13,894	20,036

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Hydrogen fuel cell systems, components and hydrogen production systems

The performance obligation is satisfied upon acceptance and payment generally varies from 20 days to 36 months.

Provision of fuel cell engineering and technical services

The performance obligation is satisfied upon acknowledgement for receipt by the customers and payment generally varies from 20 days to 150 days. Partial upfront payment is made in advance.

Others

Others mainly represented after-sales services. The performance obligation is satisfied over time as services are rendered and payment is periodical according to the service schedule.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the reporting periods are as follows:

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Amounts expected to be recognised as revenue:		
Within one year	13,257	15,069
After one year	5,754	4,021
	19,011	19,090

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to after-sales services, of which the performance obligations are to be satisfied within eight years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

An analysis of other income and gains is as follows:

	Nine months ended 30 September	
	2023	2022
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Other income		
Government grants and subsidies	20,903	25,575
Interest income	13,378	13,876
Investment income from structured deposits	1,269	–
Others	212	1,043
	35,762	40,494
Gains		
Deemed disposal in equity of associates	–	3,017
Gain on disposal of scrap materials	553	1,892
Gain on disposal of an associate	2,010	–
Gain on a lease term termination	40	–
Gain on disposal of items of property, plant and equipment	–	111
	2,603	5,020
	38,365	45,514

5. LOSS BEFORE TAX

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

		Nine months ended 30 September	
		2023	2022
	Notes	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*
Cost of goods sold*		133,299	60,764
Cost of hydrogen fuel cell engineering and technical services provided*		239	8,146
Depreciation of property, plant and equipment	*12*	66,640	56,959
Depreciation of right-of-use assets	*13*	14,213	15,019
Amortisation of other intangible assets	*14*	7,251	5,542
Research and development costs*		55,012	43,325
Lease payments not included in the measurement of lease liabilities		1,666	1,985
Employee benefit expense (including directors' and chief executive's remuneration *(note 8)*):			
Wages and salaries		171,842	157,584
Share-based payment	*33*	58,224	19,246
Pension scheme contributions and social welfare		56,539	45,338
Impairment losses on financial assets, net		21,594	16,719
Write-down of inventories to net realisable value	*20*	20,807	51,760
Gain on a lease term termination	*13*	(40)	–
Warranty provision		11,050	2,625
Fair value gains on financial assets at fair value through profit or loss		(95)	(881)
Fair value loss on a derivative financial instrument		–	19,681

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of other intangible assets related to manufacturing and research and development for the Relevant Periods are included in "Depreciation of property, plant and equipment", "Depreciation of right-of-use assets" and "Amortisation of other intangible assets", respectively. The labour cost related to manufacturing and research and development for the Relevant Periods are included in "Employee benefit expense".

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Nine months ended 30 September	
	2023	2022
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Interest on interest-bearing bank and other borrowings	33,533	34,058
Interest on lease liabilities	2,608	3,184
	36,141	37,242

7. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

Directors' and chief executive's remuneration for the period, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Nine months ended 30 September	
	2023	**2022**
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Fees	270	270
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind	4,785	5,059
Performance related bonuses*	937	1,958
Share-based payment expenses	27,759	7,511
Pension scheme contributions	859	777
	34,340	15,305
	34,610	15,575

* Certain executive directors of the Company are entitled to bonus payments which are determined by key performance indicators.

During the Relevant Periods, certain directors were granted restricted shares, in respect of their services to the Group, under the Employee Incentive Scheme of the Company, further details of which are set out in note 33 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss over the vesting period. The amount during the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

The remuneration of each director/supervisor of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors/supervisors of the Company) for the Relevant Periods are set out as follows:

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the period were as follows:

	Nine months ended 30 September	
	2023	**2022**
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Ms. Qian, Meifen *(i)*	90	90
Mr. Li, Wei *(i)*	90	90
Mr. Xie, Penghong *(i)*	90	90
Mr. Chen, Fei *(ii)*	–	–
	270	270

i. On 8 September 2020, Ms. Qian, Meifen, Mr. Li, Wei and Mr. Xie, Penghong were appointed as non-executive directors of the Company. Mr. Xie, Penghong resigned on 27 December 2023.

ii. On 27 December 2023, Mr. Chen, Fei was appointed as a non-executive director of the Company.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, a non-executive director, the chief executive and supervisors

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Nine months ended 30 September 2023 *(unaudited)*					
Executive directors:					
Mr. Lin, Qi *(i)*	659	156	17,569	106	18,490
Mr. Hu, Zhe *(ii)*	680	161	2,471	106	3,418
Ms. Ma Audrey Jing Nan *(iii)*	646	155	847	117	1,765
Mr. Zhai, Shuang *(ii)*	581	133	173	106	993
Mr. Zhao, Yongsheng *(iv)*	374	113	338	83	908
Mr. Gong, Xiaohui *(v)*	784	–	847	106	1,737
Mr. Chen, Weishan *(v)*	142	–	102	23	267
	3,866	718	22,347	647	27,578
A non-executive director:					
Mr. Liu, Hui You *(vi)*	–	–	–	–	–
Supervisors:					
Mr. Wu, Yang *(vii)*	–	–	–	–	–
Mr. Zhou, Wei *(viii)*	–	–	–	–	–
Mr. Ji, Yizhi *(vii)*	–	–	–	–	–
Mr. Wang, Chuqi *(viii)*	377	89	5,086	106	5,658
Mr. Sun, Bei *(ix)*	542	130	326	106	1,104
	919	219	5,412	212	6,762
Total	4,785	937	27,759	859	34,340
Nine months ended 30 September 2022 *(unaudited)*					
Executive directors:					
Mr. Lin, Qi *(i)*	639	200	600	100	1,539
Mr. Hu, Zhe *(ii)*	625	200	3	100	928
Ms. Ma Audrey Jing Nan *(iii)*	645	146	–	–	791
Mr. Zhai, Shuang *(ii)*	515	181	173	100	969
Mr. Zhao, Yongsheng *(iv)*	307	125	338	77	847
Mr. Gong, Xiaohui *(v)*	779	243	846	100	1,968
Mr. Chen, Weishan *(v)*	548	176	102	100	926
	4,058	1,271	2,062	577	7,968
A non-executive director:					
Mr. Liu, Hui You *(vi)*	–	–	–	–	–
Supervisors:					
Mr. Wu, Yang *(vii)*	–	–	–	–	–
Mr. Zhou, Wei *(viii)*	–	–	–	–	–
Mr. Ji, Yizhi *(vii)*	–	–	–	–	–
Mr. Wang, Chuqi *(viii)*	368	148	5,069	100	5,685
Mr. Sun, Bei *(ix)*	633	539	380	100	1,652
	1,001	687	5,449	200	7,337
Total	5,059	1,958	7,511	777	15,305

i. On 8 September 2020, Mr. Lin, Qi was appointed as the chief executive director and the chairman of the board of directors of the Group.

ii. On 8 September 2020, Mr. Hu, Zhe and Mr. Zhai, Shuang were appointed as executive directors of the Group.

iii. On 27 December 2023, Ms. Ma Audrey Jing Nan was appointed as an executive director of the Group.

iv. On 3 April 2023, Mr. Zhao, Yong Sheng was appointed as an executive director of the Group.

v. On 8 September 2020, Mr. Gong, Xiaohui and Mr. Chen, Weishan were appointed as executive directors of the Group and resigned on December 27 2023.

vi. On 27 December 2023, Mr. Liu, Hui You was appointed as a non-executive director of the Group.

vii. On 19 January 2023, Mr. Wu, Yang and Mr. Ji, Yizhi were appointed as supervisors of the Group.

viii. On 18 May 2022, Mr. Zhou, Wei and Mr. Wang, Chuqi were appointed as supervisors of the Group.

ix. On 8 September 2020, Mr. Sun, Bei was appointed as a supervisor of the Group.

There was no arrangement under which a director, the chief executive or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included four directors and a supervisor, details of whose remuneration are set out in note 7 above. No five highest paid employees who are neither a director nor a supervisor of the Company during the Relevant Periods.

9. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese Mainland

The subsidiaries incorporated in Chinese Mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for these subject to tax preferential set out below:

Shanghai Refire Technology Co., Ltd., Shanghai Pando Electric Technology Co., Ltd. and Unilia (Shanghai) Fuel Cells Inc. were granted with the qualification of High and New Technology Enterprises ("HNTE"). Accordingly, the subsidiaries were entitled to a preferential corporate income tax rate of 15% during the Relevant Periods.

Certain subsidiaries of the Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC's State Administration of Taxation. Pursuant to the policy, during the period from 1 January 2019 to 31 December 2021, the portion of annual taxable income amount of a Small-Scaled Minimal Profit Corporate which does not exceed RMB1,000,000 shall be computed at a reduced rate of 25% as taxable income amount, and shall be levied at a reduced tax rate of 20%; the portion of annual taxable income amount which exceeds RMB1,000,000 but does not exceed RMB3,000,000 shall be computed at a reduced rate of 50% as taxable income amount, and shall be levied at a reduced tax rate of 20%. Pursuant to the policy announced by the PRC's State Administration of Taxation, during the period from January 1, 2022 to December 31, 2024, the portion of annual taxable income amount of a Small-Scaled Minimal Profit Corporate which exceeds RMB1,000,000 but does not exceed RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount, and shall be levied at a reduced tax rate of 20%.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

Canada

The subsidiary incorporated in Canada is subject to Canada profits tax at the statutory rate of 15% on any estimated assessable profits arising in Canada during the Relevant Periods. No provision for Canada profits tax has been made as the Group had no assessable profits derived from or earned in Canada during the Relevant Periods.

Taxes on profits assessable overseas have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Nine months ended 30 September	
	2023	2022
	RMB'000 (unaudited)	*RMB'000 (unaudited)*
Current income tax	13	946
Deferred tax expense *(note 19)*	(2,867)	(5,101)
Total tax credit for the period	(2,854)	(4,155)

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective tax rates, are as follows:

	Nine months ended 30 September	
	2023	**2022**
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Loss before tax	(462,783)	(447,345)
Tax at the statutory tax rate	(115,696)	(111,836)
Effect of preferential tax rates	20,016	28,511
Losses attributable to a joint venture and associates *(a)*	764	5,311
Expenses not deductible for tax *(b)*	15,324	7,019
Super deduction on research and development expenses *(c)*	(27,648)	(22,809)
Deductible temporary differences not recognised	8,125	5,202
Tax losses not recognised	96,261	84,447
Tax charge at the Group's effective tax rate	(2,854)	(4,155)

(a) The losses attributable to a joint venture and associates comprise of tax effect of share of "Share of losses of a joint venture" amounting to nil and RMB18,750,000 and "Share of losses of associates" amounting to RMB3,057,000 and RMB2,495,000 for the nine months ended 30 September 2023 and 2022, respectively.

(b) Expenses not deductible for tax mainly include tax effect of share-based payments, fair value losses on a derivative financial instrument and non-deductible business entertainment expenses.

(c) Super deductible allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits for the nine months ended 30 September 2022. According to the relevant laws and regulations, for the period from 1 October 2022 to 30 September 2023, the aforementioned deduction rate increased to 200%.

10. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 81,311,000 and 74,570,000 in issue during the Relevant Periods, as adjusted to reflect the rights issue during the Relevant Periods.

	Nine months ended 30 September	
	2023	**2022**
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Loss		
Loss attributable to ordinary equity holders of the parent	(424,129)	(412,431)
Shares		
Weighted average number ('000) of ordinary shares in issue during the period	81,311	74,570
Loss per share		
Basic and diluted (RMB)	(5.22)	(5.53)

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

12. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 September 2023 ***(unaudited)***							
At 1 January 2023:							
Cost	65,509	352,643	24,928	3,168	174,432	11,509	632,189
Accumulated depreciation and impairment	(5,128)	(114,728)	(15,742)	(2,422)	(76,885)	–	(214,905)
Net carrying amount	60,381	237,915	9,186	746	97,547	11,509	417,284
At 1 January 2023, net of accumulated depreciation and impairment	60,381	237,915	9,186	746	97,547	11,509	417,284
Additions	–	26,363	1,665	1,714	741	73,102	103,585
Disposals	–	(2,227)	(11)	–	–	–	(2,238)
Depreciation provided during the period	(1,877)	(38,955)	(3,622)	(387)	(21,799)	–	(66,640)
Exchange realignment	–	1,077	20	12	484	–	1,593
Transfers	2,495	16,271	237	–	7,402	(26,405)	–
At 30 September 2023, net of accumulated depreciation and impairment	60,999	240,444	7,475	2,085	84,375	58,206	453,584
At 30 September 2023:							
Cost	68,004	394,127	26,839	4,894	183,059	58,206	735,129
Accumulated depreciation and impairment	(7,005)	(153,683)	(19,364)	(2,809)	(98,684)	–	(281,545)
Net carrying amount	60,999	240,444	7,475	2,085	84,375	58,206	453,584

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022							
At 1 January 2022:							
Cost	59,130	294,193	22,355	2,931	160,880	18,547	558,036
Accumulated depreciation and impairment	(2,646)	(70,978)	(11,102)	(2,107)	(49,719)	–	(136,552)
Net carrying amount	56,484	223,215	11,253	824	111,161	18,547	421,484
At 1 January 2022, net of accumulated depreciation and impairment	56,484	223,215	11,253	824	111,161	18,547	421,484
Additions	129	35,407	3,079	237	7,616	30,751	77,219
Disposals	(81)	(3,577)	(566)	–	–	–	(4,224)
Depreciation provided during the year	(2,481)	(43,750)	(4,640)	(315)	(27,166)	–	(78,352)
Exchange realignment	–	741	3	–	413	–	1,157
Transfer	6,330	25,879	57	–	5,523	(37,789)	–
At 31 December 2022, net of accumulated depreciation and impairment	60,381	237,915	9,186	746	97,547	11,509	417,284
At 31 December 2022:							
Cost	65,509	352,643	24,928	3,168	174,432	11,509	632,189
Accumulated depreciation and impairment	(5,128)	(114,728)	(15,742)	(2,422)	(76,885)	–	(214,905)
Net carrying amount	60,381	237,915	9,186	746	97,547	11,509	417,284

As at 30 September 2023 and 31 December 2022, the Group's buildings, with an aggregate carrying amount of approximately RMB60,999,000 and RMB60,381,000 respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 29).

The Company

	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 September 2023 ***(unaudited)***					
At 1 January 2023:					
Cost	1,588	–	17,342	632	19,562
Accumulated depreciation and impairment	(254)	–	(14,087)	–	(14,341)
Net carrying amount	1,334	–	3,255	632	5,221
At 1 January 2023, net of accumulated depreciation and impairment	1,334	–	3,255	632	5,221
Additions	749	1,714	–	2,725	5,188
Depreciation provided during the period	(340)	(144)	(968)	–	(1,452)
Exchange realignment	–	–	–	–	–
Transfers	–	–	3,274	(3,274)	–
At 30 September 2023, net of accumulated depreciation and impairment	1,743	1,570	5,561	83	8,957
At 30 September 2023:					
Cost	2,337	1,714	20,616	83	24,750
Accumulated depreciation and impairment	(594)	(144)	(15,055)	–	(15,793)
Net carrying amount	1,743	1,570	5,561	83	8,957
31 December 2022 ***(audited)***					
At 1 January 2022:					
Cost	704	–	13,838	8	14,550
Accumulated depreciation and impairment	(19)	–	(13,352)	–	(13,371)
Net carrying amount	685	–	486	8	1,179
At 1 January 2022, net of accumulated depreciation and impairment	685	–	486	8	1,179
Additions	884	–	3,505	624	5,013
Depreciation provided during the year	(235)	–	(736)	–	(971)
At 31 December 2022, net of accumulated depreciation and impairment	1,334	–	3,255	632	5,221
At 31 December 2022:					
Cost	1,588	–	17,342	632	19,562
Accumulated depreciation and impairment	(254)	–	(14,087)	–	(14,341)
Net carrying amount	1,334	–	3,255	632	5,221

13. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and properties used in its operations. Leases of plant and properties generally have lease terms between 1.5 and 8 years. Other equipment generally have lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Land-use rights	Plant and properties	Total
		RMB'000	*RMB'000*
As at 1 January 2022	22,124	82,566	104,690
Additions	–	3,318	3,318
Depreciation charge	(465)	(19,673)	(20,138)
As at 31 December 2022 and 1 January 2023	21,659	66,211	87,870
Depreciation charge	(348)	(13,865)	(14,213)
Decrease arising from lease term termination	–	(300)	(300)
As at 30 September 2023 *(unaudited)*	21,311	54,046	73,357

As at 30 September 2023 and 31 December 2022, the Group's right-of-use assets with an aggregate carrying amount of approximately RMB21,311,000 and RMB21,659,000, respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 29).

The Company

	Plant and properties
	RMB'000
As at 1 January 2022	1,151
Additions	86,492
Depreciation charge	(16,212)
Decrease arising from lease term termination	(1,132)
As at 31 December 2022 and 1 January 2023	70,299
Depreciation charge	(13,249)
As at 30 September 2023 *(unaudited)*	57,050

The Company leased the properties from its subsidiary persuant to the agreement signed on 26 January 2022.

(b) Lease liabilities

The carrying amount of lease liabilities (not included under interest-bearing bank and other borrowings) and the movements during the Relevant Periods are as follows:

The Group

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Carrying amount at 1 January	76,386	90,712
New leases	–	3,318
Accretion of interest recognised during the period/year	2,608	4,157
Decrease arising from lease term termination	(340)	–
Payments	(14,502)	(21,801)
Carrying amount at the end of the period/year	64,152	76,386
Analysed into:		
Current portion	17,598	15,523
Non-current portion	46,554	60,863

The Company

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Carrying amount at 1 January	72,493	1,195
New leases	–	86,492
Accretion of interest recognised during the period/year	2,402	3,429
Payments	(13,067)	(17,444)
Decrease arising from lease term termination	–	(1,179)
Carrying amount at the end of the period/year	61,828	72,493
Analysed into:		
Current portion	16,650	13,568
Non-current portion	45,178	58,925

The maturity analysis of lease liabilities is disclosed in note 43.

(c) ***The amounts recognised in profit or loss in relation to leases are as follows:***

The Group

	Nine months ended 30 September	
	2023	2022
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Interest on lease liabilities	2,608	3,184
Depreciation charge of right-of-use assets	14,213	15,018
Expenses relating to short-term leases	1,491	1,932
Expenses relating to leases of low-value assets	175	53
Gain on a lease term termination	(40)	–
Total amount recognised in profit or loss	18,447	20,187

The Company

	Nine months ended 30 September	
	2023	2022
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Interest on lease liabilities	2,402	2,548
Depreciation charge of right-of-use assets	13,249	11,796
Expenses relating to short-term leases	53	686
Gain on a lease term termination	–	(47)
Total amount recognised in profit or loss	15,704	14,983

14. OTHER INTANGIBLE ASSETS

The Group

	Patents and licences	Software	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
30 September 2023 ***(unaudited)***				
At 1 January 2023:				
Cost	11,000	43,740	478	55,218
Accumulated amortisation and impairment	(8,312)	(16,705)	–	(25,017)
Net carrying amount	2,688	27,035	478	30,201
Cost at 1 January 2022, net of accumulated amortisation and impairment	2,688	27,035	478	30,201
Additions	–	1,266	514	1,780
Transfers	–	396	(396)	–
Amortisation provided during the period	(1,100)	(6,151)	–	(7,251)
At 30 September 2023	1,588	22,546	596	24,730
At 30 September 2023:				
Cost	11,000	45,402	596	56,998
Accumulated amortisation and impairment	(9,412)	(22,856)	–	(32,268)
Net carrying amount	1,588	22,546	596	24,730
31 December 2022				
At 1 January 2022:				
Cost	11,000	29,889	9,832	50,721
Accumulated amortisation and impairment	(6,846)	(10,291)	–	(17,137)
Net carrying amount	4,154	19,598	9,832	33,584
Cost at 1 January 2022, net of accumulated amortisation and impairment	4,154	19,598	9,832	33,584
Additions	–	3,026	1,471	4,497
Transfers	–	10,825	(10,825)	–
Amortisation provided during the year	(1,466)	(6,414)	–	(7,880)
At 31 December 2022	2,688	27,035	478	30,201
At 31 December 2022 and at 1 January 2023:				
Cost	11,000	43,740	478	55,218
Accumulated amortisation and impairment	(8,312)	(16,705)	–	(25,017)
Net carrying amount	2,688	27,035	478	30,201

The Company

	Patents and licences
	RMB'000
30 September 2023 *(unaudited)*	
At 1 January 2023:	
Cost	1,411
Accumulated amortisation	(171)
Net carrying amount	1,240
Cost at 1 January 2022, net of accumulated amortisation	1,240
Additions	101
Amortisation provided during the period	(219)
At 30 September 2023	1,122
At 30 September 2023:	
Cost	1,512
Accumulated amortisation	(390)
Net carrying amount	1,122
31 December 2022	
At 1 January 2022:	
Cost	288
Accumulated amortisation	(5)
Net carrying amount	283
Cost at 1 January 2022, net of accumulated amortisation	283
Additions	1,123
Amortisation provided during the year	(166)
At 31 December 2022	1,240
At 31 December 2022 and at 1 January 2023:	
Cost	1,411
Accumulated amortisation	(171)
Net carrying amount	1,240

15. INVESTMENT IN A JOINT VENTURE

The Group and the Company

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Share of net assets	–	–

The Group and the Company's outstanding balances with the joint venture are disclosed in note 39.

The joint venture of the Group is considered not individually material for the Relevant Periods and the following table illustrates the financial information of the Group's joint venture:

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Share of the joint venture's loss for the period/year	–	(18,750)
Aggregate carrying amount of the Group's investment in the joint venture	–	–

16. INVESTMENTS IN ASSOCIATES

The Group

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Share of net assets	81,893	78,689

The associates of the Group are considered not individually material for the nine months ended 30 September 2023, and the following table illustrates the aggregate financial information of the Group's associates:

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Share of the associates' losses for the period/year	(3,057)	(2,495)
Share of the associates' total comprehensive income	(3,057)	(2,495)
Aggregate carrying amount of the Group's investments in the associates	81,893	78,689

The Company

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Share of net assets	71,599	63,321

The Group and the Company's outstanding balances with the associates are disclosed in note 39.

17. INVESTMENTS IN SUBSIDIARIES

The Company

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Investments, at cost	2,672,770	2,598,725
Impairment losses on investments in a subsidiary	(2,000)	(2,000)
Investments in subsidiaries	2,670,770	2,596,725

The Company's outstanding balances with the subsidiaries are disclosed in note 39.

18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Unlisted equity investments	29,660	19,887

The Company

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Unlisted equity investments	24,057	13,859

The above unlisted equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

19. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during Relevant Periods are as follows:

Deferred tax assets

	Impairment of inventories	Lease liabilities	Deferred income	Losses available for offsetting against future taxable profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022 *(audited)*	671	14,220	10,427	–	25,318
Deferred tax credited/(charged) to profit or loss during the year	958	(2,204)	(541)	–	(1,787)
Gross deferred tax assets at 31 December 2022	1,629	12,016	9,886	–	23,531
Deferred tax credited/(charged) to profit or loss during the period	101	(1,933)	460	1,467	95
Gross deferred tax assets at 30 September 2023 *(unaudited)*	1,730	10,083	10,346	1,467	23,626

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022 *(audited)*	2,976	13,000	15,976
Deferred tax charged to the statements of profit or loss income during the year	(616)	(2,498)	(3,114)
Gross deferred tax liabilities at 31 December 2022	2,360	10,502	12,862
Deferred tax charged to the statements of profit or loss income during the period	(516)	(2,256)	(2,772)
Gross deferred tax liabilities at 30 September 2023 *(unaudited)*	1,844	8,246	10,090

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Net deferred tax assets recognised in the consolidated statement of financial position	13,536	10,669
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–
	13,536	10,669

Deferred tax assets have not been recognised in respect of the following items:

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Tax losses	2,376,356	1,814,906
Deductible temporary differences	628,541	632,652
	3,004,897	2,447,558

The Group has tax losses arising in Chinese Mainland of RMB2,376,356,000 and RMB1,814,906,000 as at 30 September 2023 and 31 December 2022, respectively that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Company

The Company has tax losses arising in Chinese Mainland of RMB209,559,000 and RMB116,216,000 as at 30 September 2023 and 31 December 2022, respectively, which will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

20. INVENTORIES

The Group

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Raw materials	233,478	212,380
Work in progress	25,563	4,639
Finished goods	290,176	185,357
	549,217	402,376
Less: provision for impairment losses on inventories	(113,648)	(125,442)
	435,569	276,934

As at 30 September 2023 and 31 December 2022, inventories are stated at the lower of cost and net realisable value.

The movements in provision

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Carrying amount at the beginning of the period/year	125,442	73,645
Impairment loss recognised *(note 5)*	20,807	82,113
Amounts write-off	(32,601)	(30,316)
Carrying amount at the end of the period/year	113,648	125,442

21. TRADE AND BILLS RECEIVABLES

The Group

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Non-current:		
Trade receivables *(a)*	284,122	264,897
Less: Impairment losses	(10,720)	(10,273)
	273,402	254,624
Current:		
Trade receivables	1,701,090	1,590,683
Commercial acceptance bills receivables	22,170	62,102
Bank acceptance notes	11,908	2,611
	1,735,168	1,655,396
Less: Impairment losses	(407,947)	(389,867)
	1,327,221	1,265,529
	1,600,623	1,520,153

The Group's trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

(a) Non-current trade receivables represented receivables from customers who signed contracts with a credit period of more than 1 year.

An aging analysis of the Group's trade receivables and commercial acceptance bills receivables, based on the past due information and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Current	981,997	893,979
Within 1 year	206,037	316,959
1 to 2 years	207,411	135,392
2 to 3 years	62,337	19,952
3 to 4 years	1,389	151,260
4 to 5 years	129,544	–
	1,588,715	1,517,542

The movements in the impairment losses on trade receivables and commercial acceptance bills receivables as follows:

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
At the beginning of the period/year	400,140	373,373
Impairment losses recognised	21,040	26,767
Impairment losses reversed	(2,513)	–
At the end of the period/year	418,667	400,140

The Group's bills receivables aged within six months were not past due. Bank acceptance bills receivables that are measured at fair value through other comprehensive income are considered as having very low credit risk and the loss allowance is assessed to be minimal.

The Group applies the simplified approach in calculating ECLs for trade receivables and commercial acceptance bills receivables. Trade receivables and commercial acceptance bills receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables and commercial acceptance bills receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on past due information for grouping of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables and commercial acceptance bills receivables using a provision matrix:

	Current	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 30 September 2023 (unaudited)								
On a collective basis:								
Expected credit loss rate	2.06%	6.73%	11.78%	27.27%	55.16%	58.58%	100.00%	14.61%
Gross carrying amount (RMB'000)	1,002,674	220,907	235,118	85,705	3,096	312,793	182	1,860,475
Expected credit loss (RMB'000)	20,677	14,870	27,707	23,368	1,707	183,249	182	271,760
On an individual basis:								
Expected credit loss rate								100%
Gross carrying amount								146,907
Expected credit losses (RMB'000)								146,907
As at 31 December 2022 (audited)								
On a collective basis:								
Expected credit loss rate	2.01%	6.95%	18.40%	41.82%	51.90%	100.00%	100.00%	14.30%
Gross carrying amount (RMB'000)	912,331	340,638	165,926	34,292	314,500	575	2,513	1,770,775
Expected credit losses (RMB'000)	18,352	23,679	30,534	14,340	163,240	575	2,513	253,233
On an individual basis:								
Expected credit loss rate								100%
Gross carrying amount (RMB'000)								146,907
Expected credit losses (RMB'000)								146,907

The Company

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Trade receivables	252,224	229,658
Commercial acceptance bills receivables	28	376
Bank acceptance notes	25	1,475
	252,277	231,509
Less: Impairment losses	(14,134)	(9,535)
	238,143	221,974

An aging analysis of the Company's trade receivables and commercial acceptance bills receivables, based on the past due information and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Current	187,360	165,940
Within 1 year	331	54,515
1 to 2 years	50,427	44
	238,118	220,499

The movements in the loss allowance for impairment of trade receivables and commercial acceptance bills receivables are as follows:

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
At beginning of period/year	9,535	2,313
Impairment losses, net	4,599	7,222
At end of period/year	14,134	9,535

Set out below is the information about the credit risk exposure on the Group's trade receivables and commercial acceptance bills receivables using a provision matrix:

	Current	Within 1 year	1 to 2 years	Total
As at 30 September 2023 (unaudited)				
On a collective basis:				
Expected credit loss rate	2.11%	7.20%	16.65%	5.60%
Gross carrying amount (RMB'000)	191,395	357	60,500	252,252
Expected credit loss (RMB'000)	4,035	26	10,073	14,134
As at 31 December 2022 (audited)				
On a collective basis:				
Expected credit loss rate	2.09%	9.89%	20.55%	4.15%
Gross carrying amount (RMB'000)	169,478	60,500	56	230,034
Expected credit losses (RMB'000)	3,538	5,985	12	9,535

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Current:		
Prepayments to suppliers	85,871	54,992
Other tax recoverable	28,598	17,139
Prepaid expenses	20,583	21,942
Deposits	70,640	9,722
Due from related parties	1,184	500
Advances to employees	475	174
	207,351	104,469
Impairment allowance	(5,017)	(1,956)
	202,334	102,513
Non-current:		
Other tax recoverable	13,855	8,262
Prepayments for long-term assets	15,034	54,910
	28,889	63,172
Total	231,223	165,685

An impairment analysis is performed at the end of each of the Relevant Periods. Impairment allowance for deposits and due from related parties was mainly due to the uncollectivity as at 30 September 2023 and 31 December 2022.

The Company

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Current portion:		
Prepayments to suppliers	9,052	4,954
Prepaid expenses	1,992	1,670
Deposits	1,460	1,218
Advances to employees	304	63
Other tax recoverable	5,273	3,865
	18,081	11,770
Impairment allowance	(69)	(19)
Total	18,012	11,751

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Current:		
Structured deposit, at fair value *(a)*	–	335,797
Non-current:		
Private equity fund	28,616	6,521
	28,616	342,318

The Company

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Current:		
Structured deposit, at fair value *(a)*	–	280,689
Non-current:		
Private equity fund	16,616	6,521
	16,616	287,210

(a) The above structured deposits were issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The interest rates fluctuate with a range of 1.25%~3.40%, hooked onto the BFIX EURUSD exchange rate.

24. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

The Group

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Cash and cash equivalents	735,940	1,079,456
Time deposits	53,769	52,086
Restricted cash	15,973	59,902
	805,682	1,191,444

As at 30 September 2023 and 31 December 2022, time deposits amounting to RMB53,769,000 and RMB52,086,000, which would mature in more than three months when acquired by the Group and earn interest at the time deposit rates.

As at 30 September 2023 and 31 December 2022, restricted cash represented bank deposits amounting to RMB15,973,000 and RMB59,902,000 which were pledged to banks as collateral for issuance of bank acceptance notes.

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Cash and cash equivalents		
Denominated in RMB	717,909	1,057,651
Denominated in EUR	2,095	–
Denominated in CAD	15,494	18,173
Denominated in USD	442	3,632
	735,940	1,079,456
Time deposits and restricted cash denominated in RMB	69,032	116,673

The Company

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Cash and cash equivalents		
Denominated in RMB	26,212	67,464

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 30 September 2023 and 31 December 2022, the internal credit rating of cash and cash equivalents, time deposits and restricted cash were performed. The Group and the Company has assessed that the credit risk of cash and cash equivalents, time deposits and restricted cash have not increased significantly since initial recognition and measured the impairment based on 12-month ECLs, and has assessed that the ECLs are minimal.

25. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

The Group

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Within 1 year	322,291	430,639
1 to 2 years	31,677	30,015
2 to 3 years	39,090	16,653
Over 3 years	74,119	88,948
	467,177	566,255

The trade payables are non-interest-bearing and are normally settled within 30 to 180 days after receipt of VAT invoice. Certain suppliers offered partial final payment within 24 months.

The Company

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Within 1 year	140,505	138,865
1 to 2 years	3	–
	140,508	138,865

26. OTHER PAYABLES AND ACCRUALS

The Group

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Payroll and welfare payable	60,135	68,448
Government grants	30,480	2,910
Other tax payables	3,147	29,858
Others	1,505	1,200
	95,267	102,416

The Company

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Payroll and welfare payable	17,132	17,939
Other tax payables	1,265	2,729
Government grants	250	–
Others	646	115
	19,293	20,783

Other payables are non-interest-bearing, unsecured and repayable on demand.

27. CONTRACT LIABILITIES

The Group

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Non-current:		
Others	5,754	4,021
Current:		
Hydrogen fuel cell engineering and technical services	6,811	5,463
Hydrogen fuel cell systems	2,545	1,940
Components	404	399
Others	3,497	7,267
	13,257	15,069
Total	19,011	19,090

Contract liabilities represented advances received to deliver products and services.

28. DERIVATIVE FINANCIAL INSTRUMENT

The Group and the Company

The Group has an agreement with the obligation to buy back the share of the following joint venture:

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Current:		
Put option on interests in a joint venture held by a third party	–	37,423
	–	37,423

On 13 December 2018, the Company entered into an agreement. Pursuant to the agreement, the Company, Yunfu Rongda, and a third party Sino-Synergy Hydrogen Energy Technology (Jiaxing) Co., Ltd. ("Sino-Synergy") established the Group's joint venture, Guangdong Guohong Refire Energy Technology Co., Ltd. ("Guohong Refire"). Pursuant to the agreement, Yunfu Rongda had the right to withdraw its investment in Guohong Refire of approximately RMB77,840,000 with a post-tax return rate at 1.5% per annum on or after 30 June 2020 and the Company and Sino-Synergy are required to agree on such capital withdrawal in proportion to the shareholdings of 49% and 51%, respectively. According to the agreement, Yunfu Rongda can choose to withdraw its investment through capital reduction or share transfer. If Yunfu Rongda chooses capital reduction, Guohong Refire shall return Yunfu Rongda's investment fund at the amount of RMB77,840,000, and the Company and Sino-Synergy shall assume a joint and several liability guarantee. If Yunfu Rongda chooses to transfer shares to exit from the investment, the Company and Sino-Synergy shall jointly undertake the transferred shares and Guohong Refire should provide a joint-liability guarantee. On 8 January 2019, the Company, Yunfu Rongda, Sino-Synergy and Guohong Refire signed a supplementary agreement, pursuant to which Yunfu Rongda could exercise its right of capital withdrawal on or after 30 June 2023. Accordingly, the Group recognised fair value changes of RMB19,681,000 for the derivative financial instrument and the value of the put option that Yunfu Rongda held amounting to RMB37,423,000 as at 31 December 2022, which were measured using option model based on expected cash flows determined under the contract terms and market discount rate. As at 1 April 2023, the Group made a capital injection of RMB38,142,000 into Guohong Refire. On 27 June 2023, Guohong Refire bought back shares from Yunfu Rongda at a cash consideration of RMB77,840,000, the Group's put option on interests in a joint venture held by a third party was therefore released.

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	30 September 2023			31 December 2022		
	Effective interest rate (%)	Maturity	*RMB'000*	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Bank loans – unsecured	3.0-4.3	2023-2024	14,861	3.5-4.35	2023	180,150
Current portion of long-term bank loans – unsecured	2.7-4.6	2024	128,267	3.65-4.6	2023	73,800
Current portion of Long-term bank loans – secured	4.5	2024	15,550	4.5	2023	15,129
Current portion of Long-term other borrowings – secured	4.2	2024	180,000	–	–	–
Total – current			338,678			269,079
Non-current						
Bank loans – unsecured	3.35-4.75	2025-2026	557,750	3.85-4.85	2024-2025	258,066
Bank loans – secured	4.25-4.35	2029	70,000	4.35-4.5	2029	77,500
Other borrowings – secured	4.2-4.3	2024-2025	220,471	4.3-4.65	2024-2025	393,525
Total – non-current			848,221			729,091
Total			1,186,899			998,170

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year	158,678	269,079
In the second year	328,750	130,266
In the third to fifth years, inclusive	294,000	195,300
Beyond five years	5,000	10,000
	786,428	604,645
Other borrowings repayable:		
Within one year	180,000	–
In the second year	220,471	180,000
In the third to fifth years, inclusive	–	213,525
	400,471	393,525
	1,186,899	998,170

As at 30 September 2023, the Group's right-of-use assets and property, plant and equipment with aggregate carrying amounts of approximately RMB21,311,000 and RMB60,999,000, respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 12, 13).

As at 31 December 2022, the Group's right-of-use assets and property, plant and equipment with aggregate carrying amounts of approximately RMB21,659,000 and RMB60,381,000, respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 12, 13).

As at 30 September 2023 and 31 December 2022, the Group pledged the equity interests in certain subsidiary as collateral to trust financing companies. Under the aforementioned arrangements, the Group was obliged to purchase the related equity interests at a fixed amount on a future date upon repayment of the borrowings from the trust financing companies.

30. DEFERRED INCOME

The Group

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Non-current:		
Government grants		
Asset-related grants *(a)*	58,634	58,247
Reimbursement of future expenses *(b)*	1,800	1,800
	60,434	60,047
Current:		
	–	–
Total	60,434	60,047

(a) Asset-related grants

The asset-related grants were the subsidies received from the government in relation to the Group's property, plant and equipment.

(b) Reimbursement of future expenses

Government grants as reimbursement of future expenses were subsidies received in relation to the Group's future research and development activities.

31. PROVISION

The Group

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Non-current:		
Product warranties	23,608	19,913
Current:		
Product warranties	19,637	18,855
Total	43,245	38,768

Provision was made for estimated warranty claims in respect of products sold which were still under warranty at the end of each of the Relevant Periods. These claims are normally expected to be settled according to the terms of sales contract.

32. SHARE CAPITAL

The Group and the Company

Shares

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Issued and fully paid		
Share capital	81,311	81,311

Pursuant to the shareholders' resolution dated 8 September 2020, shareholders of the Company agreed to convert the Company into a joint stock company with limited liability with registered capital of RMB56,063,300 (56,063,300 shares with a nominal value of RMB1.00 each). Upon completion of the registration with the Shanghai Municipal Administration for Market Regulation on 11 September 2020, the Company was renamed as Shanghai REFIRE Group Limited.

Pursuant to the shareholders' resolution dated 22 September 2020, shareholders of the Company agreed to increase the registered capital from RMB56,063,300 to RMB64,996,000 (64,996,000 shares with a nominal value of RMB1.00 each).

Pursuant to the shareholders' resolution dated 25 January 2022, shareholders of the Company agreed to increase the registered capital from RMB64,996,000 to RMB81,311,000 (81,311,000 shares with a nominal value of RMB1.00 each).

A summary of movements in the Company's share capital is as follows:

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
At 1 January	81,311	64,996
Shareholders' capital injection	–	16,315
At 31 December	81,311	81,311

33. SHARE-BASED PAYMENTS

To provide incentives and rewards to eligible participants who contribute to the Group's operation, the Actual Controller (Mr. Lin, Qi) of the Company designed and established several employee shareholding platforms for the Company to operate a series of Employee Incentive Schemes (the "Schemes"). Eligible participants of the Schemes, including member of senior managements, mid-level managers and other employees of the Group, were determined by the Actual Controller and approved by the Company through board resolutions. The Actual Controller of the Company acted as the general partner of these platforms, and had the right to determine the eligible participants, vesting criteria, and was obliged to repurchase the shares of the resigned eligible participants at the subscription price then reallocated these shares to other eligible participants.

On 17 March 2017, 30 May 2019 and 24 December 2020, 1,200,000 shares, 1,673,797 shares and 296,000 shares of the Company were granted to eligible participants through the employee shareholding platforms of the Schemes at a subscription price of RMB1.00 per share, RMB9.13 per share and RMB2.65 per share, respectively. The grant date fair value of the shares of the Schemes were RMB16.67 per share, RMB41.06 per share and RMB80.27 per share, respectively, which were determined based on investors' recent capital injection price. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss.

The shares held by the employee shareholding platforms of the Schemes will be vested at the date of successful [**REDACTED**] of the shares of the Company. Therefore service conditions are included in assumptions about the number of equity instruments that are expected to vest. Vesting period will be reviewed and determined by the management and related expense is recognised over the vesting period, which is from the date of grant to expected [**REDACTED**].

Movements in the number of equity interests shares granted and the respective weighted average grant date fair value were as follows:

	Nine months ended 30 September			
	2023		2022	
	Weighted average grant date fair value	Number of shares	Weighted average grant date fair value	Number of shares
	RMB per share		*RMB per share*	
At 1 January	39.35	4,769,195	39.38	4,848,078
Granted during the period	133.55	1,087,285	–	–
Forfeited during the period	29.83	(21,145)	41.06	(77,144)
At 30 September	56.94	5,835,334	39.35	4,770,934

Share-based payment expenses relating to employees recognised for the Relevant Periods are as follows:

	Nine months ended 30 September	
	2023	2022
	RMB'000 (unaudited)	*RMB'000 (unaudited)*
Administrative expenses	40,236	15,763
Research and development expenses	4,850	1,942
Selling expenses	11,888	1,456
Cost of Sales	1,169	85
	58,224	19,246

34. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(i) Share premium and other reserve

The share premium and other reserve of the Group mainly represents the premium in issuing shares and the premium in acquisition of non-controlling interest.

(ii) Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(iv) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 33 to the Historical Financial Information.

(v) Special reserve

The relevant PRC regulations are required to transfer production and maintenance funds at fixed rates based on relevant bases to a specific reserve account. The production and maintenance funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of production and maintenance funds utilised would be transferred from the specific reserve account to retained earnings.

The Company

	Share premium	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Accumulated deficits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022 and 1 January 2023 (audited)	3,745,987	106,925	769	(99,012)	3,754,669
Loss for the period	–	–	–	(125,264)	(125,264)
Other comprehensive income for the period:					
Changes in equity investments designated at fair value through other comprehensive income, net of tax	–	–	(445)	–	(445)
Total comprehensive income for the period	–	–	(445)	(125,264)	(125,709)
Share-based payments	–	58,223	–	–	58,223
As at 30 September 2023 (unaudited)	3,745,987	165,148	324	(224,276)	3,687,183

	Share premium	Share-based payment reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Accumulated deficits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2021 and 1 January 2022 (audited)	1,583,391	79,831	149	48,450	1,711,821
Loss for the period	–	–	–	(140,406)	(140,406)
Other comprehensive income for the period:					
Changes in equity investments designated at fair value through other comprehensive income, net of tax	–	–	605	–	605
Total comprehensive income for the period	–	–	605	(140,406)	(139,801)
Share-based payments	–	19,205	–	–	19,205
Shareholders' capital injection	1,689,285	–	–	–	1,689,285
As at 30 September 2022 (unaudited)	3,272,676	99,036	754	(91,956)	3,280,510

* The share premium of the Company mainly represents the capital contribution from equity holders of the Company.

35. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

As at 30 September 2023 *(unaudited)*

	Percentage of equity interest held by non-controlling interests	Loss for the period allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Shanghai Unilia Hydrogen Technology Ltd. ("Shanghai Unilia")	19.10	(19,421)	(95,685)
Foshan Diyi Element New Energy Technology Co., Ltd. ("Foshan Diyi")	45	(329)	35,671

As at 31 December 2022 *(audited)*

	Percentage of equity interest held by non-controlling interests	Loss for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Shanghai Unilia	19.10	(26,077)	(78,440)
Foshan Diyi	45	–	36,000

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Shanghai Unilia		Foshan Diyi	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	(unaudited) *RMB'000*	*(audited)* *RMB'000*	*(unaudited)* *RMB'000*	*(audited)* *RMB'000*
Revenue	156,615	208,798	–	–
Total cost and expenses	(257,753)	(345,325)	732	(1)
Income tax expense	–	–	–	–
Total comprehensive income for the period	(101,138)	(136,527)	732	(1)
Current assets	233,598	160,189	79,165	36,001
Non-current assets	108,171	101,748	210	–
Current liabilities	(735,265)	(565,688)	(106)	–
Non-current liabilities	(6,930)	(6,930)	–	–
	(400,426)	(310,681)	79,269	36,001
Net cash flows from operating activities	210,272	34,652	43,307	1
Net cash flows used in investing activities	(30,231)	(27,156)	(210)	–
Net cash flows used in financing activities	(174,650)	(4,555)	–	36,000
Net increase in cash and cash equivalents	5,391	2,941	43,097	36,001

36. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the nine months ended 30 September 2023 and the year ended 31 December 2022 and, the Group had non-cash additions to right-of-use assets and lease liabilities of nil and RMB3,318,000, respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2022 *(audited)*	1,058,053	90,712	1,148,765
Changes from financing cash flows	(104,745)	(21,801)	(126,546)
New leases	–	3,318	3,318
Interest expense	44,862	4,157	49,019
At 31 December 2022 *(audited)*	998,170	76,386	1,074,556
Changes from financing cash flows	155,196	(14,502)	140,694
Gain arising from a lease term termination	–	(340)	(340)
Interest expense	33,533	2,608	36,141
At 30 September 2023 (unaudited)	1,186,899	64,152	1,251,051

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Nine months ended 30 September 2023	Nine months ended 30 September 2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Within operating activities	1,666	1,985
Within financing activities	14,502	9,635
	16,168	11,620

37. CONTINGENT LIABILITIES

Pursuant to the supplemental arrangement signed with a major customer, who is also one of the Group's shareholder, Faw Jiefang Automotive Co., Ltd ("FAW Jiefang") in December 2023 and February 2024, the Group has offered a guarantee that this customer will receive subsidies related to the hydrogen fuel cell vehicle with the Group's products embedded in from the government amounting to RMB206,360,000 and RMB18,088,000 before 31 December 2025 and 31 December 2024, respectively. According to the subsidies policy, such subsidies can be applied and received once the criterias are fulfilled. The management of the Group considers that it is highly probable for the customer to collect such subsidies. In addition, for the amount that criteria has been fulfilled, the application process has already been taken with the government, and for the remaining amount, management considered it would be highly probable for the customer to fulfill the criteria in forthcoming periods. Accordingly, the guarantee provision is assessed to be minimal as of 30 September 2023.

38. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Contracted, but not provided for:		
Property, plant and equipment	50,816	63,429

In addition, the Group had the following commitments provided to a joint venture, associates and other unlisted investments:

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Contracted, but not provided for:		
Capital injection obligation	106,052	80,744

39. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

In addition to the transactions disclosed elsewhere in the Historical Financial Information, the Group had the following material transactions with related parties during the Relevant Periods:

The Group

The Group had the following transactions with related parties during the period:

	Nine months ended 30 September	
	2023	2022
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Associates:		
Sales of goods or services	948	2,346
Purchase of goods or services	10,501	25,706
Purchase of property, plant and equipment	3,526	3,699
Disposal of property, plant and equipment	937	10
A joint venture:		
Purchase of goods or services	845	280
Entity controlled by an entity with significant influence over the Group:		
Interest expense	–	3,760
Repayment of borrowings and interest	–	123,760

(b) Outstanding balances with related parties:

The Group

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Associates:		
Trade related:		
Trade receivables:		
Non-current	248	3,502
Current	20,326	16,414
Less: Impairment allowance	(6,613)	(6,869)
	13,961	13,047
Prepayments, other receivables and other assets	1,184	500
Less: Impairment allowance	(150)	(50)
	1,034	450
Trade payables	814	9,007
A joint venture:		
Trade related:		
Trade receivables:		
Current	13,696	20,696
Less: Impairment allowance	(2,280)	(4,253)
	11,416	16,443
Trade payables	1,146	191

Trade receivables due from a joint venture and associates are repayable on credit terms similar to those offered to the major customers of the Group.

Trade payables due to a joint venture and associates are repayable within 90 days, which represents credit terms similar to those offered by the joint venture and associates to their major customers.

As at 31 December 2022 and 30 September 2023, all the remaining balances due to related parties were non-interest-bearing, unsecured and repayable on demand.

As at 31 December 2022 and 30 September 2023, all the remaining balances due from related parties were non-interest-bearing, unsecured and payable on demand.

The Company

	30 September 2023	31 December 2022
	RMB'000 *(unaudited)*	*RMB'000* *(audited)*
Associates:		
Trade related:		
Trade receivables	357	159
Subsidiaries:		
Trade related:		
Trade receivables	38,436	17,026
Less: Impairment allowance	(7,060)	(2,939)
	31,376	14,087
Due from subsidiaries	1,125,263	882,118
Less: Impairment allowance	(23,728)	(18,459)
	1,101,535	863,659
Trade payable	126,088	126,855
Due to subsidiaries	244,189	97,179

As at 31 December 2022 and 30 September 2023, all the remaining balances due to related parties were non-interest-bearing, unsecured and repayable on demand.

As at 31 December 2022 and 30 September 2023, all the remaining balances due from related parties were non-interest-bearing, unsecured and payable on demand.

(c) Compensation of key management personnel of the Group:

	Nine months ended 30 September	
	2023	2022
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Salaries, bonuses, allowances and benefits in kind	4,785	5,059
Performance related bonuses	937	1,958
Share-based payment expenses	27,759	7,511
Pension scheme contributions	859	777
Total compensation paid to key management personnel	34,340	15,305

Further details of directors', the chief executive's and supervisors' emoluments are included in note 7 to the Historical Financial Information.

(d) Other transactions with related parties

The Group provided a joint-liability guarantee for Guohong Refire as disclosed in note 28.

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

As at 30 September 2023 (unaudited)

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity Investments	Debt Investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	29,660	–	–	29,660
Trade and bills receivables *(note 21)*	–	–	11,908	1,588,715	1,600,623
Financial assets included in prepayments, other receivables and other assets *(note 22)*	–	–	–	67,282	67,282
Financial assets at fair value through profit or loss	28,616	–	–	–	28,616
Time deposits	–	–	–	53,769	53,769
Restricted cash	–	–	–	15,973	15,973
Cash and cash equivalents	–	–	–	735,940	735,940
	28,616	29,660	11,908	2,461,679	2,531,863

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Lease liabilities	64,152
Trade and bills payables	467,177
Financial liabilities included in other payables and accruals	31,985
Interest-bearing bank and other borrowings	1,186,899
	1,750,213

As at 31 December 2022 (audited)

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity Investments	Debt Investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	19,887	–	–	19,887
Trade and bills receivables *(note 21)*	–	–	2,611	1,517,542	1,520,153
Financial assets included in prepayments, other receivables and other assets *(note 22)*	–	–	–	8,440	8,440
Financial assets at fair value through profit or loss	342,318	–	–	–	342,318
Time deposits	–	–	–	52,086	52,086
Restricted cash	–	–	–	59,902	59,902
Cash and cash equivalents	–	–	–	1,079,456	1,079,456
	342,318	19,887	2,611	2,717,426	3,082,242

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	–	76,386	76,386
Trade and bills payables	–	566,255	566,255
Financial liabilities included in other payables and accruals	–	4,110	4,110
Interest-bearing bank and other borrowings	–	998,170	998,170
Derivative financial instrument	37,423	–	37,423
	37,423	1,644,921	1,682,344

The Company

As at 30 September 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity Investments	Debt Investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	24,057	–	–	24,057
Financial assets at fair value through profit or loss	16,616	–	–	–	16,616
Trade and bills receivables *(note 21)*	–	–	25	238,118	238,143
Financial assets included in prepayments, other receivables and other assets *(note 22)*	–	–	–	1,695	1,695
Due from subsidiaries	–	–	–	1,101,535	1,101,535
Cash and cash equivalents	–	–	–	26,212	26,212
	16,616	24,057	25	1,367,560	1,408,258

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Lease liabilities	61,828
Trade and bills payables	140,508
Financial liabilities included in other payables and accruals	385
Due to subsidiaries	244,189
	446,910

As at 31 December 2022 (audited)

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity Investments	Debt Investments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at fair value through other comprehensive income	–	13,859	–	–	13,859
Trade and bills receivables *(note 21)*	–	–	1,475	220,499	221,974
Financial assets included in prepayments, other receivables and other assets *(note 22)*	–	–	–	1,262	1,262
Due from subsidiaries	–	–	–	863,659	863,659
Financial assets at fair value through profit or loss	287,210	–	–	–	287,210
Cash and cash equivalents	–	–	–	67,464	67,464
	287,210	13,859	1,475	1,152,884	1,455,428

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	–	72,493	72,493
Trade and bills payables	–	138,865	138,865
Financial liabilities included in other payables and accruals	–	115	115
Due to subsidiaries	–	97,179	97,179
Derivative financial instrument	37,423	–	37,423
	37,423	308,652	346,075

41. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

During the Relevant Periods, certain subsidiaries of the Group, endorsed certain bills receivable accepted by banks (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of nil and RMB24,810,892 as at 30 September 2023 and 31 December 2022, respectively. The Derecognised Bills had a maturity of 1 to 12 months at the end of each reporting period. In accordance with the Law of Negotiable Instruments, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons, including the Group, liable for the Derecognised Bills regardless of the order of precedence (the "Continuing Involvement"). In the opinion of the Group, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Group, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, lease liabilities and short-term interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments. Non-current portion of interest-bearing bank and other borrowings approximate to their carrying amounts mainly due to the floating interest rate.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the financial controller. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial controller. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in financial assets at fair value through profit or loss, which represent structured deposits issued by banks in Chinese Mainland. The Group has estimated the fair value of these structured deposits based on the net value announced by the bank at the end of each of the Relevant Periods.

The fair values of unlisted equity investments designated at fair value through other comprehensive income and unlisted investments measured at fair value through profit or loss have been estimated using a marketbased valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to book ("P/B") multiple and price to sales ("P/S") multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group has bank acceptance notes issued by banks in Chinese Mainland measured at fair value through other comprehensive income. The Group has estimated the fair value of these bank acceptance notes by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into a derivative financial instrument, which represents an obligation to buy back the share of a joint venture, the derivative financial instrument is measured under an option model. The valuation method is based on expected net cash outflows.

For the fair value of the unlisted equity investments designated at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 September 2023 and 31 December 2022:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial assets				
Equity investments designated at fair value through other comprehensive income				
Unlisted equity investments	Market approach	Discounts for lack of marketability ("DLOM")	30 September 2023: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB297,000.
			31 December 2022: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB199,000.
Financial assets at fair value through profit or loss				
Private equity fund	Market approach	Discounts for lack of marketability ("DLOM")	30 September 2023: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB286,000.
			31 December 2022: 16% to 30%	1% increase or decrease in multiple would result in increase or decrease in fair value by RMB65,000.

	Valuation technique	Significant unobservable input	Range	Relationship of unobservable inputs to fair value
Financial liabilities				
Derivative financial instrument				
Obligation to buy back the share of a joint venture	Option model base on expected cash flows	Expected cash flows of Guohong Refire	31 December 2022: Expected cash flows: nil	The higher the expected net cash flows of Guohong Refire, the lower the derivative financial instrument fair value.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 September 2023 (unaudited)

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	11,908	29,660	41,568
Financial assets at fair value through profit or loss	–	–	28,616	28,616
	–	11,908	58,276	70,184

As at 31 December 2022 (audited)

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	2,611	19,887	22,498
Financial assets at fair value through profit or loss	–	335,797	6,521	342,318
	–	338,408	26,408	364,816

Liabilities measured at fair value:

As at 30 September 2023 (unaudited)

The Group did not have any financial liabilities measured at fair value as at 30 September 2023.

As at 31 December 2022 (audited)

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instrument	–	–	37,423	37,423

During the Relevant Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than a derivative, comprise bank loans, other interest-bearing borrowings, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings with a floating interest rate. The Group's policy is to manage our interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank and other borrowings had increased/decreased by 50bp and all other variables were held constant, the loss before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB2,565,000 and RMB1,806,000 for the nine months ended 30 September 2023 and the year ended 31 December 2022, respectively.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As the Group's major businesses are in Chinese Mainland, the majority of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. The Group does not have material foreign currency risk during the Relevant Periods.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

The amounts presented are gross carrying amounts for financial assets.

As at 30 September 2023 (unaudited)

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	2,007,382	2,007,382
Financial assets included in prepayments, other receivables and other assets					
– Normal**	72,299	–	–	–	72,299
Time deposits					
– Not yet past due	53,769	–	–	–	53,769
Restricted cash					
– Not yet past due	15,973	–	–	–	15,973
Cash and cash equivalents					
– Not yet past due	735,940	–	–	–	735,940
	877,981	–	–	2,007,382	2,885,363

As at 31 December 2022 (audited)

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	1,917,682	1,917,682
Financial assets included in prepayments, other receivables and other assets					
– Normal**	10,077	–	–	–	10,077
– Doubtful**	–	–	319	–	319
Time deposits					
– Not yet past due	52,086	–	–	–	52,086
Pledged deposits					
– Not yet past due	59,902	–	–	–	59,902
Cash and cash equivalents					
– Not yet past due	1,079,456	–	–	–	1,079,456
	1,201,521	–	319	1,917,682	3,119,522

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and lease liabilities.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 September 2023 ***(unaudited)***						
Interest-bearing bank and other borrowings	377,707	570,207	500,194	22,234	5,171	1,475,513
Lease liabilities	35,846	21,850	17,134	5,937	–	80,767
Trade and bills payables	467,177	–	–	–	–	467,177
Financial liabilities included in other payables	31,985	–	–	–	–	31,985
	912,715	592,057	517,328	28,171	5,171	2,055,442
31 December 2022 ***(audited)***						
Interest-bearing bank and other borrowings	300,388	334,540	399,892	28,182	10,684	1,073,686
Lease liabilities	19,657	35,846	21,850	23,071	–	100,424
Trade and bills payables	566,255	–	–	–	–	566,255
Financial liabilities included in other payables	4,110	–	–	–	–	4,110
Derivative financial instrument	37,423	–	–	–	–	37,423
	927,833	370,386	421,742	51,253	10,684	1,781,898

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank and other borrowings, lease liabilities, trade and bills payables, derivative financial instrument, other payables and accruals and lease liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

	30 September 2023	31 December 2022
	RMB'000	*RMB'000*
Trade and bills payables	467,177	566,255
Other payables and accruals	95,267	102,416
Derivative financial instrument	–	37,423
Interest-bearing bank and other borrowings	1,186,899	998,170
Lease liabilities	64,152	76,386
Less: Cash and cash equivalents	(735,940)	(1,079,456)
Net debt	1,077,555	701,194
Equity attributable to owners of the parent	1,904,574	2,271,548
Capital and net debt	2,982,129	2,972,742
Gearing ratio	36%	24%

44. EVENTS AFTER THE RELEVANT PERIODS

Pursuant to the shareholder resolution dated on 21 January 2024, the general meeting approved the establishment of the Pre-[**REDACTED**] Share Option Scheme ("Scheme"), a maximum number up to 5,267,800 share options were granted with the purpose of providing incentives to directors, senior management and mid-level employees to the Group. The Scheme is valid and effective for 6 years from the grant date. The exercise price of all granted options to certain directors and employees is RMB33.64 per ordinary share. 50% and 50% of the shares subject to the option shall vested at the first, second anniversaries of the Vesting Commencement Date, respectively. The Vesting Commencement Date shall be the later of 12 months after granted and the [**REDACTED**], under the fulfillment of the key performance indicators. The options may not be exercised until they vest.

In 2024, the Group acquired an additional 70% equity interests in Jiaqing (Shanghai) Industrial Co., Ltd at a total cash consideration of RMB6,300,000, which was treated as an associate as holding 30% equity interests before. After that, Jiaqing (Shanghai) Industrial Co., Ltd became a wholly-owned subsidiary.

Guangdong Hanhe Automotive Co., Ltd ("Guangdong Hanhe") was formerly treated as an associate. In February 2024, the Group acquired an additional 18.53% equity interests in Guangdong Hanhe at a total cash consideration of RMB18,000,000. After that, Guangdong Hanhe is accounted for as an associate by holding 48.53% of equity interests in total.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any periods, subsequent to 30 September 2023.

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the [**REDACTED**] in H Shares, nor does it take the specific circumstances of any particular [**REDACTED**] into account. Accordingly, you should consult your own tax adviser regarding the tax consequences of an [**REDACTED**] in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, which is subject to change or adjustment and may have retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective [**REDACTED**] are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Share.

TAXATION IN THE PRC

Taxation on Dividends

Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the "IIT Law"), which was latest amended on 31 August 2018 and its implementation rules, for individual income including interest, dividend and bonus, individual income tax with applicable proportional tax rate of 20% shall be paid. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus are deemed as derived from the PRC whether the payment place is in the PRC. Pursuant to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得稅若干政策問題的通知》) promulgated on 13 May 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

Enterprise Investors

In accordance with the EIT Law and its implementation rules, a uniform enterprise income tax rate of 25% is imposed on all resident enterprises in China, including foreign-invested enterprises; a non-resident enterprise is generally subject to enterprise income tax at a rate of 10% on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》), which was issued by the SAT on 6 November 2008, further clarifies that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《國家税務總局關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》), which was issued by the SAT on 24 July 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), which was signed on 21 August 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》第五議定書), which came in to effect on 6 December 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, after taking into account all relevant facts and conditions, are reasonably deemed to be obtaining such benefits, except when the grant of such benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the statutory requirements of PRC tax law documents, such as the Notice of the SAT on the Issues Concerning the Enforcement of the Dividend Clauses of Tax Treaties (《國家税務總局關於執行税收協定股息條款有關問題的通知》).

Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

Individual Investor

According to the IIT Law and its implementation rules, gains realized on the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares by Individuals (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT in March 1998, from 1 January 1997, income of individuals from transfer of the shares of listed enterprises shall continue to be exempted from individual income tax. On 31 December 2009, the MOF, the SAT and CSRC jointly issued the Circular on Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), this circular provides that any individual's income from the transfer of listed shares on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued by the abovementioned three departments on 10 November 2010).

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. To the knowledge of the Company, in practice, the PRC tax authorities have not levied income tax from non-PRC resident individuals on gains from the transfer of PRC resident enterprises listed on overseas stock exchange. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

Enterprise Investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) issued by the SCNPC on 10 June 2021 and implemented on 1 July 2022, the PRC stamp duty applies to entities and individuals that conclude taxable documents and conduct securities transactions within the PRC and the entities and individuals that conclude taxable documents outside the PRC which are used within the PRC. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies does not apply to the acquisition and disposal of H shares outside the PRC by non-PRC investors.

Estate Duty

The PRC currently does not impose any estate duty.

HONG KONG TAXATION

Taxation on Dividends

No tax is payable by any person or corporation under the laws of Hong Kong in respect of dividends paid by our Company.

Profits Tax

Hong Kong profits tax will not be payable by any Shareholders (other than Shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional advisers as to their particular tax position.

Stamp Duty

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.2% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, in total, whether or not the sale or purchase is on or off the Hong Kong Stock

Exchange. The Shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of Shares.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

Major Taxes on the Company in the PRC

EIT

According to the EIT Law, which was promulgated on 16 March 2007 and amended from time to time, together with its implementation rules, enterprises are classified into resident enterprises and non-resident enterprises. Enterprises, which are incorporated in the PRC or incorporated pursuant to the foreign laws with their "de facto management bodies" located in the PRC, are deemed as "resident enterprise" and subject to an enterprise income tax rate of 25% on their global income. Non-resident enterprises are subject to (i) an enterprise income tax rate of 25% on their income generated by their establishments or places of business in the PRC and their income derived outside the PRC which are effectively connected with their establishments or places of business in the PRC; and (ii) an enterprise income tax rate of 10% on their income derived from the PRC but not connected with their establishments or places of business located in the PRC. Non-resident enterprises without establishment or place of business in the PRC are subject to an enterprise income tax of 10% on their income derived from the PRC.

Value-Added Tax

According to the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which was promulgated on 13 December 1993 and latest amended on 19 November 2017, together with its implementation rules, entities and individuals engaged in selling goods or labor services of processing, repair or maintenance, selling services, intangible assets or immovables within the PRC or importing goods to the PRC are subject to the payment of value-added tax. Pursuant to the Notice of the Ministry of Finance of the PRC and State Taxation Administration of the PRC on Adjusting Value-Added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) effective on 1 May 2018, a taxpayer who is previously subject to 17% on value-added tax-taxable sales activities shall have the applicable tax rate adjusted to 16%. According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》), which came into effect on 1 April 2019, for value-added tax-taxable sales or imported goods of a value-added tax general taxpayer where the value-added tax rate of 16% and 10% applies currently, it shall be adjusted to 13% and 9% respectively.

TAXATION OF OUR COMPANY IN HONG KONG

Profits Tax

Our subsidiaries incorporated in Hong Kong, are subject to Hong Kong profits tax rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profits over HK$2,000,000 during the Track Record Period.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

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

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

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

On 26 December 2014, the SAFE issued the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》). Pursuant to the notice, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a "special account for overseas listing of domestic company" at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance, and transfer of funds for the business concerned.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC. The principal objective of this summary is to provide potential [**REDACTED**] with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential [**REDACTED**]. For discussion of laws and regulations specifically governing the business of the Company, see “Regulatory Overview”.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “**Constitution**”) and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (2023 revision) (《中華人民共和國立法法(2023修正)》) (the “**Legislation Law**”), the NPC and the Standing Committee of the NPC are empowered to exercise the legislative power of the State in accordance with the Constitution. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The Standing Committee of the NPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commission of the State Council, PBOC, the State Audit Administration, organs endowed with administrative functions directly under the State Council and the organizations prescribed by laws may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules.

The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, ecological civilization development, grassroots governance, and historical and cultural protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned.

The people's governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority, and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The Standing Committee of the NPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on 10 June 1981, the Supreme People's Court of the PRC (the "**Supreme People's Court**") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 revision) (《中華人民共和國人民法院組織法(2018年修訂)》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The PRC Civil Procedure Law (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**") was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, and will have its latest version come into effect on 1 January 2024. The Civil Procedure Law sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff's or the defendant's domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity. However, if the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest, or if other circumstances specified in Article 300 of the Civil Procedure Law occur, the people's court shall, upon examination, not to recognize or enforce such judgment or ruling.

THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND PRC GUIDELINES ON AOA

A joint stock limited company which was incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- The PRC Company Law which was promulgated by the Standing Committee of the NPC on 29 December 1993, came into effect on 1 July 1994, revised on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013 respectively and the latest revision of which was implemented on 26 October 2018;

- The Overseas Listing Trial Measures and its five guidelines which were promulgated by the CSRC on 17 February 2023 and came into effect on 31 March 2023, applicable to the overseas offering and listing of joint stock limited companies; and

- The Guidelines on the Application of Regulatory Rules — No. 1 for Overseas Offering and Listing (《監管規則適用指引-境外發行上市類第1號》) which was promulgated by the CSRC on 17 February 2023, according to which the domestic companies that directly offer and list securities on overseas markets, shall formulate their articles of association making reference to the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the "**PRC Guidelines on AoA**") promulgated by the CSRC on 5 January 2022 and latest amended on December 15 2023.

Set out below is a summary of the major provisions of the PRC Company Law, Overseas Listing Trial Measures and the PRC Guidelines on AoA.

General

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

Incorporation

A joint stock limited company may be incorporated by promotion or public subscription.

A joint stock limited company may be incorporated by a minimum of two but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters must convene an inaugural meeting within 30 days after the issued shares have been fully paid up and must give notice to all subscribers or make an announcement of the date of the inaugural meeting 15 days before the meeting. The inaugural meeting may be convened only with the presence of promoters or subscribers representing at least half of the shares in the company. At the inaugural meeting, matters including the adoption of articles of association and the election of members of the board of directors and members of the board of supervisors of the company will be dealt with. All resolutions of the meeting require the approval of subscribers with more than half of the voting rights present at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors must apply to the registration authority for registration of the establishment of the joint stock limited company. Joint stock limited companies established by the subscription method shall file the approval on the offering of shares issued by the securities administration department of the State Council with the company registration authority for record.

A joint stock limited company's promoters shall be liable for: (i) the payment of all expenses and debts incurred in the incorporation process jointly and severally if the company cannot be incorporated; (ii) the refund of subscription monies to the subscribers, together with interest, at bank rates for a deposit of the same term jointly and severally if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company may issue registered or bearer share. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered share and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

Under the Overseas Listing Trial Measures, if a domestic enterprise issues shares overseas, it may raise funds and make dividend distributions in foreign currency or RMB. Subject to specific circumstances, the Overseas Listing Trial Measures requires that, among other things, (i) initial public offerings or listings on overseas markets of domestic companies shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, and (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas.

The share offering price may be equal to or greater than nominal value but shall not be less than nominal value.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council. Transfer of registered shares by a shareholder must be made by means of an endorsement or by other means stipulated by laws or administrative regulations. Bearer shares are transferred by delivery of the share certificates to the transferee.

Shares held by a promoter of a company shall not be transferred within one year after the date of the company's incorporation. Shares issued by a company prior to the public offer of its shares shall not be transferred within one year from the date of listing of the shares of the company on a stock exchange. Directors, supervisors and senior management of a company shall not transfer over 25% of the shares held by each of them in the company each year during their term of office and shall not transfer any share of the company held by each of them within one year after the listing date. There is no restriction under the PRC Company Law as to the percentage of shareholding a single shareholder may hold in a company.

Transfers of shares may not be entered in the register of shareholders within 20 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Under the Overseas Listing Trial Measures, if a domestic enterprise issues shares overseas, it may raise funds and make dividend distributions in foreign currency or RMB. Subject to specific circumstances, the Overseas Listing Trial Measures requires that, among other things, (i) initial public offerings or listings on overseas markets of domestic companies shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, and (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas.

Registered Shares

Under the PRC Company Law, the shareholders may make capital contributions in cash, or alternatively may make capital contributions with such valuated non-monetary property as physical items, intellectual property rights, and land-use rights that may be valued in monetary term and may be transferred in accordance with the law.

Under the PRC Company Law, when the company issues shares in registered form, it shall maintain a register of shareholders, stating the following matters:

- the name and domicile of each shareholder;

- the number of shares held by each shareholder;
- the serial numbers of shares held by each shareholder; and
- the date on which each shareholder acquired the shares.

Increase of Share Capital

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' general meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a document and financial and accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital shall be approved by a shareholders' general meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts; and
- it shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

Repurchase of Shares

According to the PRC Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' general meeting; (v) use of shares for conversion of convertible corporate bonds issued by a listed company; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' interest.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' general meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total issued shares and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. No modifications of registration in the share register caused by transfer of registered shares shall be carried out within 20 days prior to the convening of shareholder's general meeting or five days prior to the base date for determination of dividend distributions. However, where there are separate provisions by law on alternation of registration in the share register of listed companies, those provisions shall prevail.

Under the PRC Company law, shares issued prior to the public issuance of shares shall not be transferred within one year from the date of the joint stock limited company's listing on a stock exchange. Directors, supervisors and the senior management shall declare to the company their shareholdings in the company and any changes of such shareholdings. They shall not transfer more than 25% of all the shares they hold in the company annually during their tenure. They shall not transfer the shares they hold within one year from the date on which the company's shares are listed and commenced trading on a stock exchange, nor within six months after their resignation from their positions with the company.

Shareholders

Under the PRC Company Law and the PRC Guidelines on AoA, the rights of holders of ordinary shares of a joint stock limited company include:

- the right to require, convene, preside over, participate in or send proxies of shareholders to attend shareholders' general meeting and to exercise the corresponding voting rights according to the law;
- the right to transfer, donate or pledge their shares in accordance with laws, administrative regulations and provisions of the articles of association;
- the right to supervise, make suggestions on or question the Company's operations;
- the right to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholder's general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports;
- any shareholder who has a different view on a resolution on the merger or division of the Company made by a shareholders' general meeting has the right to require the Company to buy back his/its shares;
- the right to receive dividends and other types of interest distributed in proportion to the number of shares held;
- in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and
- other rights granted by laws, administrative regulations, other regulatory documents and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

Shareholders' General Meetings

The shareholders' general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law.

Under the PRC Company Law, the shareholders' general meeting exercises the following principal powers:

- to decide on the company's operational policies and investment plans;
- to elect or remove the directors and supervisors (other than the representative of the employees of the company) and to decide on matters relating to the remuneration of directors and supervisors;
- to examine and approve reports of the board of directors;
- to examine and approve reports of the board of supervisors;
- to examine and approve the company's proposed annual financial budget and final accounts;
- to examine and approve the company's proposals for profit distribution plans and loss recovery plans;
- to decide on any increase or reduction of the company's registered capital;
- to decide on the issue of bonds by the company;
- to decide on issues such as merger, division, dissolution and liquidation of the company and other matters;
- to amend the company's articles of association; and
- other powers as provided for in the articles of association.

Shareholders' annual general meetings are required to be held once every year. Under the PRC Company Law, an extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following:

- the number of directors is less than the number stipulated by the law or less than two thirds of the number specified in the articles of association;
- the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;
- when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;
- whenever the board of directors deems necessary;
- when the board of supervisors so requests; or
- other circumstances as provided for in the articles of associations.

Under the PRC Company Law, shareholders' general meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' general meeting, the board of supervisors shall convene and preside over such meeting in a timely manner. In case the board of supervisors fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the PRC Company Law, notice of shareholders' general meeting shall state the time, venue and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholder's general meetings shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting.

Under the PRC Company Law, shareholders present at shareholders' general meeting have one vote for each share they hold, save that shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' general meeting, the accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors or supervisors to be elected at the shareholders' general meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the PRC Company Law and the PRC Guidelines on AoA, resolutions of the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' general meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the merger, division, dissolution, liquidation or change in the form of the company; (iv) any purchase or sale of major assets or any provision of guarantee within one year in an amount in excess of 30% of the Company's latest audited total assets; (v) any equity incentive scheme; and (vi) any other matters specified by laws, administrative regulations or the Articles of Association and other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' general meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board

Under the PRC Company Law, a joint stock limited company shall have a board of directors, which shall consist of 5 to 19 members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

- to convene the shareholders' general meetings and report on its work to the shareholders' general meetings;

- to implement the resolutions passed in shareholders' general meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's proposed annual financial budget and final accounts;
- to formulate the company's profit distribution proposals and loss recovery proposal;
- to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;
- to prepare plans for the merger, division, dissolution and change in the form of the company;
- to formulate the company's basic management system; and
- to exercise any other power under the articles of association.

Board Meetings

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors or the board of supervisors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

Chairman of the Board

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

Qualification of Directors

The PRC Company Law provides that the following persons may not serve as a director:

- a person who is unable or has limited ability to undertake any civil liabilities;
- a person who has been convicted of an offense of bribery, corruption, embezzlement or misappropriation of property, or the destruction of socialist market economy order; or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence;
- a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or
- a person who is liable for a relatively large amount of debts that are overdue.

Board of Supervisors

A joint stock limited company shall have a board of supervisors composed of not less than three members. The board of supervisors is made up of representatives of the shareholders and an appropriate proportion of representatives of the employees of the company. The actual proportion shall be stipulated in the articles of association, provided that the proportion of representatives of the employees shall not be less than one third of the supervisors.

Representatives of the employees of the company in the board of supervisors shall be democratically elected by the employees at the employees' representative assembly, employees' general meeting or otherwise.

The directors and senior management may not act concurrently as supervisors.

The board of supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the board of supervisors are elected with approval of more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the chairman of the board of supervisors is incapable of performing or not performing his duties, the vice chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. In the event that the vice chairman of the board of supervisors is incapable of performing or not performing his duties, a supervisor nominated by more than half of the supervisors shall convene and preside over the meetings of the board of supervisors.

Each term of office of a supervisor is three years and he or she may serve consecutive terms if re-elected. A supervisor shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The board of supervisors of a company shall hold at least one meeting every six months.

The board of supervisors exercises the following powers:

- to review the company's financial position;
- to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the articles of association or the resolutions of shareholders' meeting;
- when the acts of directors and senior management are harmful to the company's interests, to require correction of those acts;
- to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board of directors fails to perform the duty of convening and presiding over shareholders' general meeting under this law;
- to initiate proposals for resolutions to shareholders' general meeting;

- to initiate proceedings against directors and senior management;
- other powers specified in the articles of association; and
- Supervisors may attend board meetings and make enquiries or proposals in respect of board resolutions. The board of supervisors may initiate investigations into any irregularities identified in the operation of the company and, where necessary, may engage an accounting firm to assist their work at the company's expense.

Manager and Senior Management

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager shall report to the board of directors and may exercise the following powers:

- to supervise the business and administration of the company and arrange for the implementation of resolutions of the board of directors;
- to arrange for the implementation of the company's annual business plans and investment proposals;
- to formulate the general administration system of the company;
- to formulate the company's detailed rules;
- to recommend the appointment and dismissal of deputy managers and person in charge of finance;
- to appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors); and
- other powers conferred by the board of directors or the articles of association.

The manager shall comply with other provisions of the articles of association concerning his/her powers. The manager shall attend board meetings.

According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. Directors and senior management are prohibited from:

- misappropriation of the company's capital;
- depositing the company's capital into accounts under his own name or the name of other individuals;
- loaning company funds to others or providing guarantees in favor of others supported by the company's assets in violation of the articles of association or without prior approval of the shareholders' general meeting or board of directors;
- entering into contracts or deals with the company in violation of the articles of association or without prior approval of the shareholders' general meeting;
- using their position and powers to procure business opportunities for themselves or others that should have otherwise been available to the company or operating for their own benefits or managing on behalf of others businesses similar to that of the company without prior approval of the shareholders' general meeting;
- accept and possess commissions paid by a third party for transactions conducted with the company;
- unauthorized divulgence of confidential business information of the company; or
- other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes any law, regulation or the company's articles of association in the performance of his duties resulting in any loss to the company shall be personally liable to the company.

Finance and Accounting

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Pursuant to the PRC Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual general meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into a statutory common reserve fund (except where the fund has reached 50% of its registered capital).

If its statutory common reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory common reserve fund pursuant to the above provisions.

After allocation of the statutory common reserve fund from after-tax profits, it may, upon a resolution passed at the shareholders' general meeting, allocate discretionary common reserve fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of common reserve fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the Company shall not be entitled to any distribution of profit.

The premium received through issuance of shares at prices above par value and other incomes required by the financial department of the State Council to be allocated to the capital reserve fund shall be allocated to the company's capital reserve fund.

The Company's reserve fund shall be applied to make up losses of the company, expand its business operations or be converted to increase the registered capital of the company. However, the capital reserve fund may not be applied to make up the company's losses. Upon the conversion of statutory common reserve fund into capital, the balance of the statutory common reserve fund shall not be less than 25% of the registered capital of the company before such conversion.

The Company shall have no other accounting books except the statutory accounting books. Its assets shall not be deposited in any accounts opened in the name of any individual.

Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' general meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' general meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve is drawn.

Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed.

Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' general meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be dissolved; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses for shareholders.

In the event of (i) above, it may carry on its existence by amending its articles of association. The amendment of the articles of association in accordance with provisions set out above shall require approval of more than two thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidation group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The members of the company's liquidation group shall be composed of its directors or the personnel appointed by the shareholders' general meeting. If a liquidation group is not established within the stipulated period, creditors may apply to the people's court and request the court to appoint relevant personnel to form the liquidation group. The people's court should accept such application and form a liquidation group to conduct liquidation in a timely manner.

The liquidation group shall exercise the following powers during the liquidation period:

- to handle the company's assets and to prepare a balance sheet and an inventory of the assets;
- to notify creditors through notice or public announcement;
- to deal with the company's outstanding businesses related to liquidation;
- to pay any tax overdue as well as tax amounts arising from the process of liquidation;
- to claim credits and pay off debts;
- to handle the company's remaining assets after its debts have been paid off; and
- to represent the company in civil lawsuits.

The liquidation group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers within 60 days. A creditor shall lodge his claim with the liquidation group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidation group shall register such creditor rights. The liquidation group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidation group shall draw up a liquidation plan to be submitted to the shareholders' general meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy.

Following such declaration, the liquidation group shall hand over all matters relating to the liquidation to the people's court.

Upon completion of the liquidation, the liquidation group shall submit a liquidation report to the shareholders' general meeting or the people's court for verification. Thereafter, the report shall be submitted to the registration authority of the company in order to cancel the company's registration, and a public notice of its termination shall be issued. Members of the liquidation group are required to discharge their duties honestly and in compliance with the relevant laws. Members of the liquidation group shall be prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating the company's properties.

A member of the liquidation group is liable to indemnify the company and its creditors in respect of any loss arising from his intentional or gross negligence.

Overseas Listing

Subject to specific circumstances, the Overseas Listing Trial Measures and its guidelines require that, among other things, (i) initial public offerings or listings on overseas markets of domestic companies shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas; and (iv) if the overseas offering or listing has not been completed within one year upon the completion of the filing with CSRC, the filing documents shall be updated if such overseas offering or listing is going to further proceed.

Loss of Share Certificates

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

Termination of Listing

The PRC Securities Law (2019 revision) (《中華人民共和國證券法》(2019年修訂)) ("**PRC Securities Law**") stipulates that the trading of shares of a company of a stock exchange may be terminated if so decided by the stock exchange. Where the stock exchange decides on delisting of securities, it shall promptly announce and file records with the securities regulatory authority of the State Council.

The Overseas Listing Trial Measures requires that, upon the occurrence of voluntary or mandatory delisting after an issuer has offered and listed securities on an overseas market, the issuer shall submit a report to CSRC within three working days after the occurrence and public announcement of such event.

Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

SECURITIES LAW AND REGULATIONS

CSRC, a ministerial-level public institution directly under the State Council, performs a unified regulatory function, according to the relevant laws and regulations, and with the authority by the State Council, over the securities and futures market of China, maintains an orderly securities and futures market order, and ensure a legal operation of the capital market.

The PRC Securities Law took effect on 1 July 1999 and was revised on 28 August 2004, 27 October 2005, 29 June 2013, 31 August 2014 and 28 December 2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council to list its shares outside the PRC. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**Arbitration Law**") was passed by the Standing Committee of the NPC on 31 August 1994, became effective on 1 September 1995 and was amended on 27 August 2009 and 1 September 2017. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) ("**CIETAC**") in accordance with its rules or the Hong Kong International Arbitration center ("**HKIAC**") in accordance with its Securities Arbitration Rules (the "**Securities Arbitration Rules**"). Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant. If the claimant elects for arbitration to be carried out at the HKIAC, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules. In accordance with the Arbitration Regulations of CIETAC (《中國國際經濟貿易仲裁委員會仲裁規則》) which was latest amended on 2 September 2023 and implemented on 1 January 2024, CIETAC shall deal with economic and trading disputes over contractual or non-contractual transactions, based on an agreement of the parties, including disputes involving Hong Kong based on the agreement of the parties.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, shall apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**") adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made.

It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On 18 June 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland China and Hong Kong (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on 1 February 2000. In accordance with this arrangement, and its supplemental arrangements, upon satisfying certain requirements, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

Judicial judgment and its enforcement

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "Arrangement") promulgated by the Supreme People's Court on 3 July 2008 and implemented on 1 August 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Written jurisdiction agreement" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in China or Hong Kong that meet certain conditions of the aforementioned regulations.

On 18 January 2019, a further arrangement was reached between Hong Kong Special Administrative Region and the Supreme People's Court, Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which will become effective and replace the Arrangement on 29 January 2024, privileged that "Written Agreement on Jurisdiction" reached under the Arrangement before 29 January 2024 will still apply. This new arrangement further stipulates the scope and content of judgments applicable to the reciprocal recognition and enforcement and corresponding procedures and methods for applying, the circumstances concerning review, non-recognition and enforcement upon the jurisdiction of the court of first instance and the means of remedy. Non-monetary judgments and judgments on some intellectual property cases are included in the reciprocal recognition and enforcement of in accordance with this new arrangement.

Shareholding and Transfer of Shares

Under PRC law, our Domestic Shares, which are denominated and subscribed for in Renminbi, may only be subscribed for and traded by the government or government authorized departments, PRC legal persons, natural persons, qualified foreign institutional investors, or eligible foreign strategic investors. Overseas [**REDACTED**] shares, which are denominated in Renminbi and [**REDACTED**] in a foreign currency other than Renminbi, may only be [**REDACTED**], and [**REDACTED**] by [**REDACTED**] from Hong Kong, Macau or Taiwan or any country and territory outside the PRC, or [**REDACTED**]. However, qualified institutional investors and individual investors may trade Southbound Hong Kong trading Link and Northbound Shanghai trading Link (or the Northbound Shenzhen trading Link) shares via participating in Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

When the application for "full circulation" has been approved by the CSRC, the domestic unlisted shares of the H share listed company might be listed and circulated on the Hong Kong Stock Exchange.

Under the PRC Company Law, a promoter of a joint stock limited company is not allowed to transfer the shares it holds for a period of one year after the date of establishment of the company. Shares issued prior to the public offering cannot be transferred within one year from the listing date of the shares on a stock exchange. Shares transferred each year by the directors, supervisors and senior management of a joint stock limited company during their respective term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot neither be transferred within one year from the listing date of the shares nor within half a year after such person has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and senior management.

Derivative Action by Minority Shareholders

The PRC Company Law provides shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their obligations and cause damages to a company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the supervisory board to initiate proceedings in the people's court. In the event that the supervisory board violates their obligations and cause damages to company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of aforesaid written request from the shareholders, if the supervisory board or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days from the date of receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

Dividends

The Company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC laws on any dividends or other distributions payable to a shareholder. Under PRC laws, the relevant limitation period is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of such limitation of actions.

This appendix summarizes the principal provisions of the Company's Articles of Association approved on January 21, 2024, which shall take effect on the date of the H-Shares being [**REDACTED**] on the [**REDACTED**]. As the primary purpose of this appendix is to provide potential [**REDACTED**] with an overview of the Company's Articles of Association, it does not necessarily contain all of the information that is important to potential [**REDACTED**].

1 SHARES AND REGISTERED CAPITAL

Shares of the Company adopt the form of share certificates.

The issue of the shares of the Company shall be based on the principle of fairness and impartiality, and shall rank pari passu in all respects with the shares of the same class. Shares of the same class issued at the same time shall be issued under the same condition and at the same price; the same price shall be paid for each of the shares subscribed for by any entity or individual.

The Company shall have ordinary shares at all times. The Company may issue other classes of shares if necessary, upon approval by the examining and approving departments.

After completing the filing procedures with the securities regulatory authorities of the State Council and the consent of [**REDACTED**], the Company may [**REDACTED**] shares to qualified domestic investors and overseas investors. Upon the approval of the plan for [**REDACTED**] overseas [**REDACTED**] foreign shares and unlisted shares by the securities regulatory authority of the State Council, the Board of Directors of the Company (the "Board") may arrange for the implementation of such plan by means of separate [**REDACTED**]. The Company's plan for separate [**REDACTED**] of overseas [**REDACTED**] foreign shares and domestic unlisted shares in accordance with the preceding paragraph may be implemented separately within 15 months from the date of filing with the securities regulatory authority of the State Council. If the Company [**REDACTED**] overseas [**REDACTED**] foreign shares and unlisted shares separately within the total amount of shares specified in the [**REDACTED**] plan, such shares shall be fully [**REDACTED**] for at their respective prices; if the shares cannot be fully [**REDACTED**] for once due to special circumstances, the shares may, subject to the approval of the securities regulatory authority of the State Council, be [**REDACTED**] in several stages.

2 INCREASE AND DECREASE OF CAPITAL AND REPURCHASE OF SHARES

In accordance with the laws and regulations, the Company may, based on its operating and development needs and the resolution of the general meeting, increase its capital by the following methods:

(I) by public offering of shares;

(II) by non-public offering of shares;

(III) by placing or allotting new shares to existing shareholders;

(IV) by capitalizing its capital reserve;

(V) by any other methods which is permitted by the laws and administrative regulations.

The Company's increase in capital by issuing new shares shall be handled in accordance with the procedures provided for in the relevant laws, administrative regulations and Hong Kong Listing Rules after having been approved in accordance with the Articles of Association.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the Company Law, Hong Kong Listing Rules and other relevant provisions and the procedures stipulated in the Articles of Association. In case of decrease of registered capital of the Company, a balance sheet and assets list shall be formulated. The Company shall notify its creditors within 10 days from the date of passing of the resolution for the decrease of registered capital and shall publish a notice in a newspaper within 30 days thereof. The creditors shall, within 30 days since the date of receiving the notice or within 45 days since the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee for repayment.

Under the following circumstances, the Company may repurchase its shares in accordance with the provisions of the relevant laws, administrative regulations, departmental rules, Hong Kong Listing Rules and Articles of Association:

(I) to reduce the registered capital of the Company;

(II) to merge with other companies that hold the shares of the Company;

(III) to use the shares for Employee Stock Ownership Plan or as equity incentive;

(IV) the shareholders disagreeing with the merger or separation resolution made by the general meeting ask the Company to acquire their shares;

(V) to use the shares in the conversion of the convertible corporate bonds issued by the Company;

(VI) to safeguard the company value and the shareholders' rights as deems necessary;

(VII) any other circumstances required by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are listed, etc..

Except for the above situations, the Company shall not engage in the activity of transaction related to its shares.

The Company may proceed to repurchase its shares in one of the following manners:

(I) by issuing repurchase offer to all the shareholders based on the same proportion;

(II) through public trading on stock exchange;

(III) through agreement outside the stock exchange;

(IV) other methods permitted by the law, administrative statutes and regulatory authorities.

The repurchase of shares of the Company through agreement outside the stock exchange shall be approved in advance by the general meeting in accordance with the provisions of the Articles of Association. With prior approval by shareholders at general meeting obtained in the same manner, the Company may rescind or amend contracts concluded in the manner set forth above or waive any of its rights under such contracts. The contract to repurchase shares referred to above includes but not limited to such agreement for the commitment to fulfill the obligations of share repurchase and acquisition of the rights to repurchase shares. The Company shall not assign a contract for the repurchase of its own shares or any of its rights thereunder. Where the Company has the right to purchase redeemable share, the purchase price shall be limited to a maximum price if the purchases are not made through the market or by tender; if purchases are by tender, tenders shall be made available to all shareholders on the same terms.

3 SHARE TRANSFER

Unless otherwise specified in the laws, administrative regulations and by the securities regulatory authorities in the place where the shares of the Company, the paid up shares of the Company can be freely transferred in accordance with the laws and are not subject to any lien. The shares of the Company may be donated, inherited and pledged in accordance with the relevant laws, administrative regulations and the Articles of Association. The transfer of shares shall be registered with the local stock registration institution entrusted by the Company.

4 FINANCIAL ASSISTANCE FOR THE PURCHASE OF COMPANY SHARES

As stipulated by Article 34 of the Articles of Association, the Company or its subsidiaries (including affiliates of the Company) shall not at any time by way of gift, advance, guarantee, compensation or loans to provide any financial assistance to purchasers or potential purchasers of the Company's shares in any way. The aforesaid purchasers include persons directly or indirectly undertaking obligations because of the purchase of the Company's shares. The Company or its subsidiaries (including affiliates of the Company) shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

The acts listed below are not prohibited by Article 34 of the Articles of Association as forementioned, subject to any prohibitions by the relevant laws, administrative regulations, departmental rules and normative documents:

(I) the provision of financial assistance by the Company in good faith for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of a master plan of the Company;

(II) the lawful distribution of the Company's assets as dividends;

(III) the distribution of dividends in the form of shares;

(IV) a decrease of registered capital, a repurchase of shares, capital restructuring, etc. in accordance with the Articles of Association;

(V) the provision of loans by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance was paid out of the Company's distributable profits);

(VI) contributions made by the Company to the ESOP (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance was paid out of the Company's distributable profits).

5 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

The share certificates of the Company shall be in registered form. The share certificates of the Company shall contain the particulars as required by the Company Law, and any other items as required by any stock exchange on which the shares of the Company are listed.

The Company shall keep a register of members containing the following particulars or register shareholders pursuant to the provisions of the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules:

(I) the name (title), address (domicile), occupation or nature of each shareholder;

(II) the class and number of shares held by each shareholder;

(III) the amount paid or payable on the shares held by each shareholder;

(IV) the serial numbers of the shares held by each shareholder;

(V) the date on which each shareholder was registered as a shareholder; and

(VI) the date on which each shareholder ceased to be a shareholder.

The register of shareholders shall be sufficient evidence of the shareholders' shareholding in Company, unless there is evidence to the contrary.

Transfer of shares shall be recorded in the register of members. The Company may, in accordance with the understanding and agreement reached between the securities regulatory agency under the State Council and the overseas securities regulatory agency, keep the register of shareholders of overseas listed foreign shares outside China and appoint overseas agencies to maintain such register. The original register of shareholders of overseas listed foreign shares issued in Hong Kong shall be maintained at Hong Kong and must be accessible to shareholders.

Copies of the register of shareholders for overseas listed foreign shares shall be kept at the Company's legal address. Appointed overseas agencies shall from time to time maintain the consistency of the original register of shareholders for overseas listed foreign shares and the copies thereof. In case of any inconsistency between the original and copies of the register of shareholders of overseas listed foreign shares, the original shall prevail.

6 SHAREHOLDERS

The shareholders of the Company are those who lawfully hold the shares of the Company and have their names registered in the register of shareholders. The shareholders shall enjoy the rights and assume the obligations according to the class and amount of the shares they hold; the shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Shareholders of ordinary shares of the Company shall enjoy the following rights:

(I) to receive dividend and other forms of distribution of interest in proportion to their respective shareholdings;

(II) to legally request, convene, preside over, attend or dispatch shareholder's agent to attend the general meeting and exercise the corresponding speaking and voting rights;

(III) to supervise the business operations of the Company and to make suggestions or inquiries;

(IV) to transfer, bestow or pledge the shares they hold according to the laws, administrative regulations and the Articles of Association;

(V) to access relevant information according to the provisions of the Articles of Association, including:

i. a set of the Articles of Association upon payment of a fee covering the cost;

ii. the rights to inspect and obtain photocopies of the following information upon payment of a fee covering the cost:

(1) all parts of the register of members (the list of all shareholders at the close of share registration on the record date of the Company's latest periodic report);

(2) personal particulars of the directors, supervisors, CEO and other senior management personnels of the Company, including:

(a) current and previous names and aliases;

(b) main address (domicile);

(c) nationality;

(d) full-time and all other part-time jobs and titles;

(e) identity documents and numbers.

(3) status of the share capital of the Company;

(4) reports showing the aggregate par value, number of shares, and maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the last fiscal year, as well as all the expenses paid by the Company therefore;

(5) meeting minutes of general meetings (only available for shareholders' inspection) and copies of the Company's resolutions of general meetings, Board meetings and meeting of Board of Supervisors;

(6) the latest audited financial statements and accounting reports of the Board, auditors and Board of Supervisors;

(7) copies of the annual return for the latest period that has been filed with China's Administration for Market Regulation or other authorities;

(8) special resolutions of the Company.

iii. bond record of the Company.

A shareholder requesting for inspection of information or access to aforesaid materials shall provide the Company with written documents evidencing the class and number of shares of the Company that such shareholder holds. The Company shall provide such information and materials as requested by the shareholder after confirming the identity of the shareholder;

(VI) to participate in the distribution of remaining assets of the Company in proportion to the number of shares held in the event of the termination or liquidation of the Company;

(VII) to request the Company to buy back his/her shares if a shareholder opposes the merger or division of the Company at the general meeting;

(VIII) for shareholders individually or jointly holding more than 3% of the shares of the Company, to raise temporary proposal and submit it to the convener in writing 10 days before the general meeting is held;

(IX) other rights conferred by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are listed and the Articles of Association.

The shareholders are entitled to request the court to invalidate the resolution of the general meeting and board meeting which violates the laws and administrative regulations.

The shareholders are entitled to request the court to cancel the relevant resolution within 60 days after the resolution is adopted if the convening procedure and voting method of the general meeting or board meeting violates the laws, administrative regulations or the Articles of Association, or the resolution content breaches the Articles of Association.

If a director and senior management personnel causes losses to the Company for violation of the requirements of the laws, administrative regulations or the Articles of Association during the performance of his/her duties, shareholders who hold more than 1%, individually or jointly, of the Company's shares for more than 180 days continuously, have the right to request the Board of Supervisors to bring a suit to the people's court; if the Board of Supervisors causes losses to the Company for violation of the requirements of the laws, administrative regulations or the Articles of Association during the performance of its duties, the aforesaid shareholders can request the Board in written form to file a suit in the people's court.

Upon receipt of the written request by the shareholders as stipulated in the preceding paragraph, in case the Board of Supervisors and/or the Board refuses to file a litigation or fails to file a litigation within 30 days from receipt of such request, or under urgent circumstances that failure in filing a litigation immediately, the Company will suffer from irreparable damages, the aforesaid shareholders shall have the right to file a litigation with a people's court directly in their own name for protection of the Company's interests.

In the event that any person infringes the legal interests of the Company causing losses to the Company, the shareholders specified in the first paragraph may file a litigation with a people's court in accordance with the provisions of the preceding two paragraphs.

In the event of violation of the laws, administrative regulations or the provisions under the Articles of Association by director or senior management personnel in performing his/her duties resulting damage to the shareholders' interest, the shareholders may file a litigation with a people's court.

Shareholders of ordinary shares of the Company shall assume the following obligations:

(I) to abide by the laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(II) to pay subscription moneys for the shares subscribed in accordance with the agreed manner of payment;

(III) not to withdraw from the Company except for the circumstances set out in the relevant laws, regulations and the Articles of Association;

(IV) not to abuse shareholder's rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company;

If any shareholder of the Company abuses the shareholder's rights and causes loss to the Company or other shareholders, he/she shall be liable for the compensation;

If any shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts and severely damage the interests of the creditors of the Company, he/she shall bear joint liability for the debts of the Company;

(V) to assume other obligations required by the laws, administrative regulations, regulation rules of the place where the Company's shares are listed and the Articles of Association.

Shareholders shall not be liable for making any additional contribution to the share capital other than according to the terms agreed by the subscriber of the shares at the time of subscription.

7 GENERAL PROVISIONS OF GENERAL MEETINGS

The General Meeting of Shareholders acts as the organ of authority of the Company which, according to the laws, exercises the following authorities:

(I) to decide the management policies and investment plans of the Company;

(II) to elect and replace directors and supervisors who are not staff representatives, and to decide on matters relating to their remuneration;

(III) to review and approve the reports of the Board;

(IV) to review and approve the reports of the Board of Supervisors;

(V) to review and approve the annual financial budget plans and accounting plans of the Company;

(VI) to review and approve the profit distribution plan and loss recovery plan of the Company;

(VII) to make resolutions on the increase or reduction of the Company's registered capital;

(VIII) to make resolutions on the issuance of shares of any series, stock warrant, corporate bonds or other securities plans thereof;

(IX) to make resolutions on matters such as the merger, division, dissolution, liquidation or change in the organizational form of the Company;

(X) to amend the Articles of Association;

(XI) to make resolutions on the appointment or dismissal or non-renewal of engagement of accounting firms by the Company;

(XII) to examine and approve the external guarantees of the Company that require the approval by the general meetings;

(XIII) to consider the Company's purchase or disposal of major assets and external guarantees within one year of an aggregate value exceeding 30% of the latest audited total assets of the Company;

(XIV) to examine material transactions and connected transaction which should be submitted to the general meeting for examination in accordance with the relevant laws, administrative regulations, regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(XV) to review and approve stock incentive plan;

(XVI) to consider proposals raised by shareholder(s), individually or collectively representing over 3% of the Company's voting shares;

(XVII) to review and approve the change use of raised fund;

(XVIII) to consider other matters that should be decided by the general meeting according to the laws, administrative regulations, departmental rules, Hong Kong Listing Rules or the Articles of Association;

(XIX) to consider other matters required by administrative authorities of the place where the Company's shares.

Under the condition of not breaching any laws and regulations and mandatory provisions of the laws and regulations of the listing place, the general meeting may authorize or entrust the Board to handle the matters as authorized or entrusted.

The general meetings shall be divided into the annual general meetings and the extraordinary general meetings. The general meeting shall be convened by the Board. The annual general meeting shall be convened once a year, and shall be held within six months after the prior accounting year ends.

The Company shall convene an extraordinary general meeting within two months under any of the following circumstances:

(I) when the number of directors is less than the number specified in the Company Law or two-thirds of the number required by the Articles of Association;

(II) when the uncovered loss of the Company reaches one-third of the total paid-in share capital of the Company;

(III) at the request of shareholders who individually or collectively hold more than 10%of the Company's issued voting shares;

(IV) when the Board considers it necessary;

(V) when the Board of Supervisors proposes such a meeting be held;

(VI) as proposed by more than two independent non-executive directors;

(VII) any other circumstances required by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are listed and the Articles of Association.

The number of shares held under the item (III) above shall be calculated from the date of such shareholder's written request.

8 CONVENING OF THE GENERAL MEETING

The general meeting shall be convened by the Board, the chairman of which shall also act as the chairman of the meeting; when the Chairman of the Board is unable or fails to perform his duties, a director of the Company jointly recommended by more than half of the Board shall convene the meeting on his/her behalf and act as the chairman of the meeting; when the chairman of the meeting is not designated, the shareholders present at the meeting can elect one person to serve as the chairman; if the shareholders are unable to elect the chairman of the meeting for any reason, the shareholder present who holds the greatest number of voting shares (including his/her proxy) shall serve as the chairman of meeting.

If the Board is unable to perform or does not perform the duty of convening a general meeting, the Board of Supervisors of the Company shall convene and preside over the meeting; if the Board of Supervisors does not convene and preside over the meeting, shareholders who individually or collectively hold at least ten percent or more of the shares of the Company for more than ninety consecutive days may convene and preside over the meeting themselves.

9 PROPOSALS AND NOTICES OF THE GENERAL MEETING

Where the Company convenes a general meeting, the Board, Board of Supervisors, and shareholder(s) individually or jointly holding more than 3% shares of the Company may make proposals to the Company.

The shareholders individually or jointly holding more than 3% of the shares of the Company may raise temporary proposal and submit it to the convener in writing 10 days before the general meeting is held. The convener shall, within 2 days after the receipt of the proposal, issue a supplementary notice to inform the general meeting of the contents of the temporary proposal.

In order to hold a general meeting, notices in writing shall be given 21 days prior to the date of the meeting in case of an annual general meeting and 15 days prior to the date of the meeting in case of an extraordinary general meeting.

10 VOTING AND RESOLUTIONS OF THE GENERAL MEETING

The resolutions of a general meeting are classified into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

The following matters shall be resolved by way of ordinary resolution of the general meeting:

(I) work reports of the Board and the Board of Supervisors;

(II) profit distribution proposals and proposals for making up losses formulated by the Board;

(III) appointment, dismissal and remuneration of the members of the Board and the Board of Supervisors (expect for the employees representative Supervisor) and the method of payment of the remuneration;

(IV) annual financial budgets, final accounts, balance sheet, income statement and other financial statements of the Company;

(V) annual report of the Company;

(VI) other matters required by the laws, administrative regulations, regulation rules of the place where the Company's shares are listed or the Articles of Association to be passed by special resolutions.

The following matters shall be resolved by way of special resolution of the general meeting:

(I) increase or reduction of the Company's registered capital, issuance of any class of shares, options and other similar types of securities;

(II) issuance of corporate bonds;

(III) division, merger, dissolution and liquidation or change of organizational form of the Company;

(IV) amendment to the Articles of Association;

(V) purchase and disposal of material assets by the Company within one year, or a guarantee amount exceeding 30% of the audited total assets in the most recent period of the Company;

(VI) other matters required by the laws, administrative regulations, regulation rules of the place where the Company's shares are listed or the Articles of Association, and matters which, according to an ordinary resolution of the general meeting, may have a significant impact on the Company and shall be adopted by way of a special resolution.

Shareholders (including proxies) shall exercise their voting rights by the number of voting shares they represent at the general meeting, and each share shall have one vote, unless individual shareholders are required by the Hong Kong Listing Rules to waive their voting rights on individual matters. Shareholders (including proxies) who have two or more votes are not required to vote for or against all voting rights. The Company shares held by the Company have no voting right, and those shares are not included in the total number of voting shares present at the general meeting and shall not be deposited in [**REDACTED**]. Any shareholder who is required under the Hong Kong Listing Rules to waive his/her voting rights on a resolution or is restricted from voting only for or against a resolution shall not be counted as a vote made by that shareholder or his/her representative in contravention of such requirement or restriction.

11 DIRECTORS

Directors are elected by the general meeting with a term of office of three years. Upon expiration of the term, the directors may be re-elected and serve consecutive terms.

The director shall comply with the laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed or the Articles of Association, and shall have the following duties of fidelity to the Company:

(I) shall not abuse their duties and rights to receive bribes or other illegal income and shall not misappropriate the property of the Company;

(II) shall not misappropriate the Company funds;

(III) shall not deposit Company funds in a bank account opened in his/her name or in the name of others;

(IV) shall not use of Company funds to make loans to others or provide guarantee for others without the consent of the general meeting of shareholders or the board of directors and in violation of the provisions of the Articles of Association of the Company;

(V) shall not enter into contracts or transactions with the Company in violation of the provisions of the Articles of Association or without the consent of the general meeting of shareholders;

(VI) shall not abuse his/her duties and powers to seize commercial opportunities of the Company for himself/herself or others or engage in similar business of the same kind with that of the Company for himself/herself or for others without the consent of the general meeting of shareholders;

(VII) shall not accept commissions from transactions with the Company for his or her own benefit;

(VIII) shall not disclose the secrets of the Company arbitrarily;

(IX) shall not use his affiliation to harm the interests of the Company;

(X) other duties of fidelity stipulated by laws, administrative regulations, departmental rules and regulations, regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Any income derived by a director in violation of the provisions of this Article shall belong to the Company; if it causes losses to the Company, he/she shall be liable for compensation.

If a director fails to attend the board meeting in person (a director who participates in a board meeting or vote by means of communication is considered to be present in person) or entrust any other director to attend the meeting on his/her behalf for two consecutive times, it shall be deemed that he/she cannot perform his/her duties, and the Board shall recommend the general meeting to remove such director.

A director may resign before the end of his tenure. The director shall submit a written resignation report to the board of director.

12 INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has independent directors (equivalent to independent non-executive directors under the Hong Kong Listing Rules) and the issues including conditions of appointment, nomination and election procedures, tenure of office, resignation and powers of the independent directors are implemented in accordance with the relevant provisions of the laws, administrative regulations, departmental rules and regulation rules of the place where the shares of the Company are listed.

Independent directors shall faithfully perform their duties and safeguard the interests of the Company, with particular attention to ensuring that the legitimate rights and interests of public shareholders are not jeopardized, so as to ensure that the interests of all shareholders are adequately represented. The functions and powers of the independent non-executive directors and the related matters shall be subject to the relevant provisions of the laws, administrative regulations, departmental rules and the regulation rules of the place where the Company's shares are listed.

13 THE BOARD

The Board is composed of 9 directors, including one chairman. At all times, the Board should have at more than one-third independent directors, and the total number of independent directors should not be less than three, at least one of whom should have appropriate professional qualifications in line with regulatory requirements, or appropriate accounting or related financial management expertise compliance with the regulation rules of the place where the Company's shares are listed.

The Board shall be accountable to the general meeting and exercise the following powers:

(I) to convene a shareholders' general meeting and report to the meeting on the work of the Board;

(II) to implement the resolutions of the general meeting;

(III) to decide on the business plan and investment scheme of the Company;

(IV) to formulate the annual financial budgetary plans and final accounting plans of the Company;

(V) to formulate the profit distribution plan and loss recovery plan of the Company;

(VI) to formulate plans of increasing or decreasing the Company's registered capital, issuing corporate bonds or other securities and going public;

(VII) to formulate plans for substantial acquisition, repurchase of shares, or merger, division, dissolution and change of corporate form of the Company;

(VIII) to examine and approve the guarantees of the Company that require the approval by the general meetings;

(IX) to examine and approve the transactions under Article 129 of the Articles of Association;

(X) to examine and approve the matters required to be passed by the Board as stipulated in the Management Measures on Connected Transactions;

(XI) to determine the setup of the Company's internal management structure;

(XII) to appoint or dismiss the CEO of the Company; to appoint or dismiss senior management personnel such as financial officer according to the nomination of the CEO, and to decide on matters of remuneration, rewards and punishments;

(XIII) to formulate the basic management system of the Company;

(XIV) to formulate the proposals for any amendment to the Articles of Association;

(XV) to request the general meeting to engage or replace the accounting firm that provides audit for the Company;

(XVI) to debrief the work report of the CEO of the Company and check the works of the CEO;

(XVII) to manage the information disclosure of the Company;

(XVIII) any other functions and powers granted by the laws, administrative regulations, departmental rules, regulation rules of the place where the Company's shares are listed or the Articles of Association.

For matters resolved by the Board in the preceding paragraph, except for items (VI), (VII), (VIII) and (XIV) which must be approved by a vote of at least two-thirds of the directors, the remaining items may be approved by a vote of more than half of the directors.

For the disposal of fixed assets by the Board, in the event that the aggregate amount of the expected value of the proposed disposal of fixed assets and the value of the disposed fixed assets during the four months prior to this proposed disposal exceeds 33% of the value of fixed assets shown in the latest balance sheet as considered at the general meeting, the Board shall not dispose or agree to dispose of such fixed asset without obtaining approval at the general meeting.

The chairman of the Board shall exercise the following powers:

(I) to preside over general meetings and convening and presiding over Board meetings;

(II) to procure and examining the implementation of resolutions of the Board;

(III) to sign share certificates, corporate bonds and other securities issued by the Company;

(IV) to sign important documents of the Board;

(V) to exercise the special disposal power on the Company affairs in line with the interests of the Company in accordance with the provisions of the laws and regulations in case of an emergency of force majeure such as a major natural disaster, and reporting to the Board or the general meeting of the Company afterwards; and

(VI) to exercise other powers as set forth by the Board or in the laws, administrative regulations and regulatory rules of the place where the Company's shares are listed.

Board meetings are composed of regular meetings and extraordinary meetings. The Board shall hold at least four meetings each year, approximately once a quarter, which shall be convened by the Chairman and notified to all the directors and supervisors 14 days prior to the meeting in writing. Regular Board meetings do not include obtaining Board approval by circulating written resolutions. Written notice shall be given to all directors and supervisors five days prior to the convening of an extraordinary Board meeting. In case of emergency and it is necessary to convene an extraordinary Board meeting as soon as possible, the convening of the meeting shall not be subject to the time limit as set out above.

A Board meeting shall not be held unless more than half of the directors are present. A resolution made by the Board must be approved by more than half of all the directors. When the Board considers the external guarantee provided by the Company, consent by more than two-thirds of directors is required. Each director shall have one vote for the resolutions of the Board. In the event of a tie between for and against, the Board chairman is entitled to one additional vote.

The directors shall attend the Board meeting in person. If a director is unable to attend the meeting for some reason, he/she may entrust another director in writing to attend the meeting on his/her behalf. The power of attorney shall specify the name, matters entrusted to, scope of authorization and term of validity of the proxy, and shall be signed or sealed by the principal. The director who attend the meeting on behalf of another director shall exercise the rights of the directors within the scope of authorization. If a director fails to attend a Board meeting or to appoint a proxy, he/she shall be deemed to have waived his/her right to vote at that meeting.

The Articles of Association do not contain any special provision in respect of the manner in which borrowing powers may be exercised by the Directors, except (i) required the provision regarding the power of the Board to formulate proposal for our Company to issue bonds; (ii) required the provision stating the issuance of bonds to be approved by the Shareholders of the Company at a general meeting by way of a special resolution; and (iii) required the provision regarding prohibition of loans to Directors, senior officers and supervisors with certain exceptions in favor of our Company.

14 SPECIAL COMMITTEES OF THE BOARD

The Board of the Company sets up special committees, such as the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Strategy Committee. The special committees shall be accountable to the Board and shall perform their duties in accordance with the Articles of Association and the authorization of the Board. Their proposals shall be submitted to the Board for deliberation and decision.

15 CEO AND OTHER SENIOR OFFICERS

The Company has one CEO, one president and several senior officers. The CEO shall be appointed or dismissed by the Board. Other senior officers shall be appointed by CEO and dismissed by the Board.

The CEO of the Company shall be liable to the Board and exercise the following powers:

(I) to manage the production and operation management of the Company, organizing execution of the Board's resolutions, and reporting the relevant work to the Board;

(II) to organize the implementation of the annual business plan and investment scheme of the Company;

(III) to prepare proposal for the internal management organization setting scheme of the Company;

(IV) to prepare proposal for the basic management system of the Company;

(V) to develop the specific rules of the Company;

(VI) to propose the appointment or termination of CFO, board secretary or other senior officer of the Company to the Board;

(VII) to decide to appoint or remove the officers other than those subject to the decision of the Board;

(VIII) to deal with transactions that are not stipulated in the Articles of Association and whose approving standards need to be deliberated by the general meeting or the Board; and

(IX) other powers granted by the Articles of Association or the Board.

The CEO may attend the Board meetings. The CEO who is not a director has no right to vote at the Board meetings.

16 BOARD OF SUPERVISORS

The Company shall have a Board of Supervisors, which shall consist of five supervisors, including one chairman. The appointment or dismissal of the chairman of the Board of Supervisors shall be determined by more than half of the members of the Board of Supervisors. The chairman of the Board of Supervisors shall convene and preside over the meeting of the Board of Supervisors. When the chairman of the Board of Supervisors is unable or fails to perform his or her duty, a supervisor jointly recommended by more than half of the supervisors shall convene and preside over the meeting of the Board of Supervisors.

The directors, CEO and other senior officers of the Company shall not serve concurrently as supervisors.

Meetings of the Board of Supervisors are composed of regular meetings and extraordinary meetings. The Board of Supervisors shall hold at least one regular meeting every six months and at least two meetings every year. The chairman of the Board of Supervisors shall be responsible for convening meetings of the Board of Supervisors. The supervisors may propose to convene an extraordinary meeting of the Board of Supervisors.

The Board of Supervisors shall be accountable to the general meeting and exercise the following powers:

(I) to examine the Company's financial affairs;

(II) to supervise the acts of the directors and senior officers, and proposing dismissal of directors and senior officers who violate the laws, administrative regulations, the Articles of Association, or resolutions of general meetings;

(III) when the actions of any directors or senior officers are found to damage the interests of the Company, to urge them to make correction;

(IV) to propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with Company Law and the Articles of Association, convening and presiding over the general meetings;

(V) to submit proposals to the general meetings;

(VI) to liaise with directors, prosecute or file a lawsuit against directors and senior officers on behalf of the Company;

(VII) to conduct investigation if there is any unusual circumstances in the Company's operations; and if necessary, engaging an accounting firm, law firm, or other professional institutions to assist in their work with expenses to be borne by the Company;

(VIII) to verify financial information such as financial reports, business reports, profit distribution plans, etc. that the Board intends to submit to the general meeting and, if in doubt, appointing a registered accountant or practicing auditor in the name of the Company to assist in reviewing such information; and

(IX) to exercise other powers prescribed in the Articles of Association of the Company.

17 QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS AND SENIOR OFFICERS OF THE COMPANY

None of the following persons may serve as a director, supervisor, CEO or other senior officer of the Company:

(I) persons without capacity or with limited capacity for civil acts;

(II) persons who were sentenced for crimes of corruption, bribery, encroachment or embezzlement of property or disruption of the social and economic order, where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime, where five years have not lapsed following the serving of the sentence;

(III) persons who acted as directors, or factory managers or managers of companies or enterprises which were bankrupt or liquidated due to poor performance and management and who should bear personal liability for the bankruptcy or liquidation of such companies or enterprises, where three years have not lapsed following the date of completion of such bankruptcy or liquidation;

(IV) the legal representatives of companies or enterprises that had their business licenses revoked as a result of violating the law, and where such representatives bear personal liability therefore and three years have not lapsed following the date of revocation of such business licenses;

(V) persons with relatively heavy individual debts that have not been settled upon maturity;

(VI) persons against whom a case has been established for investigation by the judicial authorities as a result of suspected violation of the criminal law, and such case has not been closed;

(VII) persons who may not act as leaders of enterprises by virtue of the laws and administrative regulations;

(VIII) non-natural persons;

(IX) persons ruled by a relevant organization in charge to have violated securities-related regulations, where such violation involved fraudulent or dishonest acts and five years have not lapsed following the date of the ruling; and

(X) circumstances specified in the laws, administrative regulations, the listing rules of the place where the Company's shares are listed, and the relevant laws and regulations of the place where the Company's shares are listed.

Any election, designation or appointment of directors, supervisors, CEO or other senior officers in violation of this provision shall be invalid. The Company shall dismiss the director, supervisor, CEO or other senior officers if they are involved in the said circumstances during their respective term of office.

The validity of an act of a director, CEO or other senior officer of the Company on behalf of the Company towards a bona fide third party shall not be affected by any irregularity in his current position, election or qualifications.

In addition to obligations imposed by the laws, administrative regulations or listing rules of the place where the Company's shares are listed, the Company's directors, supervisors, CEO and other senior officers shall owe the following obligations to each shareholder in the exercise of the functions and powers granted to them by the Company:

(I) not to cause the Company to act beyond the scope of business as stipulated in its business license;

(II) to act in good faith in the best interests of the Company;

(III) not to deprive the property of the Company in any form, including (but not limited to) any opportunity favorable to the Company; and

(IV) not to deprive the individual rights and interests of the shareholders, including (but not limited to) any distribution rights and voting rights, but excluding any plan of reorganization of the Company submitted to the general meeting for approval in accordance with the Articles of Association.

The Company's directors, supervisors, CEO and other senior officers shall, in the exercise of their duties, abide by the principles of honesty and creditability and shall not place themselves in a position where there is a possible conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfillment of the following obligations:

(I) to act in good faith in the best interests of the Company;

(II) to exercise powers within the scope of their functions and powers and not to act beyond such powers;

(III) to personally exercise the discretion vested in him/her, not to allow himself/herself to be manipulated by another person and, not to delegate the exercise of his/her discretion to another party unless permitted by the laws and administrative regulations or with the consent of the general meeting that has been informed;

(IV) to treat shareholders of the same class equally and to be impartial to shareholders of different classes;

(V) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association or with the consent of the general meeting that has been informed;

(VI) not to use Company property for his/her own benefit in any way without the consent of the general meeting that has been informed;

(VII) not to use his/her functions and powers as a means for accepting bribes or other forms of illegal income, and not to illegally appropriate Company assets in any way, including (but not limited to) any opportunities that are favorable to the Company;

(VIII) not to accept commissions in connection with Company transactions without the consent of the general meeting that has been informed;

(IX) to abide by the Articles of Association, perform his/her duties faithfully, protect the interests of the Company and not to seek personal gain with his/her position, functions and powers in the Company;

(X) not to compete with the Company in any way without the consent of the general meeting that has been informed;

(XI) not to embezzle the Company's funds or lend the Company's funds to others, not to deposit the Company's assets in accounts opened in his own or in another's name, and unless otherwise specified by the laws, regulations and the Articles of Association, not to use the Company's assets as security for the debts of the Company's shareholders or other persons; and

(XII) not to disclose confidential information relating to the Company that was acquired by him/her during his/her office without the consent of the general meeting that has been informed, and not to use such information except in the interests of the Company; however, such information may be disclosed to the court or other government authorities if:

1. required by law;

2. required for the public interest; or

3. required for the interest of such director, supervisor or other senior officer of the Company.

The obligation of honesty and credibility of the Company's directors, supervisors, CEO and other senior officers does not necessarily cease with the termination of their office. Their confidentiality obligation in relation to the Company's trade secrets shall continue after the termination of their office. The term for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company is terminated.

If a director, supervisor, CEO or other senior officer of the Company has directly or indirectly been vested a material interest in a contract, transaction or arrangement concluded or planned by the Company (except for his/her employment contract with the Company), he/she shall disclose the nature and extent of his/her interest to the Board at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board.

Except as approved by the Stock Exchange, the director shall not vote on any contract or arrangement or any other proposed resolution of the Board in which he/she has a material interest through himself/herself or any of his/her associates (as defined in the Listing Rules); nor shall he/she be counted when determining whether a quorum is present at the meeting, unless otherwise stipulated by the laws, administrative regulations, normative documents, and securities regulatory authority at the place where the Company's shares are listed.

Unless the interested director, supervisor, CEO or other senior officer of the Company has disclosed such interest to the Board as required under the preceding paragraphs of this Article and the matter has been approved by the Board at a meeting in which he/she was not counted in the quorum and had refrained from voting, the Company shall have the right to void the contract, transaction or arrangement, except where the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor, CEO or other senior officer concerned.

A director, supervisor, CEO and other senior officer of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which a connected person of that director, supervisor, CEO and senior officer has an interest.

18 FINANCIAL AND ACCOUNTING SYSTEMS AND DISTRIBUTION OF PROFITS

The Company shall formulate its own financial and accounting systems in accordance with the laws, administrative regulations and rules of the relevant authorities of the state. If the securities regulatory authorities at the place where the Company's shares are listed stipulate otherwise, the relevant provisions shall prevail.

The company shall file, disclose and/or submit annual reports, interim reports, preliminary results announcements and other documents to shareholders in accordance with the laws and regulations of the place of listing, the listing rules and other regulatory documents of the stock exchange where the company's shares are listed.

The reserve fund of the Company shall be used to cover the Company's losses, expand its production and operation or to increase its registered capital. However, the capital reserve fund shall not be used to cover the loss of the Company. The capital reserve fund consists of the following:

(I) the premium from the issuance of shares in excess of their face value; and

(II) other income to be included in the capital reserve fund as stipulated by the competent financial department of the State Council.

When the statutory reserve fund is converted into registered capital, the remaining statutory reserve fund shall be no less than 25% of the registered capital of the Company before the capital increase.

19 EMPLOYMENT OF ACCOUNTING FIRMS

The Company shall employ an independent accounting firm that complies with relevant state regulations to perform audit of the annual financial reports and other financial reports of the Company.

Employing an accounting firm for the Company shall be decided by the general meeting. The term of office of an accounting firm employed by the Company shall be from the end of the current annual general meeting of the Company until the end of the next annual general meeting.

An accounting firm employed by the Company shall have the following rights:

(I) the right of access at all times to the account books, records or vouchers of the Company and the right to require the directors, CEO and other senior officers of the Company to provide relevant information and explanations;

(II) the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and

(III) the right to attend general meetings and to receive a notice or other information concerning any meeting which any shareholder has a right to receive, and to make speech at any general meeting on any matter which relates to it as the accounting firm of the Company.

If the position of accounting firm becomes vacant, the Board may temporarily appoint an accounting firm to fill such vacancy before a general meeting is held, provided that such appointment shall be confirmed at the next general meeting. However, if there are other accounting firms holding the position as an accounting firm of the Company while such vacancy still exists, such accounting firms may continue to act.

20 NOTICE AND ANNOUNCEMENT

The Company's notices (including but not limited to the notice of the general meetings, the Board meetings and the meetings of the Board of Supervisors) may be given or provided in the following means:

(I) by personal delivery;

(II) by fax;

(III) by post;

(IV) by email;

(V) by announcement;

(VI) by publication in newspaper or other designated media;

(VII) by publishing them on the website of the Company and the website designated by the stock exchange on which the Company's shares are listed in accordance with the laws, administrative regulations, departmental rules, normative documents, and the Articles of Association; and

(VIII) by other means acceptable to the securities regulatory authorities at the place where the Company's shares are listed or stipulated in the Articles of Association.

Giving notices to shareholders with the registered address outside Hong Kong is not prohibited in the Articles of Association.

If a notice of the Company is sent by way of announcement, once public announcement is made, it is deemed that all relevant personnel have received the notice. If the securities regulatory authorities at the place where the Company's shares are listed stipulate otherwise, the relevant provisions shall prevail.

Notwithstanding any requirement of the Articles of Association with regard to the provision or notice form of any document, notice or other corporate communications, the Company may choose to adopt the form of notice as stipulated under item 7 of paragraph 1 of this article in substitution for the sending of written materials to the shareholders by way of personal delivery or by way of prepaid post, provided that relevant regulations of securities regulatory authority at the place where the Company's shares are listed have been complied with. The corporate communications refer to any documents issued or to be issued by the Company for information or action of shareholders, including but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), reports of the Board (with its balance sheets and income statements), notices of general meeting, circulars and other communication documents.

The Company issues announcements and information disclosure to shareholders through the laws, administrative regulations or information disclosure newspapers and websites designated by the relevant domestic regulatory authorities. If an announcement is to be made to shareholders under the Articles of Association, such announcement shall also be published in designated newspapers, websites and/or the website of the Company in accordance with the method provided for in the Hong Kong Listing Rules. All notices or other documents required to be lodged with the Stock Exchange under Chapter 13 of the Hong Kong Listing Rules shall be in English or accompanied by a signed and certified English translation.

21 MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

Merger of the Company may take two forms: merger by absorption and merger by new establishment.

In the case of a merger, parties to the merger shall execute a merger agreement, and shall prepare the balance sheets and a schedule of assets. The Company shall notify its creditors within a period of 10 days since the date on which the resolution to proceed with the merger is passed, and publish announcements on the merger in newspaper within 30 days. The creditors shall, within 30 days since the date of receiving a written notice or within 45 days since the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

In case of decrease of registered capital of the Company, a balance sheet and assets list shall be formulated. The Company shall notify its creditors within 10 days from the date of passing of the resolution for the decrease of registered capital and shall publish a notice in a newspaper within 30 days thereof. The creditors shall, within 30 days since the date of receiving the notice or within 45 days since the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

Where the merger or division of the Company results in a change in its registered particulars, such change shall be registered with the company registry according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

The Company shall be dissolved if:

(I) business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;

(II) the general meeting resolves to dissolve the Company;

(III) dissolution is required due to merger or division of the Company;

(IV) the Company is declared bankrupt according to law because it is unable to pay its debts as they fall due;

(V) the Company is revoked of business license, ordered to close or canceled according to law; or

(VI) there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have material prejudice to the interests of the shareholders and there is no other way to resolve, shareholders who hold an aggregate of over 10% of the whole voting rights can make a petition to the People's Court to dissolve the Company.

The liquidation committee shall exercise the following functions and powers during liquidation:

(I) to thoroughly examine the assets of the Company and preparing a balance sheet and a schedule of assets respectively;

(II) to notify the creditors by a notice or public announcement;

(III) to handle the outstanding business of the Company in connection with liquidation;

(IV) to repay all outstanding tax payment and the tax payment which arise in the course of the liquidation process;

(V) to clear up claims and debts;

(VI) to deal with the remaining assets after full payment of the Company's debts; and

(VII) to participate in civil litigation on behalf of the Company.

The liquidation committee shall notify its creditors within a period of 10 days since the date it is established, and publish relevant announcements on in newspaper at least three times within 60 days. Creditors shall, within 30 days since the date of receiving the notice, or for creditors who do not receive the notice, within 45 days since the date of the public announcement, report their creditors' rights to the liquidation committee.

After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and schedule of assets, it shall formulate a liquidation plan and submit such plan to the general meeting or the people's court for confirmation.

The remaining property of the Company after paying the liquidation expenses, wages owed to employees of the Company, labor insurance fees and statutory compensation, outstanding taxes and debts of the Company shall be distributed by the class of shares held by shareholders and in proportion to the number of shares held by shareholders.

During the liquidation period, the Company still exists but shall not carry out any business activities not related to liquidation. The property of the Company shall not be distributed to the shareholders until all liabilities have been paid off in accordance with the preceding paragraph.

Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in the PRC, submit the same to the general meeting or the relevant competent authorities for confirmation.

Within 30 days from the date of confirmation of the above-mentioned documents by the general meeting or the relevant competent authorities, the liquidation committee shall deliver the same to the company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

22 AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

(I) after the Company Law, relevant laws and administrative regulations, or the Hong Kong Listing Rules are amended, the provisions of the Articles of Association are in conflict with the provisions of the amended laws or regulations;

(II) there has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association; and

(III) the general meeting decides to amend the Articles of Association.

Where any amendment to the Articles of Association, as approved by way of a resolution at the general meeting, is subject to the approval of the relevant administrative authority, it shall be submitted to the relevant administrative authorities for approval; where the Company's registered items are involved, change registration shall be made according to law.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was established as a limited liability company in the PRC on September 18, 2015 and was converted into a joint stock company with limited liability on September 11, 2020 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB81,311,371 divided into 81,311,371 Shares with a nominal value of RMB1.00 each.

Our Company has established a place of business in Hong Kong at 19/F, Golden Centre, 188 Des Voeux Road Central, Hong Kong and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on February 6, 2024. Mr. POON Ping Yeung (潘秉揚), the joint company secretary of our Company, has been appointed as our authorized representative for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

2. Changes in Share Capital of our Company

On September 18, 2015, our Company was established as a limited liability company with a registered capital of RMB25,000,000.

On February 9, 2022, the registered capital of our Company increased from RMB64,996,051 to RMB65,220,175.

On March 30, 2022, the registered capital of our Company increased from RMB65,220,175 to RMB77,711,371.

On December 16, 2022, the registered capital of our Company increased from RMB77,711,371 to RMB81,311,371.

For further details, see "History, Development and Corporate Structure" in this document. Save as disclosed above, there has been no alteration in our share capital within two years immediately preceding the date of this document.

3. Changes in the Share Capital of our Subsidiaries

Our subsidiaries as of the Latest Practicable Date are set out in notes 1 and 2 to the Accountants' Report. The following sets out changes in the share capital of our subsidiaries within the two years immediately preceding the date of this document:

REFIRE Technology

On December 1, 2022, the registered capital of REFIRE Technology increased from RMB1,500,000,000 to RMB2,500,000,000 with the additional capital subscribed by our Company.

On January 8, 2024, the registered capital of REFIRE Technology increased from RMB2,500,000,000 to RMB3,000,000,000 with the additional capital subscribed by our Company.

Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司)

On November 30, 2022, the registered capital of Jiangsu REFIRE Technology Co., Ltd. increased from RMB200,000,000 to RMB350,000,000 with the additional capital subscribed by REFIRE Technology.

Zhejiang Unilia Hydrogen Technology Ltd. (浙江韻量氫能科技有限公司)

On March 31, 2022, Zhejiang Unilia Hydrogen Technology Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

On October 31, 2023, the registered capital of Zhejiang Unilia Hydrogen Technology Ltd. increased from RMB10,000,000 to RMB40,000,000 with the additional capital subscribed by Unilia (Guangdong) Fuel Cells Inc. (韻量燃料電池(廣東)有限公司), a subsidiary of our Company.

Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. (上海重塑斑斕氫能科技有限公司)

On June 26, 2023, Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Changde REFIRE Surge New Materials Technology Co., Ltd. (常德重塑澎湃新材料科技有限公司)

On April 1, 2023, Changde REFIRE Surge New Materials Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

REFIRE New Energy Development (Shanghai) Co., Ltd. (重塑新能源發展(上海)有限公司)

On May 26, 2022, REFIRE New Energy Development (Shanghai) Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

On November 20, 2023, the registered capital of REFIRE New Energy Development (Shanghai) Co., Ltd. increased from RMB10,000,000 to RMB35,000,000 with the additional capital subscribed by our Company.

Beijing XCELL Technology Co., Ltd. (北京重理能源科技有限公司)

On February 28, 2023, the registered capital of Beijing XCELL Technology Co., Ltd. decreased from RMB10,000,000 to RMB9,700,000.

Foshan Diyi Element New Energy Technology Co., Ltd. (佛山迪一元素新能源科技有限公司)

On December 5, 2022, Foshan Diyi Element New Energy Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB120,000,000.

REFIRE XPanse (Beijing) Ltd. (北京重塑浩瀚氫能科技有限公司)

On November 17, 2023, REFIRE XPanse (Beijing) Ltd. was established in the PRC as a limited liability company with a registered capital of RMB70,000,000.

Baotou REFIRE Technology Co., Ltd. (包頭重塑能源科技有限公司)

On March 29, 2022, Baotou REFIRE Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Shanxi Jindu REFIRE Technology Co., Ltd. (山西晉都重塑能源科技有限公司)

On September 14, 2022, Shanxi Jindu REFIRE Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Dalian Taipingwan REFIRE Technology Co., Ltd. (大連太平灣重塑能源科技有限公司)

On November 17, 2022, Dalian Taipingwan REFIRE Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Yunnan REFIRE Technology Co., Ltd. (雲南重塑能源科技有限公司)

On December 15, 2022, Yunnan REFIRE Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Wuan REFIRE Technology Co., Ltd. (武安重塑氫能科技有限公司)

On December 19, 2022, Wuan REFIRE Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Ningxia Saishang REFIRE Technology Co., Ltd. (寧夏塞上重塑能源科技有限公司)

On June 2, 2023, Ningxia Saishang REFIRE Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Jiangsu Peijun REFIRE Technology Co., Ltd. (江蘇霈郡重塑能源科技有限公司)

On October 30, 2023, Jiangsu Peijun REFIRE Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Zhengzhou REFIRE Hydrogen Technology Co., Ltd. (鄭州重塑氫能科技有限公司)

On July 28, 2023, Zhengzhou REFIRE Hydrogen Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Unilia (Jiangsu) Fuel Cells Ltd. (江蘇韻量新能源科技有限公司)

On March 22, 2023, Unilia (Jiangsu) Fuel Cells Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

REFIRE Europe GmbH

On June 23, 2023, REFIRE Europe GmbH was established in Germany as a limited liability company (*GmbH*) with a registered share capital of EUR25,000.

Shanghai Wellness Haven Technology Co., Ltd. (上海溫和小島網絡科技有限公司)

On December 20, 2023, Shanghai Wellness Haven Technology Co., Ltd. was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

REFIRE PTE. LTD.

On January 11, 2024, REFIRE PTE. LTD. was established in Singapore as a private company limited by shares with an issued share capital of 490,000 Singapore dollars.

Shaanxi Daqin REFIRE Technology Co., Ltd. (陝西大秦重塑能源科技有限公司)

On January 23, 2024, the registered capital of Shaanxi Daqin REFIRE Technology Co., Ltd. increased from RMB10,000,000 to RMB100,000,000 with the additional capital subscribed by REFIRE Technology.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Resolutions of the Shareholders

Pursuant to a general meeting of our Shareholders held on January 21, 2024, the following resolutions, among others, were passed by our Shareholders:

(a) the [**REDACTED**] by our Company of H Shares of nominal value of RMB1.00 each and that such H Shares be [**REDACTED**] on the [**REDACTED**];

(b) that the number of H Shares to be [**REDACTED**] shall not be more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**] (without taking into account the H Shares which may be [**REDACTED**] and [**REDACTED**] pursuant to the exercise of the [**REDACTED**]), and the grant to the [**REDACTED**] (or their representatives) of the [**REDACTED**] of not more than [**REDACTED**]% of the number of H Shares [**REDACTED**] pursuant to the [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the adoption of the Articles of Association which shall become effective on the [**REDACTED**], and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and

(d) authorization of our Board to handle relevant matters relating to, among other things, the [**REDACTED**] and [**REDACTED**] of the H Shares.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contract

We have entered into the following contract (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(a) [**REDACTED**].

2. Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be material to our business:

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
1.	Our Company	61981783	PRC	PRISMA	12	July 14, 2023 – July 13, 2033
2.	Our Company	61667541	PRC	REFIRE 重塑科技	9	August 21, 2023 – August 20, 2033
3.	Our Company	61690648	PRC	REFIRE 重塑科技	7	October 28, 2022 – October 27, 2032
4.	Our Company	61677854	PRC	REFIRE GROUP 重塑集团	42	September 7, 2022 – September 6, 2032
5.	Our Company	61685804	PRC	REFIRE GROUP 重塑集团	12	July 7, 2022 – July 6, 2032
6.	Our Company	61673926	PRC	REFIRE GROUP 重塑集团	9	July 7, 2022 – July 6, 2032
7.	Our Company	61689878	PRC	REFIRE GROUP 重塑集团	7	July 7, 2022 – July 6, 2032
8.	Our Company	57936758	PRC		40	January 28, 2022 – January 27, 2032
9.	Our Company	57949214	PRC		38	January 28, 2022 – January 27, 2032
10.	Our Company	57941296	PRC		37	January 28, 2022 – January 27, 2032
11.	Our Company	57929736	PRC		25	May 7, 2022 – May 6, 2032
12.	Our Company	57929759	PRC		12	January 28, 2022 – January 27, 2032
13.	Our Company	57946548	PRC		9	February 7, 2022 – February 6, 2032
14.	Our Company	57923827	PRC		7	January 28, 2022 – January 27, 2032
15.	Our Company	57939117	PRC		6	January 28, 2022 – January 27, 2032

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
16.	Our Company	57946353	PRC		4	January 28, 2022 – January 27, 2032
17.	Our Company	6494906	Japan	PRISMA	7, 9, 12	January 5, 2022 – January 4, 2032
18.	Our Company	018332479	European Union	PRISMA	7, 9, 12	March 9, 2021 – November 5, 2030
19.	Our Company	6451673	Japan	REFIRE	7, 9, 12, 42	October 5, 2021 – October 4, 2031
20.	Our Company	018332475	European Union	REFIRE	7, 9, 12, 42	March 10, 2021 – November 5, 2030
21.	Our Company	50124156	PRC	REFIRE	40	June 7, 2021 – June 6, 2031
22.	Our Company	50142698	PRC	REFIRE	38	August 28, 2021 – August 27, 2031
23.	Our Company	50122653	PRC	REFIRE	9	April 7, 2022 – April 6, 2032
24.	Our Company	50140619	PRC	REFIRE	7	January 14, 2023 – January 13, 2033
25.	Our Company	50152867	PRC	REFIRE	6	September 14, 2021 – September 13, 2031
26.	Our Company	50139843	PRC	REFIRE	4	July 21, 2021 – July 20, 2031
27.	Our Company	48995660	PRC	PRISMA	12	October 21, 2021 – October 20, 2031
28.	Our Company	48976267	PRC	PRISMA	7	July 14, 2021 – July 13, 2031
29.	Shanghai PANDO Electric Technology Co., Ltd. (上海磐動電氣科技有限公司)	33508658	PRC	PANDO	9	May 14, 2019 – May 13, 2029
30.	Shanghai PANDO Electric Technology Co., Ltd. (上海磐動電氣科技有限公司)	33493412	PRC	PANDO	7	May 14, 2019 – May 13, 2029
31.	Shanghai Unilia	7058829	United States	UNILIA	42	May 23, 2023 – May 22, 2033

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
32.	Shanghai Unilia	7034333	United States	UNILIA	9	April 25, 2023 – April 24, 2033
33.	Shanghai Unilia	7034332	United States	UNILIA	7	April 25, 2023 – April 24, 2033
34.	Shanghai Unilia	018609710	European Union	UNILIA	7, 9, 42	March 16, 2022 – November 26, 2031
35.	Shanghai Unilia	54116923	PRC	韵量	42	June 14, 2023 – June 13, 2033
36.	Shanghai Unilia	6300595	United States	UNILIA	9	March 23, 2021 – March 22, 2031
37.	Shanghai Unilia	6300597	United States	UNILIA	7	March 23, 2021 – March 22, 2031
38.	Shanghai Unilia	TMA1162233	Canada	UNILIA	7, 9, 42	January 25, 2023 – January 25, 2033
39.	Shanghai Unilia	6419362	Japan	UNILIA	7, 9, 42	July 21, 2021 – July 20, 2031
40.	Shanghai Unilia	018270950	European Union	UNILIA	7, 9, 42	October 23, 2020 – July 9, 2030
41.	Shanghai Unilia	47083883	PRC	UNILIA	42	May 7, 2021 – May 6, 2031
42.	Shanghai Unilia	47077681	PRC	UNILIA	9	May 21, 2021 – May 20, 2031
43.	Shanghai Unilia	47094852	PRC	UNILIA	7	October 14, 2021 – October 13, 2031
44.	Shanghai Unilia	47095576	PRC		42	August 21, 2021 – August 20, 2031
45.	Shanghai Unilia	47080724	PRC		9	March 14, 2021 – March 13, 2031

No.	Owner	Registration no.	Place of registration	Trademark	Class	Validity period
46.	Shanghai Unilia	47093700	PRC		7	March 7, 2021 – March 6, 2031
47.	Shanghai Unilia	47087654	PRC	韵量	42	May 7, 2021 – May 6, 2031
48.	Shanghai Unilia	47109414	PRC	韵量	9	March 7, 2021 – March 6, 2031
49.	Shanghai Unilia	47093717	PRC	韵量	7	February 28, 2021 – February 27, 2031

Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be material to our business:

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
1.	REFIRE Technology	Invention	Fuel cell system and its low-temperature purging method (燃料電池系統及其低溫吹掃方法)	2020100479238	January 16, 2020	PRC
2.	REFIRE Technology	Invention	Component concentration estimation device, anode component estimation method and fuel cell system (組分濃度估計裝置、陽極組分的估計方法和燃料電池系統)	2020114591661	December 11, 2020	PRC
3.	REFIRE Technology	Invention	Closed loop control method, system, medium and electronic equipment of drainage valves (排水閥閉環控制方法、系統、介質及電子設備)	2021111632787	September 30, 2021	PRC
4.	REFIRE Technology	Invention	A low-temperature self-initiation method for fuel cell system (一種燃料電池系統低溫自啟動方法)	2021111930502	October 13, 2021	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
5.	REFIRE Technology	Invention	Fuel cell control system and its control method (燃料電池控制系統及其控制方法)	2022102096164	March 4, 2022	PRC
6.	REFIRE Technology	Invention	A fast cold start system and method for fuel cells (一種燃料電池的快速冷啟動系統及方法)	2022102342648	March 10, 2022	PRC
7.	REFIRE Technology	Invention	Intelligent allocation system and method for fuel cell coolant (燃料電池冷卻液智能調配系統及方法)	202310472690X	April 27, 2023	PRC
8.	REFIRE Technology	Invention	Heat dissipation control method, device, electronic equipment and fuel cell for high-power fuel cell stack (大功率電堆散熱控制方法、裝置、電子設備及燃料電池)	2023104244767	April 20, 2023	PRC
9.	REFIRE Technology	Invention	Method, device, medium and vehicle for controlling the inlet water temperature of high-power fuel cells (大功率燃料電池入水溫度控制方法、裝置、介質和車輛)	202310525006X	May 11, 2023	PRC
10.	Shanghai Unilia	Invention	A leakage detection method for stack membrane electrodes (一種電堆膜電極洩漏檢測方法)	2020114139388	December 4, 2020	PRC
11.	Shanghai Unilia	Invention	A CCM membrane electrode assembly process and assembly equipment (一種CCM膜電極裝配工藝及裝配設備)	2023106301942	May 31, 2023	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
12.	Shanghai Unilia	Invention	A fuel cell alloy catalyst and its preparation method and application (一種燃料電池合金催化劑及其製備方法和應用)	2023105199222	May 10, 2023	PRC
13.	REFIRE Technology	Invention	Fuel cell system thermal management control device and system (燃料電池系統熱管理控制裝置及系統)	2017106288092	July 28, 2017	PRC
14.	REFIRE Technology	Invention	Hydrogen sprays control method and its device, equipment, system and storage medium (氫噴控制方法及其裝置、設備、系統和存儲介質)	2018114738461	December 4, 2018	PRC
15.	REFIRE Technology	Invention	Method for calculating concentration of exhaust hydrogen of fuel cell automobile, exhaust control system, use method of exhaust control system and storage medium (燃料電池汽車尾排氫氣濃度計算方法、排氣控制系統及其使用方法、存儲介質)	2019110299671	October 25, 2019	PRC
16.	REFIRE Technology	Invention	Water knockout drum (分水器)	2019113335434	December 23, 2019	PRC
17.	REFIRE Technology	Invention	Air compressor intake flow sectional correction method, system, medium and device (空壓機進氣流量分段修正方法、系統、介質及裝置)	2021103350558	March 29, 2021	PRC
18.	REFIRE Technology	Invention	Humidifier leak diagnosis method and fuel cell system (增濕器洩漏診斷方法及燃料電池系統)	2021106197297	June 3, 2021	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
19.	REFIRE Technology	Invention	Construction method of hydrogen concentration calculation model, detection device and fuel cell system (氫氣濃度計算模型的構建方法、檢測裝置和燃料電池系統)	2021110037873	August 30, 2021	PRC
20.	REFIRE Technology	Invention	Fuel cell thermal management system (燃料電池熱管理系統)	2021113010853	November 4, 2021	PRC
21.	REFIRE Technology	Invention	Fuel cell water management system and control method thereof (一種燃料電池水管理系統及其控制方法)	2021116295332	December 28, 2021	PRC
22.	REFIRE Technology and Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司)	Invention	Method for calculating humidity of inlet of galvanic pile (一種電堆入口濕度的計算方法)	2023101212711	February 16, 2023	PRC
23.	REFIRE Technology and Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司)	Invention	Anode loop hydrogen concentration measuring method and system (陽極回路氫濃度測量方法及系統)	2023100426018	January 28, 2023	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
24.	REFIRE Technology and Jiangsu REFIRE Technology Co., Ltd. (江蘇重塑能源科技有限公司)	Invention	Humidity estimation method, humidity estimation device, humidity estimation medium, humidity estimation equipment and fuel cell (增濕器的濕度估算方法、裝置、介質、設備及燃料電池)	2023100655144	February 6, 2023	PRC
25.	REFIRE Technology	Invention	Method and system for managing energy of fuel cell automobile (一種燃料電池汽車能量管理的方法及系統)	2023104014479	April 15, 2023	PRC
26.	REFIRE Technology and Beijing XCELL Technology Co., Ltd. (北京重理能源科技有限公司)	Invention	Control method and device for fuel cell system (燃料電池系統的控制方法與裝置)	2023105310535	May 12, 2023	PRC
27.	REFIRE Technology	Invention	Global optimization algorithm for fuel cell and power cell degradation (燃料電池和動力電池劣化的全局最優算法)	2023110793668	August 25, 2023	PRC
28.	REFIRE Technology	Invention	Optimal fuel cell system performance control method and system (一種最優燃料電池系統性能控制方法及系統)	2023106313691	May 31, 2023	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
29.	REFIRE Technology and Beijing XCELL Technology Co., Ltd. (北京重理能源科技有限公司)	Invention	Method and system for energy management of multi-energy-source fuel cell system (一種多能量源的燃料電池系統能量管理的方法和系統)	2023109443964	July 31, 2023	PRC
30.	REFIRE Technology and Beijing XCELL Technology Co., Ltd. (北京重理能源科技有限公司)	Invention	Method for identifying reversible attenuation of fuel cell (一種燃料電池可逆衰減的識別方法)	2023107424827	June 21, 2023	PRC
31.	REFIRE Technology	Invention	High-power fuel cell temperature control method and device and vehicle (大功率燃料電池溫度控制方法、裝置和車輛)	2023105310624	May 12, 2023	PRC
32.	REFIRE Technology	Invention	Cathode purging time determination method and device, electronic equipment and fuel cell (陰極吹掃時間確定方法、裝置、電子設備及燃料電池)	2023113688057	October 23, 2023	PRC
33.	REFIRE Technology	Invention	Method and device for determining performance parameters of diaphragm of humidifier and electronic equipment (增濕器隔膜性能參數確定方法、裝置及電子設備)	2023113688095	October 23, 2023	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
34.	REFIRE Technology	Invention	Control method, system and device for flow of cooling liquid of electric pile (一種電堆冷卻液流量的控制方法、系統及裝置)	2023105837401	May 23, 2023	PRC
35.	REFIRE Technology and Zhejiang REFIRE Technology Co., Ltd. (浙江重塑能源科技有限公司)	Invention	Method and system for controlling water temperature of fuel cell in-stack based on temperature change rate (基於溫度變化率的燃料電池入堆水溫控制方法及系統)	202310517776X	May 10, 2023	PRC
36.	REFIRE Technology and Beijing XCELL Technology Co., Ltd. (北京重理能源科技有限公司)	Invention	High-power fuel cell phase-change heat dissipation system, method, vehicle and storage medium (大功率燃料電池相變散熱系統、方法、車輛和存儲介質)	202310531047X	May 12, 2023	PRC
37.	REFIRE Technology and Beijing XCELL Technology Co., Ltd. (北京重理能源科技有限公司)	Invention	Power distribution method, device, equipment and medium based on internal resistance of power battery (基於動力電池內阻的功率分配方法、裝置、設備和介質)	202310807646X	July 4, 2023	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
38.	REFIRE Technology and Beijing XCELL Technology Co., Ltd. (北京重理能源科技有限公司)	Invention	Multi-mode thermal management control system and control method for fuel cell (燃料電池的多模式熱管理控制系統及控制方法)	2023105181801	May 10, 2023	PRC
39.	REFIRE Technology	Invention	Method, device, apparatus and medium for regulating fuel cell charging system (燃料電池充電系統調節方法、裝置、設備和介質)	2023110458814	August 18, 2023	PRC
40.	REFIRE Technology	Invention	Anode circulation amount control method and device, electronic equipment and fuel cell (陽極循環量控制方法、裝置、電子設備及燃料電池)	2023113709886	October 23, 2023	PRC
41.	REFIRE Technology	Invention	Protection method and system for fuel cell stack and membrane electrode temperature measuring and calculating method (一種燃料電池電堆的保護方法、系統及膜電極溫度測算方法)	2023113521716	October 19, 2023	PRC
42.	Shanghai Unilia	Invention	Diagnosis method for cathode-anode reversal of membrane electrode in electric pile (電堆中膜電極陰陽極顛倒的診斷方法)	2020115654418	December 25, 2020	PRC

No.	Owner	Type	Patent	Patent no.	Application date	Place of application
43.	Shanghai Unilia and Zhejiang Unilia Hydrogen Technology Ltd. (浙江韻量氫能科技有限公司)	Invention	Fuel cell stack capable of removing gas impurities and method for removing gas impurities (一種能去除氣體雜質的燃料電堆及去除氣體雜質的方法)	2023105161189	May 9, 2023	PRC
44.	Shanghai Unilia	Invention	Cathode interface plate assembly with anode bypass and fuel cell stack including the same (帶陽極旁路的陰極接口板組件及包括該組件的燃料電堆)	2023108788587	July 18, 2023	PRC
45.	Shanghai Unilia and Unilia (Guangdong) Fuel Cells Inc. (韻量燃料電池(廣東)有限公司)	Invention	Method and system for testing cross pressure cycle life of fuel cell stack (一種燃料電池堆交叉壓力循環壽命測試方法及系統)	2023108297903	July 7, 2023	PRC

Software copyrights

As of the Latest Practicable Date, we have registered the following software copyrights which we consider to be material to our business:

No.	Copyright owner	Copyright	Registration no.	Registration date
1.	REFIRE Technology	Refire fuel cell humidifier test bench lower computer software V1.0 (重塑燃料電池增濕器測試台下位機軟件V1.0)	2020SR1604451	November 18, 2020
2.	REFIRE Technology	Refire FCU controller EOL offline testing software V1.0 (重塑FCU控制器EOL下線測試軟件V1.0)	2021SR1085171	July 22, 2021
3.	REFIRE Technology	Refire access to ETAS tool software v1.0 based on Python (重塑基於Python訪問ETAS工具軟件V1.0)	2021SR1143018	August 3, 2021

No.	Copyright owner	Copyright	Registration no.	Registration date
4.	REFIRE Technology	Refire ejector calculation software V1.0 (重塑引射器計算軟件V1.0)	2022SR0078520	January 12, 2022
5.	REFIRE Technology	Refire CVM2.1 software for fuel cell voltage inspection controller V1.0 (重塑燃料電池電壓巡檢控制器CVM2.1軟件V1.0)	2023SR0318459	March 13, 2023
6.	Shanghai Unilia	Unilia leakage positioning system for membrane electrodes and bipolar plates in a single battery stack V1.0 (韻量電堆單電池膜電極和雙極板洩露定位系統V1.0)	2020SR1866568	December 21, 2020
7.	Shanghai Unilia	Unilia fuel mixing ratio control system for electric reactor V1.0 (韻量電堆燃料混合配比控制系統V1.0)	2020SR1866569	December 21, 2020
8.	Shanghai Unilia	Unilia dry/wet mode switching system for fuel cell stack operation V1.0 (韻量電堆運行乾濕模式切換系統V1.0)	2020SR1866612	December 21, 2020
9.	Shanghai Unilia	Unilia water/heat balance management system for electric reactor V1.0 (韻量電堆水熱平衡管理系統V1.0)	2020SR1866613	December 21, 2020
10.	Shanghai Unilia	Shanghai Unilia electric stack test data analysis software V1.9.3 (上海韻量電堆測試數據分析軟件V1.9.3)	2022SR0223465	February 14, 2022

Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be material to our business:

No.	Owner	Domain name	Registration date
1.	REFIRE Technology	refire.com	February 3, 1999
2.	Shanghai Unilia	unilia.com	March 4, 2019

Save as disclosed above, as of the Latest Practicable Date, there was no other trade or service mark, patent, intellectual or industrial property right which was material in relation to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following completion of the [**REDACTED**] (without taking into account the H Shares which may be [**REDACTED**] and [**REDACTED**] pursuant to the exercise of the [**REDACTED**] and the Domestic Shares which may be issued pursuant to the exercise of the options granted under the Pre-[**REDACTED**] Share Option Scheme), so far as our Directors are aware, none of our Directors, Supervisors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the [**REDACTED**] pursuant to [**REDACTED**] of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to [**REDACTED**] of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the [**REDACTED**] pursuant to the [**REDACTED**].

Name	Position	Capacity/ nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares[1]	Approximate percentage of shareholding in the total issued share capital of our Company[1]
				(%)	*(%)*
Mr. Lin[2]	Chairperson of our Board, executive Director and chief executive officer	Beneficial owner; Interest in controlled corporations	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Dr. HU Zhe (胡哲)[3]. . . .	Executive Director, chief operating officer and president	Beneficial owner	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Ms. MA Audrey Jing Nan (馬晶楠)[4] . .	Executive Director and vice president	Beneficial owner	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Dr. ZHAI Shuang (翟雙)[5]. . . .	Executive Director, deputy executive director of the R&D center	Beneficial owner	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Name	Position	Capacity/ nature of interest	Number of Shares held	Approximate percentage of shareholding in the relevant proportion of Shares(1)	Approximate percentage of shareholding in the total issued share capital of our Company(1)
				(%)	(%)
Mr. ZHAO Yongsheng (趙泳生)(6) . .	Executive Director and director of the supply chain center	Beneficial owner	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The calculation is based on the total number of [**REDACTED**] Domestic Shares in issue and [**REDACTED**] H Shares (assuming the [**REDACTED**] is not exercised and the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised) in issue upon [**REDACTED**].

(2) The [**REDACTED**] Domestic Shares Mr. Lin beneficially holds include 1,000,000 Domestic Shares, which is the maximum number of Domestic Shares which Mr. Lin is entitled to receive pursuant to the exercise of options granted to him under the Pre-[**REDACTED**] Share Option Scheme, subject to the terms and conditions of these options. Mr. Lin is the executive partner of Shanghai Weilan, Shanghai Weiqing and Shanghai Weijing and is responsible for their respective management. As such, under the SFO, Mr. Lin is deemed to be interested in the [**REDACTED**] Domestic Shares held by Shanghai Weilan, Shanghai Weiqing and Shanghai Weijing.

(3) These Shares represent the maximum number of Domestic Shares which Dr. HU Zhe (胡哲) is entitled to receive pursuant to the exercise of options granted to him under the Pre-[**REDACTED**] Share Option Scheme, subject to the terms and conditions of these options.

(4) The [**REDACTED**] Domestic Shares Ms. MA Audrey Jing Nan (馬晶楠) beneficially holds include 200,000 Domestic Shares, which is the maximum number of Domestic Shares which Ms. MA Audrey Jing Nan is entitled to receive pursuant to the exercise of options granted to her under the Pre-[**REDACTED**] Share Option Scheme, subject to the terms and conditions of these options.

(5) These Shares represent the maximum number of Domestic Shares which Dr. ZHAI Shuang (翟雙) is entitled to receive pursuant to the exercise of options granted to him under the Pre-[**REDACTED**] Share Option Scheme, subject to the terms and conditions of these options.

(6) These Shares represent the maximum number of Domestic Shares which Mr. ZHAO Yongsheng (趙泳生) is entitled to receive pursuant to the exercise of options granted to him under the Pre-[**REDACTED**] Share Option Scheme, subject to the terms and conditions of these options.

2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the [**REDACTED**], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the [**REDACTED**] under the provisions of [**REDACTED**] of the SFO, see "Substantial Shareholders" in this document.

Save as set out below, our Directors are not aware of any other person (other than our Directors, Supervisors or chief executive) who will, immediately following completion of the [**REDACTED**], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group other than our Company:

Our subsidiary	Total registered capital	Person with 10% or more interest	Approximate percentage of the interest in the subsidiary
	(RMB)		*(%)*
Beijing XCELL Technology Co., Ltd. (北京重理能源科技有限公司)	9,700,000	Beijing General Dynamics Technology Development Center (General Partnership) (北京通用動力科技發展中心(普通合夥))	27.84
Shanghai PANDO Electric Technology Co., Ltd. (上海磐動電氣科技有限公司) . .	50,000,000	Shanghai Zhengtai Hydrogen Energy Development Co., Ltd. (上海正泰氫能源發展有限公司)	25.00
Shanghai PANDO Electric Technology Co., Ltd. (上海磐動電氣科技有限公司) . .	50,000,000	Shanghai Taiqingchen Energy Technology Co., Ltd. (上海泰氫晨能源科技有限公司)	12.24
PANDO (Zhejiang) Electric Technology Co., Ltd. (磐動(浙江)電氣科技有限公司) . .	50,000,000	Shanghai Zhengtai Hydrogen Energy Development Co., Ltd. (上海正泰氫能源發展有限公司)	25.00

Our subsidiary	Total registered capital	Person with 10% or more interest	Approximate percentage of the interest in the subsidiary
	(RMB)		*(%)*
PANDO (Zhejiang) Electric Technology Co., Ltd. (磐動(浙江)電氣科技有限公司) . .	50,000,000	Shanghai Taiqingchen Energy Technology Co., Ltd. (上海泰氫晨能源科技有限公司)	12.24
Foshan Diyi Element New Energy Technology Co., Ltd. (佛山迪一元素新能源科技有限公司)	120,000,000	FAW Jiefang Automotive Co., Ltd. (一汽解放汽車有限公司)	45.00
Foshan Diyi Element New Energy Technology Co., Ltd. (佛山迪一元素新能源科技有限公司)	120,000,000	Shanghai Ruisu Technology Co., Ltd. (上海芮塑科技有限公司)	10.00
Changde REFIRE Surge New Materials Technology Co., Ltd. (常德重塑澎湃新材料科技有限公司)	10,000,000	Hunan Yongyou Technology Co., Ltd. (湖南雍友科技有限公司)	30.00
Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. (上海重塑斑斕氫能科技有限公司).	10,000,000	Shanghai All Hydrogen Times Business Management Consulting Partnership (Limited Partnership) (上海全氫時代商務管理諮詢合夥企業(有限合夥))	10.00
Shanghai REFIRE Prismatic Hydrogen Technology Co., Ltd. (上海重塑斑斕氫能科技有限公司).	10,000,000	Shenzhen Biqu Technology Co., Ltd. (深圳市必趨科技有限公司)	10.00

Our subsidiary	Total registered capital	Person with 10% or more interest	Approximate percentage of the interest in the subsidiary
	(RMB)		*(%)*
Guangzhou Qingchi Technology Co., Ltd. (廣州氫馳科技有限公司)	10,000,000	Xiongchuan Hydrogen Energy Technology (Guangzhou) Co., Ltd. (雄川氫能科技(廣州)有限責任公司)	40.00
Foshan Nanhai Cunqiu Equity Investment Co., Ltd. (佛山市南海區存秋股權投資有限公司)	1,260,000,000	Guangdong Nanhai Industry Group Co., Ltd. (廣東南海產業集團有限公司)	48.97
Unilia (Guangdong) Fuel Cells Inc. (韻量燃料電池(廣東)有限公司)	14,178,150	Shanghai Wutang Technology Partnership (Limited Partnership) (上海悟堂科技合夥企業(有限合夥))	13.71
Shanghai Wutang Technology Partnership (Limited Partnership) (上海悟堂科技合夥企業(有限合夥))	1,944,400	Michael Patrick Sexsmith	48.22 (as a limited partner)

3. Service Contracts

Each of our Directors and Supervisors [has entered] into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of three years commencing from the date of appointment; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval.

Save as disclosed above, none of our Directors and Supervisors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

4. Remuneration of Directors and Supervisors

Save as disclosed in the section headed "Directors, Supervisors and Senior Management" in this document, note 8 to the Accountants' Report for the two financial years ended December 31, 2021 and 2022 and note 7 as set out in Appendix IB the nine months ended September 30, 2023, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

5. Employee Incentive Schemes

Our Company adopted and approved the Employee Incentive Schemes on March 27, 2017, May 15, 2019, December 24, 2020, June 23, 2022 and January 21, 2024, respectively. The Employee Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of Shares or the grant of options by our Company to subscribe for Shares after the [**REDACTED**]. Given the underlying Shares under the Employee Incentive Schemes had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the awards under the Employee Incentive Schemes. No further awards will be granted after the [**REDACTED**].

As of the Latest Practicable Date, our Company established seven ESOP Platforms, namely Shanghai Weilan, Shanghai Weiqing, Shanghai Weijing, Shanghai Weijun, Shanghai Yuanyiqing, Shanghai Weiyi and Canada ESOP Platform, which, in aggregate, held 6,018,428 Domestic Shares. For further details of the ESOP Platforms, see "History, Development and Corporate Structure — Employee Incentive Platforms" in this document.

The following is a summary of the principal terms of the Employee Incentive Schemes (as amend from time to time).

(a) Objective

The purpose of the Employee Incentive Schemes is to incentivize our employees and external consultant who have made contribution to our Group's development.

(b) Eligibility

Participants of the Employee Incentive Schemes include our senior management members, middle management members and other individuals who have significant contribution to the development of our Company (the "**Participants**"). The Employee Incentive Schemes further provide that the Participants:

- shall possess full capacity for civil conducts;
- shall not have any criminal record;

- shall not have been publicly condemned or declared as an inappropriate participant by any stock exchange, the CSRC or any administrative authority under the CSRC in the past three years;
- shall not have been imposed administrative penalties or market bans (市場禁入措施) by the CSRC and any administrative authority under the CSRC as a result of material violations of laws and regulations in the past three years;
- shall not have been the legal representative of a company or enterprise whose business license had been revoked or which had been ordered to close as a result of violation of laws (except where three years had passed since the date of liquidation of such company or enterprise);
- shall not have been a director, factory director or manager of a company or enterprise which had been bankrupt or liquidated (except where three years had passed since the date of bankruptcy or liquidation of such company or enterprise);
- shall not have a significant amount of personal debts due but not repaid;
- shall not have violated the Articles of Association or their employment contracts;
- shall not have severely violated the rules and regulations of our Company.

(c) Grant of Awards

The executive partner of Shanghai Weilan, Shanghai Weiqing, Shanghai Weijing, Shanghai Weijun, Shanghai Yuanyiqing and Shanghai Weiyi is Mr. Lin. The general partner of Canada ESOP Platform is 1415085 B.C. Ltd., which has delegated all of its powers and duties as a general partner of Canada ESOP Platform to Mr. Lin pursuant to a management agreement dated January 9, 2024, and Mr. Lin is responsible for the management of Canada ESOP Platform. Therefore, in effect, all management powers of the ESOP Platforms reside with Mr. Lin.

The selected Participants will be granted awards in the form of economic interest in the ESOP Platforms conditional upon certain conditions as specified in each award agreement and upon fulfilment of such conditions, such selected Participants will become a limited partner of the relevant ESOP Platform. Upon becoming the limited partner of the ESOP Platforms, the selected Participants indirectly receive economic interest in the corresponding number of underlying Shares held by the ESOP Platforms. All selected Participants irrevocably authorize the general partner of the relevant ESOP Platform to handle all affairs of the relevant ESOP Platform and act as the concerted party to the general partner of the relevant ESOP Platform.

(d) Administration

Our executive Directors or our Board (as the case may be) shall be responsible for:

- formulation, modifications and specific implementation of the Employee Incentive Schemes;

- interpretation and supervision of the Employee Incentive Schemes;

- where applicable, formulation and implementation of specific incentive schemes for foreign employees and relevant rules for overseas employee shareholding platforms (if any); and

- any other matters relating to the supervision and implementation of the Employee Incentive Schemes, or authorized under the Employee Incentive Schemes, the Articles of Association and relevant legal documents or by a general meeting of our Company.

(e) Lock-up Period and Restrictions on Disposals

The interest held by the Participants in the relevant ESOP Platform shall be subject to a lock-up period which shall be 12 months from the [**REDACTED**] (in the case of the partnership interest whose underlying Shares are H Shares) or 36 months from the date of our Company's listing in the PRC (in the case of the partnership interest whose underlying Shares are not H Shares).

Upon [**REDACTED**] of our Company, prior to the expiry of the applicable lock-up period, the Participants may not transfer, pledge, gift or otherwise encumber or entrust to another person their interest in the limited partnership without the consent of the executive partner of the relevant ESOP Platform.

Upon [**REDACTED**] of our Company and the expiry of the applicable lock-up period, (i) subject to any applicable rules and regulations, the Participants make an application to the executive partner of the relevant ESOP Platform in connection with the disposal of their interest in the limited partnership; and (ii) other than the aforementioned circumstance, the Participants may not transfer, pledge, gift or otherwise encumber or entrust to another person their interest in the limited partnership without the consent of the executive partner of the relevant ESOP Platform.

6. Pre-[REDACTED] Share Option Scheme

The Pre-[**REDACTED**] Share Option Scheme was adopted and approved on January 21, 2024. The purpose of the Pre-[**REDACTED**] Share Option Scheme is to, among others, further improve the long-term incentive mechanism of our Company, attract and retain outstanding talents and enhance the enthusiasm of our employees. All Shares to be issued under the Pre-[**REDACTED**] Share Option Scheme are Domestic Shares. The Pre-[**REDACTED**] Share Option Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options by our Company to subscribe for Shares after the [**REDACTED**].

The following is a summary of the principal terms of the Pre-[**REDACTED**] Share Option Scheme.

(a) Duration

The term of the Pre-[**REDACTED**] Share Option Scheme commences on the date on which the options under the Pre-[**REDACTED**] Share Option Scheme are first granted and ends on the date on which all options granted under the Pre-[**REDACTED**] Share Option Scheme are exercised or canceled, and in any event, will not exceed six years.

(b) Administration

Our Board is responsible for the implementation and management of the Pre-[**REDACTED**] Share Option Scheme.

(c) Eligibility

The eligible participants of the Pre-[**REDACTED**] Share Option Scheme ("**Eligible Participants**") include our Group's directors, senior management members, core technical personnel and important technical personnel, as well as other employees that our Company thinks fit, excluding independent non-executive Directors and Supervisors.

(d) Grant of Options

Before granting any option under the Pre-[**REDACTED**] Share Option Scheme, our Board shall evaluate whether conditions for the grant of options have been satisfied by the relevant Eligible Participant, the relevant Eligible Participant shall enter into a share option grant agreement with our Company, which sets out the respective rights and obligations of the relevant Eligible Participant and our Company.

(e) Maximum Number of Shares Underlying Options

The maximum aggregate number of underlying Shares which may be issued upon exercise of all options granted under the Pre-[**REDACTED**] Share Option Scheme shall not exceed 5,267,800 Domestic Shares.

(f) Exercise Price

The exercise price in respect of each option granted shall be RMB33.64. No consideration is payable upon the grant of options under the Pre-[**REDACTED**] Share Option Scheme.

(g) Exercise of Options

The options under the Pre-[**REDACTED**] Share Option Scheme shall not be exercised before the expiry of 12 months commencing on the date on which the options are granted or the [**REDACTED**] (whichever is later) (the "**Waiting Period**"). Subject to the satisfaction of the relevant conditions in respect of the exercise of options, the Eligible Participants may exercise their options in two tranches:

	Exercise period	Maximum portion of options which may be exercised
The first exercise period	Commencing on the first [**REDACTED**] day of H Shares upon the expiry of the Waiting Period and ending on the last [**REDACTED**] day within 12 months from the expiry of the Waiting Period	50%
The second exercise period	Commencing on the first [**REDACTED**] day of H Shares upon the expiry of 12 months from the expiry of the Waiting Period and ending on the last [**REDACTED**] day within 24 months from the expiry of the Waiting Period	50%

Where options which may be exercised are not exercised within the relevant exercise period, such options shall be cancelled. Where any relevant condition in respect of the exercise of options is not satisfied for the relevant exercise period, the portion of options which may be exercised during the corresponding exercise period shall be cancelled.

(h) Adjustment

If our Company conducts capitalization of capital reserve, bonus shares issue, share subdivision, share split, rights issue or share reduction, the number and price of the options shall be adjusted in accordance with the Pre-[**REDACTED**] Share Option Scheme.

(i) Lock-up Period and Restrictions on Disposals

The Domestic Shares issued to the Eligible Participants pursuant to the exercise of the options are subject to a lock-up period of one year from the date on which the options are exercised, following which the Eligible Participants may dispose of such Domestic Shares in accordance with applicable laws and regulations of the place(s) where our Company's securities are listed and the stock exchange(s) where our Company's securities are listed.

(j) Non-transferability of Options

All options are non-transferable and shall not be used as a form of guarantee or as a repayment of debt.

(k) Change in Control

Despite a change in control, amalgamation or separation of our Company, there shall not be any amendments to the Pre-[**REDACTED**] Share Option Scheme.

(l) Amendments to the Pre-[**REDACTED**] *Share Option Scheme*

Any amendment to the Pre-[**REDACTED**] Share Option Scheme shall be approved by a general meeting of our Company.

(m) Outstanding Options

As of the Latest Practicable Date, outstanding options to subscribe for an aggregate of 5,267,800 Domestic Shares have been granted to a total of 155 Eligible Participants. The table below sets out the details of options granted to Directors, senior management of our Company and other connected persons of our Company under the Pre-[**REDACTED**] Share Option Scheme that are outstanding as of the Latest Practicable Date.

Name	Address	Positions held within our Group/connected relationship	Numbers of Domestic Shares under outstanding options granted(1)	Approximate percentage of equity interest in our Company underlying the outstanding options upon completion of the [REDACTED](2)
Directors				
Mr. Lin	Room 601, No. 188, Lane 99, Wanding Road, Minhang District, Shanghai, PRC	Chairperson of our Board, executive Director and chief executive officer	1,000,000	[**REDACTED**]%
Dr. HU Zhe (胡哲)	Room 702, No. 2, Lane 388, Moyu Road, Anting Town, Jiading District, Shanghai, PRC	Executive Director, chief operating officer and president	750,000	[**REDACTED**]%
Ms. MA Audrey Jing Nan (馬晶楠)	Room 202, No. 22, Lane 18, Shenzheng Road, Minhang District, Shanghai, PRC	Executive Director and vice president	200,000	[**REDACTED**]%

Name	Address	Positions held within our Group/connected relationship	Numbers of Domestic Shares under outstanding options granted[1]	Approximate percentage of equity interest in our Company underlying the outstanding options upon completion of the [REDACTED][2]
Dr. ZHAI Shuang (翟雙)	Room 605, No. 24, Lane 12, Minzhi Road, Yangpu District, Shanghai, PRC	Executive Director, chief expert engineer and deputy executive officer	150,000	[**REDACTED**]%
Mr. ZHAO Yongsheng (趙泳生)	Room 301, No. 111, Lane 2078, Anzhi Road, Jiading District, Shanghai, PRC	Executive Director and director of the supply chain center	150,000	[**REDACTED**]%
Other connected persons				
Mr. DI Zhigang (邸志崗)	Room 1305, No. 6, Lane 1188, Yunping Road, Jiading District, Shanghai, PRC	Senior manager, chief engineer of fuel cell stacks and supervisor of our various subsidiaries	100,000	[**REDACTED**]%
Mr. FU Tao (付濤)	Room 101, No. 55 Lane 766, South Ande Road, Anting Town, Jiading District, Shanghai, PRC	Director of production center, director of general management department and director of our subsidiary	40,000	[**REDACTED**]%
Mr. HUANG Xing (黃興) . .	Room 901, No. 71, Laiying Beijun, Lane 388, Yumai Road, Anting Town, Jiading District, Shanghai, PRC	Director of the power generation system department and director of our subsidiary	40,000	[**REDACTED**]%
Mr. JIN Jianhao (金劍豪)	Room 303, No. 114, Zhongwangyuan, Nanqiao Town, Fengxian District, Shanghai, PRC	Manager of securities affairs and supervisor of our subsidiary	11,650	[**REDACTED**]%

Name	Address	Positions held within our Group/connected relationship	Numbers of Domestic Shares under outstanding options granted(1)	Approximate percentage of equity interest in our Company underlying the outstanding options upon completion of the [REDACTED](2)
Mr. CHEN Cong (陳聰)	Room 501, No. 101, Lane 251, Puquan Road, Minhang District, Shanghai, PRC	Sales director and director of our subsidiary	5,000	[REDACTED]%
Senior management members of our Company (other than Directors and connected persons of our Company)				
Mr. ZHENG Zhong (鄭重)	No. 97, Lane 651, Donghuan Road, Jiading District, Shanghai, PRC	Vice president and Board secretary	150,000	[REDACTED]%
Mr. XIE Hongyu (謝紅雨)	Room 1103, Building 2, Lane 29, Zhongjia Road, Nanxiang Town, Jiading District, Shanghai, PRC	Vice president	200,000	[REDACTED]%
Mr. YANG Jinfu (楊錦夫)	Room 601, No. 24, Lane 580, Wanyuan Road, Minhang District, Shanghai, PRC	Vice president	150,000	[REDACTED]%
Mr. SHAO Liangming (邵良明)	Room 303, No. 6, Lane 1078, Lianyang Road, Baoshan District, Shanghai, PRC	Financial controller	18,250	[REDACTED]%
Other grantees				
141 other employees of our Group . . .	Not applicable	Not applicable	2,302,900	[REDACTED]%

Notes:

(1) All the options were granted on January 21, 2024, with an exercise price of RMB33.64 per Share. For details of the exercise period, see "6. Pre-[**REDACTED**] Share Option Scheme — (g) Exercise of Options" in this section. As of the date of this document, none of the options granted are exercised.

(2) Without taking into account any H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**] and any Domestic Shares which may be issued pursuant to the exercise of the options granted under the Pre-[**REDACTED**] Share Option Scheme.

(n) Dilution Effect and Impact on Loss per Share

Subject to any adjustment as set out under the Pre-[**REDACTED**] Share Option Scheme in the event of any capitalization of capital reserve, bonus shares issue, share subdivision, share split, rights issue or share reduction of our Company that may take place after the [**REDACTED**], the total number of Shares to be issued pursuant to the exercise of the options granted under the Pre-[**REDACTED**] Share Option Scheme shall be no more than 5,267,800 Domestic Shares, representing approximately [**REDACTED**]% of the total issued share capital of our Company immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and the options granted under the Pre-[**REDACTED**] Share Option Scheme are not exercised). Assuming a full exercise of the options outstanding under the Pre-[**REDACTED**] Share Option Scheme, the shareholding of our Shareholders immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) will be diluted by approximately [**REDACTED**]%. There is no consequent impact on the loss per Share for each year/period of the Track Record Period as the options were granted after the end of the Track Record Period.

7. Disclaimers

Save as disclosed in this document:

(a) none of our Directors, Supervisors or any of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix is:

(i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Company; or

(ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(b) save in connection with the [**REDACTED**] and the [**REDACTED**], none of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix:

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [**REDACTED**] on the [**REDACTED**], would have to be disclosed pursuant to [**REDACTED**] of the SFO; and

(d) so far as is known to our Directors, none of our Directors or Supervisors or their respective close associates (as defined under the Listing Rules) or Shareholders who owns more than 5% of the issued shares of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares. All necessary arrangements have been made to enable the securities to be admitted into [**REDACTED**].

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US$1,000,000 to act as a sponsor to our Company in connection with the [**REDACTED**].

4. Preliminary expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

5. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this document are as follows:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Tian Yuan Law Firm	Company's PRC legal adviser
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

6. Consents

Each of the experts as referred to in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix has given and has not withdrawn its respective written consents to the issue of this document with the inclusion of certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it respectively included.

7. Taxation of Holders of H Shares

(1) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further details in relation to taxation, see Appendix III to this document.

(2) Consultation with professional advisers

Potential [**REDACTED**] in the [**REDACTED**] are urged to consult their professional tax advisers if they are in any doubt as to the taxation implications of [**REDACTED**] our H Shares (or exercising rights attached to them). None of our Company, our Directors, the Sole Sponsor, [**REDACTED**], or any other person or party involved in the [**REDACTED**] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the [**REDACTED**] or the exercise of any rights in relation to our H Shares.

8. No Material Adverse Change

Our Directors confirm that, as of the date of this document, there has been no material adverse change in the financial or trading position of our Company since September 30, 2023 (being the latest balance sheet date of our consolidated financial statements as set out in Appendix IB).

9. Promoters

The promoters of our Company are all then 29 shareholders of our Company as of August 20, 2020 before our conversion into a joint stock company with limited liability. Save as disclosed in this document, within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [**REDACTED**] and the related transactions described in this document.

10. Restrictions on Repurchase

For details, see Appendices IV and V to this document.

11. Binding Effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of [**REDACTED**] of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Bilingual Document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided under [**REDACTED**] of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Financial Adviser

BNP Paribas Securities (Asia) Limited ("**BNP Paribas**") has been appointed by our Company as financial adviser in respect of the [**REDACTED**] and the [**REDACTED**]. The appointment of BNP Paribas is at our Company's own initiative and not made pursuant to the requirements of the Listing Rules, and the appointment of BNP Paribas is separate and distinct from the appointment of the Sole Sponsor (which is required to be made by us pursuant to the Listing Rules). The role of BNP Paribas in the [**REDACTED**] and the [**REDACTED**] is different from that of the Sole Sponsor in that it focuses on providing general financial advisory services to our Company in respect of the [**REDACTED**] and the [**REDACTED**], including providing advice regarding the appropriate corporate structure and investment positioning of our Company, and the timing and other aspects of the [**REDACTED**]. BNP Paribas is a corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO.

14. Miscellaneous

Save as otherwise disclosed in this document:

(a) within the two years preceding the date of this document, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) our Company is not presently listed on any stock exchange or traded on any trading system; and

(h) our Company is a joint stock limited company and is subject to the PRC Company Law.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of the material contract referred to in the paragraph headed "Further Information about the Business of Our Company — 1. Summary of Material Contract" in Appendix VI to this document; and

(ii) the written consents referred to in the paragraph headed "Other Information — 6. Consents" in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.refire.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix IA to this document;

(c) the audited consolidated financial statements of our Group for the [three financial years ended December 31, 2021, 2022 and 2023];

(d) the report prepared by Ernst & Young on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the industry report issued by Frost & Sullivan referred to in the section headed "Industry Overview" in this document;

(f) the PRC legal opinion issued by Tian Yuan Law Firm, our legal adviser as to PRC law, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;

(g) the material contract referred to in the paragraph headed "Further Information about the Business of Our Company — 1. Summary of Material Contract" in Appendix VI to this document;

(h) the service contracts referred to in the paragraph headed "Further Information about Our Directors, Supervisors and Substantial Shareholders — 3. Service Contracts" in Appendix VI to this document;

(i) the Pre-[**REDACTED**] Share Option Scheme;

(j) the written consents referred to in the paragraph headed "Other Information — 6. Consents" in Appendix VI to this document; and

(k) the PRC Company Law, PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association of Listed Companies issued by the CSRC together with unofficial English translations thereof.

DOCUMENT AVAILABLE FOR INSPECTION

A list of grantees under the Pre-[**REDACTED**] Share Option Scheme, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of O'Melveny & Myers, at 31/F, AIA Central, 1 Connaught Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document.